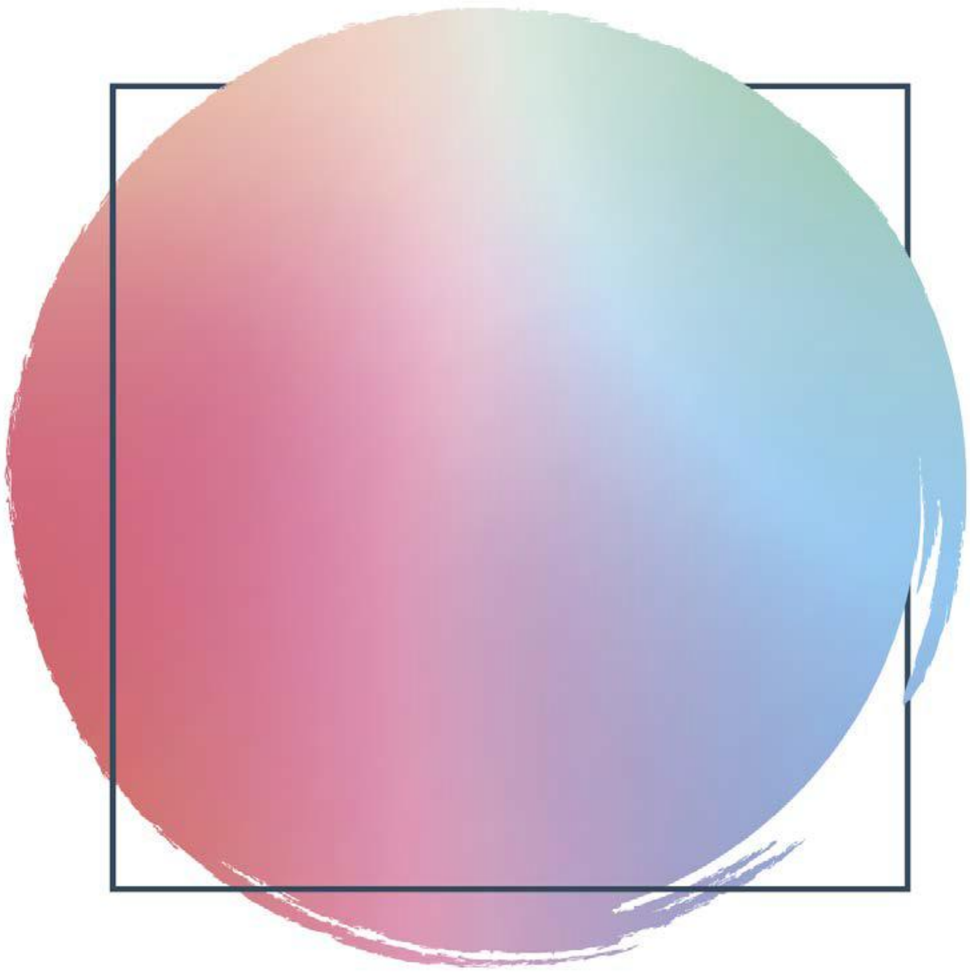
INNOVATION AND DIVERSIFICATION



ANNUAL REPORT 2019

Photo-Me

FURTHER INFORMATION

For more information go to our website:

photo-me.com/investor-relations

CONTENTS

ABOUT PHOTO-ME

WE ARE ...
an international market leader in automated instant-service equipment, with approximately 47,000 unattended vending units across 18 countries.

OUR VISION ...
is to realise shareholder value as the go-to provider for multiple instant-vending services, located in the most convenient locations, and to become the leader in digital and biometric security identification solutions.

OUR MISSION ...
is to extend the suite of services available through our established network and relationships through investment in technological innovation and the diversification of our operations in existing and new geographies.

STRATEGIC REPORT

2019 IN SUMMARY

FINANCIAL HIGHLIGHTS

REPORTED REVENUE
£228.1m
2018: £229.8m
2017: £214.7m

REPORTED EBITDA (excluding associates)
£69.7m
2018: £71.0m
2017: £69.0m

REPORTED PROFIT BEFORE TAX
£42.6m
2018: £50.2m
2017: £48.0m

UNDERLYING PROFIT BEFORE TAX[1]
£44.1m
2018: £46.8m
2017: £46.6m

CASH GENERATED FROM OPERATIONS
£63.9m
2018: £61.0m
2017: £61.3m

NET CASH
£16.3m
2018: £26.7m
2017: £39.2m

EARNINGS PER SHARE (DILUTED)
8.26p
2018: 10.60p
2017: 9.27p

TOTAL ORDINARY DIVIDEND PER SHARE
8.44p
2018: 8.44p
2017: 7.03p[2]

[1] Underlying profit before tax is 2019 profit before tax adjusted to exclude the gain on the disposal of the Group's interest in Stilla Technologies SA (£3.2m), the fair value loss on the Group's shareholding in Max Sight Group Holdings Limited (-£2.9m) and restructuring costs incurred in the Group's Japanese subsidiary (-£1.8m). 2018 profit before tax is adjusted to exclude the gain on the Group's shareholding in Max Sight Group Holdings Limited (£3.7m), the profit on disposal of the former head office building (£2.3m), and restructuring fees relating to Photo-Me Retail (-£2.6m).

[2] Excludes special dividend of 2.851p per share

EXPANSION

Continued expansion of Laundry operations, with 18% more Revolution units in operation

Total revenue from Revolution units up by more than 30%

READ MORE P12

INNOVATION

Continued deployment of secure photo ID upload technology

November 2018: First banking booths launched in Paris

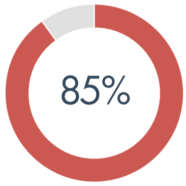
READ MORE P16

DIVERSIFICATION FOR FUTURE GROWTH

Entry into growing fresh fruit and vegetable juice market through the acquisition of SEMPA, the leader in France for the commercialisation of self-service fresh juice equipment in April 2019

READ MORE P17

BUSINESS AT A GLANCE



OF OUR PROFITS ARE GENERATED OUTSIDE THE UK

CONTINENTAL EUROPE

UK & REPUBLIC OF IRELAND

ASIA

46,956
VENDING UNITS

- Identification
- Laundry in operation
- Kiosks
- Other vending equipment

18
COUNTRIES

Austria, Belgium, China, France, Germany, Italy, Ireland, Japan, Morocco the Netherlands, Poland, Portugal, Singapore, South Korea, Spain, Switzerland, United Kingdom, Vietnam

3
CORE GEOGRAPHIES

- Continental Europe
- UK & the Republic of Ireland
- Asia

OUR BUSINESSES

IDENTIFICATION

AN ESTABLISHED, INTERNATIONAL NETWORK OF PHOTOBOOTHS ACROSS 18 COUNTRIES

READ MORE P10

OUR STRATEGY

- Target expansion into high-footfall locations
- Penetrate new territories
- Grow revenue through multiple service offering
- Deploy proven identification security technologies into existing and new territories

LAUNDRY

CONSUMER AND B2B LAUNDRY OPERATIONS REMAIN THE PRIMARY KEY GROWTH DRIVER FOR THE GROUP

READ MORE P12

OUR STRATEGY

- Deploy 6,000 owned, sold and acquired laundry units by 2020
- Identify and deliver products to new high-demand markets
- Expand launderette presence through the owned/operated model
- Extend B2B offering in the UK and into new territories

KIOSKS

HIGH-QUALITY, MARKET-LEADING DIGITAL PRINTING EQUIPMENT IN SIX COUNTRIES

READ MORE P14

OUR STRATEGY

- Increase presence on high-footfall sites through multi-service offering
- Extend product partnerships into new territories
- Capitalise on market-leading position and competitor landscape

CHAIRMAN'S STATEMENT

The Group remains cash generative, with £63.9 million of cash generated from operations in the period. This supports the Group's ongoing investment in innovation and its future growth.

SIR JOHN LEWIS
Non-executive Chairman

REPORTED REVENUE

£228.1m

NET CASH POSITION

£16.3m

In the 2019 financial year, the Group continued to make progress on its growth strategy, led by the expansion of our self-service Laundry operations.

Total revenues from Laundry operations increased by 19.0% and revenue from Revolution increased by 30.2%. This growth was achieved despite a decrease in B2B Laundry revenue and aided by the first-year contribution from La Wash laundry services. In line with our plan, revenue from Laundry activity has continued to increase as a proportion of the Group's total revenue.

Identification declined by 1.1%, reflecting challenging market conditions in the UK. Excluding the UK operations, Identification revenue grew by 0.7%

Revenue from Kiosks declined by 19.1% following the restructuring of Photo-Me Retail, which happened in financial year 2018 and resulted in a lower number of kiosks in the Group's portfolio.

RESULTS

Our operations in Continental Europe and Asia continued to perform in line with our expectations. As previously announced, overall trading in the UK became more challenging than expected as consumer activity slowed, owing to uncertainty around the UK's exit from the European Union. This resulted in lower revenues from business-to-business and machine sales activity due to delays in order decisions, albeit we expect part of these revenue delays to be recovered during the 2020 financial year.

Reported revenue reduced by 0.7% to £228.1 million and by 0.8% at constant currency. Adjusted revenue increased by 2.1%, excluding a £6.3 million revenue contribution from Photo-Me Retail in the prior year.

Reported EBITDA (excluding associates) was £69.7 million (2018: £71.0 million), resulting in an EBITDA margin of 31.4%. Excluding the impact of one-off items detailed below, EBITDA margin was 32.0%.

Adjusted profit before tax was 6.0% lower at £44.1 million when adjusted for one-off items in the financial year 2019 and the prior financial year. A reconciliation of Reported profit before tax to Adjusted profit before tax is detailed in the table below.

RECONCILIATION OF REPORTED PROFIT BEFORE TAX TO ADJUSTED PROFIT BEFORE TAX

	2019 £m	2018 £m
Profit before tax	**42.6**	50.2
Adjustments to exclude:		
– Gain on disposal of Stilla Technologies SA	**(3.2)**	–
– Fair value loss on financial instrument held at FVTPL	**2.9**	–
– Gains on available for sale financial instruments	**–**	(3.7)
– Profit on sale of land & buildings	**–**	(2.3)
– Restructuring costs	**1.8**	2.6
Underlying profit before tax	**44.1**	46.8
– Favourable commercial litigation	**–**	(1.6)
– Exchange gain	**–**	(0.9)
Adjusted profit before tax	**44.1**	44.3

The Group remains highly cash generative, with £63.9 million of cash generated from operations in the period (2018: £61.0 million). This continues to support the ongoing investment in innovation and its future growth.

Capital expenditure in the year was £30.3 million (2018: £43.6 million). This reflects lower trading in the UK and our strategy to reduce the level of capex and focus on the expansion of our Laundry business, through deploying Revolution machines only at high-footfall locations.

Our net cash position at 30 April 2019 was £16.3 million, compared with net cash of £26.7 million at 30 April 2018. This net cash position reflects the distribution of dividends amounting to £31.9 million during the financial year and £36.4 million of net cash outflow on investing activities. Investing activities includes the net cash outflow on the acquisition of La Wash (£4.2 million) and Sempa SARL (£9.3 million), and ongoing investment in the growth of Photo-Me's existing business.

STRATEGY

Photo-Me operates, sells and services a wide range of instant-service equipment, primarily aimed at the end consumer. Our operations are focused on the three principal business areas of Identification, Laundry and digital Kiosks. We currently operate across 18 countries.

Our growth strategy is focused on diversifying our operations by developing new technologies with multiple applications that can be speedily deployed, at a relatively low cost to the business, across new and existing geographies and provide a rapid return on investment.

We have R&D centres in France (primary facility), Portugal, Vietnam and Japan. Our capabilities in this area are supported by a team of more than 60 dedicated engineers.

In recent years, our activities have been focused on the development and deployment of our secure upload Photo ID technology in our Identification business.

ACQUISITION OF SEMPA SARL ("SEMPA")

In line with our strategy to grow Photo-Me through product diversification and innovation, the Group acquired Sempa in April 2019, for a gross consideration of €20.64 million, funded by a new debt facility of €20.0 million. Sempa's net cash position upon acquisition was more than €9.8 million, resulting in net cash outflow of approximately €10.8 million.

Sempa is the leader in France for the commercialisation of self-service fresh fruit juice equipment and operates 2,788 units. This acquisition was an important strategic development for Photo-Me and marked the Group's entry into the fresh fruit and vegetable juice market, which is estimated to be worth $154 billion[1] globally, and the platform to develop a new business area for the Group.

Sempa has already achieved considerable success in France and we look forward to replicating this via our existing network and commercial relationships across Photo-Me's international markets, with our initial focus being on Europe. The rollout of the new juice estate will leverage our existing network of regional field engineers and our sales team, alongside Sempa's industry experience, at low incremental cost to the Group.

DIVIDENDS

Photo-Me is committed to creating value for its shareholders. Subject to approval at the Annual General Meeting, the Board is proposing a final dividend payment of 4.73 pence per share (2018: 4.73 pence per share). When combined with the interim dividend of 3.71 pence per share, this brings the total dividend for the year ended 30 April 2019 to 8.44 pence per share (2018: 8.44 pence per share). This will be paid on 8 November 2019 to shareholders listed on the register on 18 October 2019. The ex-dividend date will be 17 October 2019.

For the current financial year ending 30 April 2020, the Board intends to maintain a total dividend of 8.44 pence per ordinary share.

THE BOARD

During the last few years, having regard to the substantial changes being made to the businesses of the Group, the Board has been mindful of the importance of maintaining stability, and continuity. Nevertheless, it is conscious of the need to bring in new Directors to take the Group forward and will continue to review the composition of the Board accordingly. The first steps have been taken following the recent decision to appoint a new non-executive director to the Board.

COLLEAGUES

On behalf of the Board, I would like to thank all our team members across the world for their ongoing hard work and continued commitment throughout the year, supported by our country managers.

I would also like to welcome our new colleagues from Sempa into the Group as we look ahead to building an exciting new business together.

CURRENT TRADING AND OUTLOOK

Our Laundry business will remain the core growth driver for the Group, accounting for an increasing proportion of the Group's total revenue in the medium-term. We will continue to progress our rollout of Identification products for governments that support our strong presence in the Identification market.

Our entry into the growing fresh fruit and vegetable juice market will enable us to further diversify our operations. We plan to replicate the success of this business in France across other geographies in which we operate. In addition, we are investing in new product development to expand the products offered to the end consumer, such as an apple and pineapple juice machine. The intention is for this business to become a significant part of the Group's growth strategy and in the financial year ending 2020, we will report fresh juice activities separately, alongside our current business areas of Identification, Laundry and Kiosks.

This new business presents an exciting new opportunity for Photo-Me and steps have been taken to introduce patents and innovations to allow us to further penetrate the fresh juice market.

While consumer uncertainty continues to weigh on our business in the UK, we remain confident that overall the Group will continue to perform well in the current financial year and beyond.

SIR JOHN LEWIS
Non-executive Chairman

17 July 2019

[1] Source: Global Fruit and Vegetable Juice Market Research 2018-2025; Grand View Research.

BUSINESS MODEL

INPUTS

1 **TECHNOLOGY AND INNOVATION**

Development of proprietary solutions and continuous focus on product diversification

2 **LONG-TERM PARTNERSHIPS WITH HIGH-FOOTFALL SITE OWNERS**

Supermarkets, shopping malls, public transport and public administration buildings

3 **BRANDS RECOGNITION**

Leading brands and household names in key geographies

4 **NETWORK OF SKILLED FIELD ENGINEERS**

Supporting growth across business areas at limited cost

5 **TELEMETRY SYSTEM**

Sophisticated and tailored to Photo-Me's proprietary technology

6 **INDUSTRY EXPERTISE**

Over 50 years working with regulatory bodies

ACTIVITIES

Our business model supports our growth strategy

OUTPUTS

COMPETITIVELY PRICED, HIGH-QUALITY SERVICES FOR CONSUMERS

Meeting increasing demand for instant services on-the-go

ADDITIONAL SERVICES FOR SITE OWNERS

Supporting customer needs and footfall

SECURE SOLUTIONS FOR GOVERNMENTS

Encrypted photo upload technology rolled out with governments for official identification documents

STABLE CASH FLOWS

Generated from existing network utilised to fund R&D and support growth strategy

SHAREHOLDER VALUE

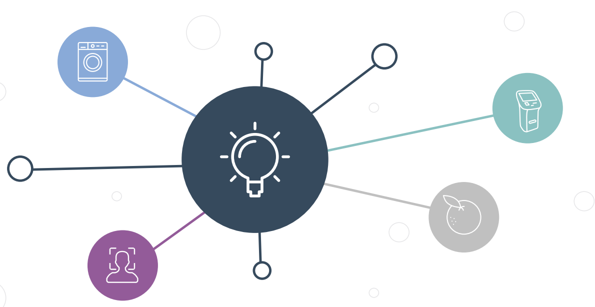
Delivered through growth and dividends

GROWTH STRATEGY

CONTINUED ROLLOUT OF DIGITAL IDENTIFICATION TECHNOLOGY AND LAUNDRY SERVICES

To increase presence in existing and new geographies

PRODUCT INNOVATION AND DIVERSIFICATION



To extend service offering through existing networks

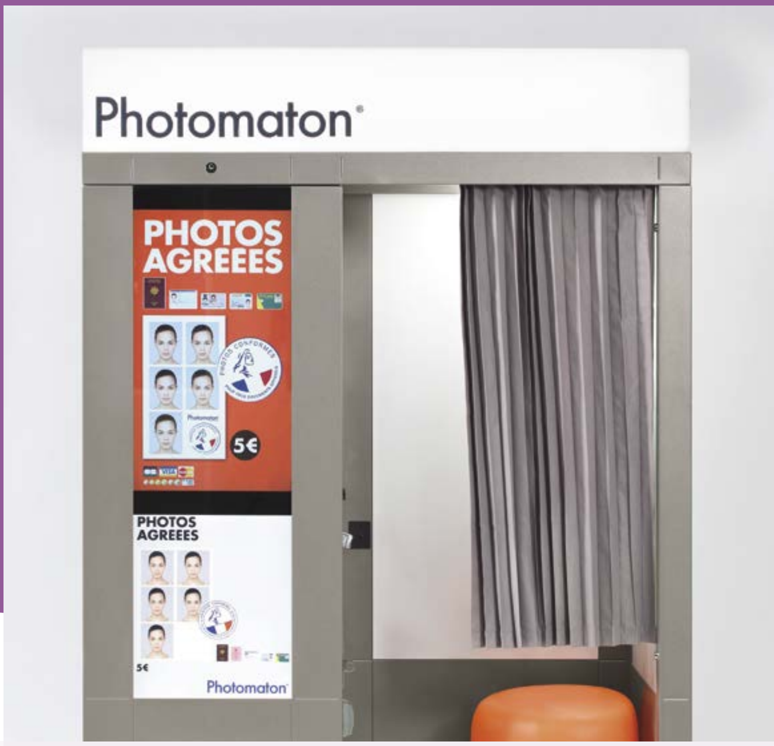
IDENTIFICATION

AN ESTABLISHED NETWORK OF MORE THAN 28,000 PHOTOBOOTHS SPANNING 18 COUNTRIES, PRIMARILY AIMED AT THE CONSUMER MARKET.

IDENTIFICATION REPRESENTS

62%

of the Group's total vending estate (at 30 April 2019)



Our Identification business delivers high cash flow that supports the Group's investment in R&D and overall growth strategy.

We are a prominent international player in the photobooth market, with leading brands across all our operating regions: Photo-Me, Photomaton, ProntoPhot, FOTO.FIX, PRONTO PHOT and Foto-Já!

OUR OPERATIONS

INTEGRATED PROPRIETARY SOFTWARE

We use integrated proprietary software across our entire estate to ensure that all photographs comply with International Civil Aviation Organisation (ICAO) photo identification regulations.

AGREEMENTS IN PLACE WITH GOVERNMENTS

Governments are seeking to improve and digitalise security ID to combat fraud and security threats. We have agreements in place with governments for the direct and secure upload of photographs from our photobooths to their servers for official documents.

STRONG SUPPORT AND MAINTENANCE NETWORK

Our photobooth estate is supported, maintained and upgraded by our 700-strong network of skilled field engineers, and monitored 24/7 by interconnected remote telemetry.

STRATEGY IN ACTION

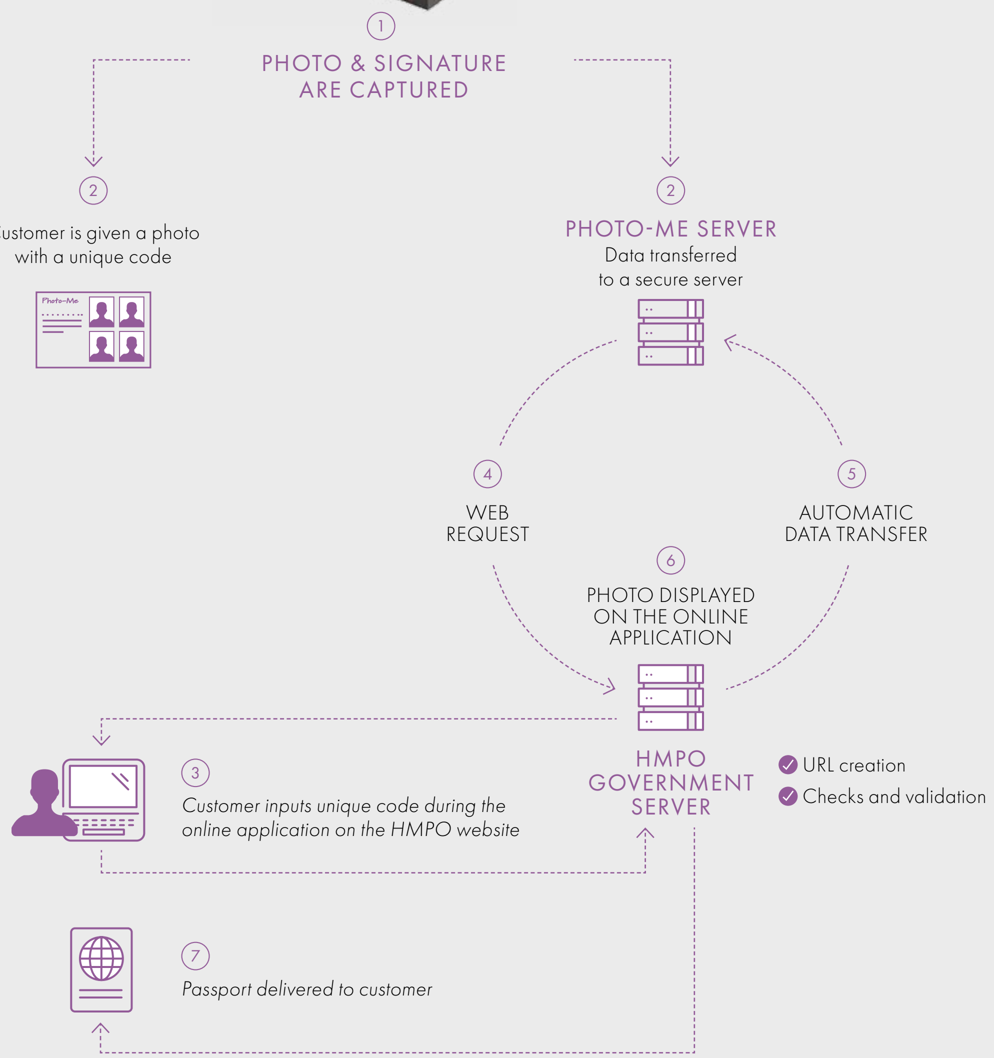
Maintaining incremental revenue growth through the continued extension of services offered via our photobooth network, including the continued rollout of encrypted photo ID upload technology for documents such as passports and driving licences in partnership with governments.

More than 12,000 photobooths are now connected to government organisations and are enabled with encrypted photo ID upload technology. This technology removes the opportunity for photo ID for official documents to be manipulated.

To date, our government ID security solutions have been successfully deployed in France, the UK, Ireland, Germany, Georgia, Japan, Switzerland, the Netherlands and China.

TECHNOLOGY IN ACTION

UK passport renewal



LAUNDRY

PHOTO-ME'S HIGHEST MARGIN AND FASTEST GROWING BUSINESS AREA, WITH OVER 4,800 UNITS DEPLOYED (OWNED, SOLD AND ACQUIRED) AND CONTINUED STRONG GROWTH MOMENTUM.

REVOLUTION MACHINES IN OPERATION REPRESENTS

6%

of the total Group vending estate (at 30 April 2019)

OUR OPERATIONS

REVOLUTION UNATTENDED LAUNDRY SERVICES

- Outdoor self-service laundry units, providing 24-hour access to large-capacity, rapid laundry services, located on high-footfall sites such as supermarket car parks
- More than 2,700 Revolution units in France, the UK, Ireland, Belgium and Portugal

SELF-SERVICE LAUNDERETTE SHOPS

- Convenient and competitively priced large-capacity, self-service laundry amenities, typically located near town centres
- We operate launderettes in France, Spain, Portugal, Ireland and the UK

B2B LAUNDRY SERVICES

- B2B laundry services located in the UK and Spain
- Distribution and leasing of laundry and catering equipment, targeting hospitals, care homes and universities

STRATEGY IN ACTION

Expansion of the Laundry business remains integral to Photo-Me's growth strategy, with these activities comprising an increasing proportion of the Group's total revenue in the medium- to long-term.

EXPANSION INTO NEW GEOGRAPHIES

Rapid rollout of units across the Group's established network of high-footfall sites, and expansion into new geographies for the Laundry business, with an immediate focus on Germany and Austria.

MAXIMISE OPERATIONAL EFFICIENCY

Continued upgrade of units to maximise operational efficiencies, customer experience and revenue opportunities.

NUMBER OF UNITS INCREASED

The number of Revolution units in the 2019 financial year increased by 18%, with installations increasing from 50 to 80 units per month at 30 April 2019.

UPGRADE

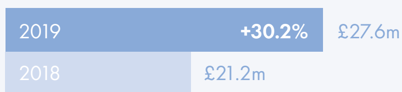
1,957 units were upgraded to include detergent dispensers at an additional cost to the customer of €1 per wash.

YEAR-ON-YEAR GROWTH

TOTAL LAUNDRY UNITS DEPLOYED
(owned, sold and acquisitions)

TOTAL REVENUE FROM LAUNDRY OPERATIONS

NUMBER OF REVOLUTION UNITS IN OPERATION



TOTAL REVENUE FROM REVOLUTION UNITS

KIOSKS

MORE THAN 5,400 DIGITAL PRINTING KIOSKS POSITIONED IN ATTRACTIVE, HIGH-FOOTFALL LOCATIONS ACROSS THE UK, FRANCE, JAPAN, BELGIUM, SWITZERLAND AND THE NETHERLANDS.

KIOSKS REPRESENTS

12%

of the total Group vending estate (at 30 April 2019)

OUR OPERATIONS

LEADING TECHNOLOGY

Industry-leading technology enabling easy, competitively priced, high-quality digital printing from smartphones, with a wide range of printing formats and personalised products.

FULLY INTEGRATED WITH MAJOR SOCIAL MEDIA NETWORKS

Kiosks are fully integrated with major social media networks, providing consumers with convenient, easy-to-use, reliable and high-quality services for a seamless customer experience.

UPGRADES AND INNOVATION

We carry out ongoing upgrades of kiosk technology and introduce innovative software, enabling us to maximise opportunities from digitally driven consumer trends, and to profit from growing demand.

FOCUS ON DIVERSIFICATION

Continued focus on diversification of kiosk service offerings to maximise revenue opportunity.

OTHER VENDING EQUIPMENT

REPRESENTS

21%

of the total Group vending estate (at 30 April 2019)

The remainder of our estate includes a variety of unattended vending equipment, including children's rides, amusement machines and photocopiers.

CROSS-SALE EXTENSION

This equipment offers a cross-sale extension to existing services within our established footprint, where relationships with site owners already exist.

MAXIMISE SYNERGIES AND OPERATING MARGINS

The highly profitable machines are serviced by our network of skilled field engineers, and provide additional services in locations alongside existing Photo-Me units. This leverages the Group's existing presence on high-footfall sites, maximising synergies and operating margins.

OPPORTUNITIES

The Group will continue to opportunistically rollout "Other" vending equipment where suitable opportunities arise.

INCREASING THE OFFER FOR SITE OWNERS

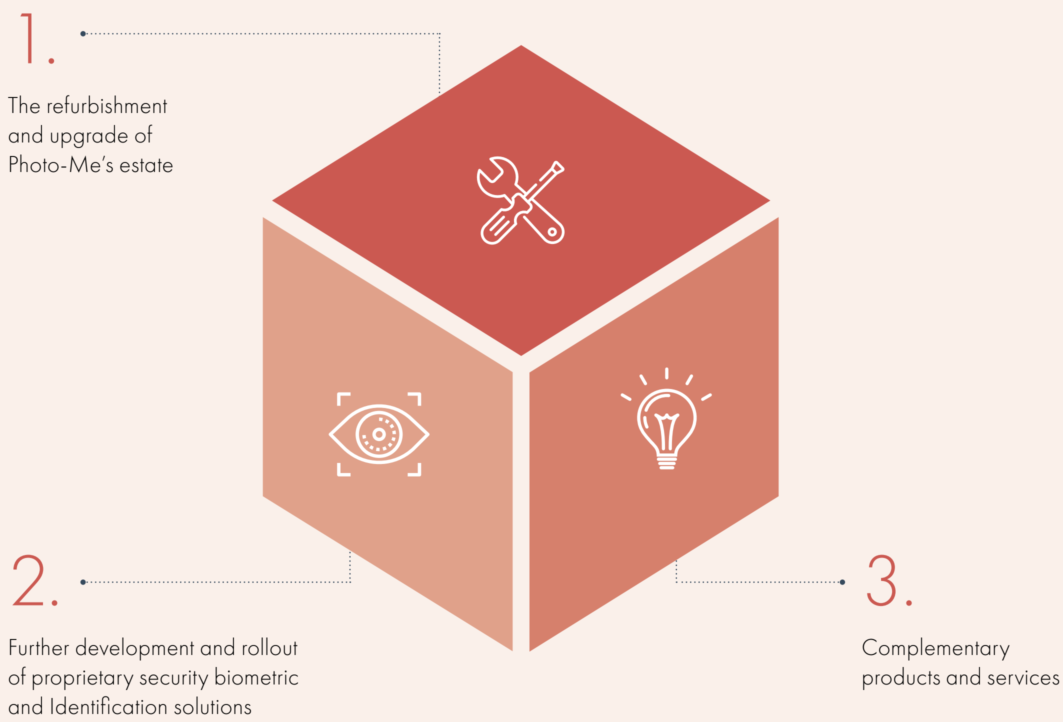
By grouping units offering different services together at one site, Photo-Me creates a "destination" for customers, benefitting the site owner and Photo-Me by driving additional footfall.

INNOVATION & DIVERSIFICATION

INVESTMENT IN INNOVATION REMAINS AT THE CORE OF THE BUSINESS

We are focused on technological innovation and new product development, upgrading our service offering to meet changing consumer demand, and extending our suite of services.

Focus on three key areas:



Our R&D capabilities are supported by a dedicated team of 60 engineers, across France, Portugal, Vietnam and Japan. The team explores and identifies new market opportunities and carries out small-scale product manufacturing and testing.

At the Group's primary R&D centre, in Echirolles (France), the team is focused on new product development and technological innovation.

ENTRY INTO THE INSTANT FRESH JUICE SELF-SERVICE EQUIPMENT MARKET

ENTERED THE $154BN[1] FRESH FRUIT AND VEGETABLE JUICE MARKET

through the acquisition of SEMPA Sarl, the leader in France for the commercialisation of self-service fresh fruit juice equipment.

LAUNCHING ROLLOUT OF SELF-SERVICE FRESH JUICE EQUIPMENT

across Photo-Me's geographic network, with the initial focus on Europe.

PLANS TO DEVELOP INNOVATIVE NEW JUICING TECHNOLOGY

supported by Photo-Me's R&D capabilities and Sempa's industry expertise.

In line with its strategy to diversify its instant service offering, in April 2019 the Group acquired SEMPA Sarl ("Sempa"), the leader in France for the commercialisation of self-service fresh fruit juice equipment.

Photo-Me is now focused on developing a new growth business area in fresh fruit juice.

The established Sempa business will give Photo-Me a strong foothold from which to launch the expansion of this business across the Group's geographic network, with the initial rollout planned in Europe.

With Sempa's expert team, Photo-Me's R&D engineers will develop additional self-service fresh fruit juice equipment to meet the needs of these new markets for the juice business.

Photo-Me's R&D engineers will develop additional self-service fresh fruit juice equipment.

The Group is investing in new product development to expand the products offered to the end consumer, such as an apple and pineapple juice.

The intention is for this business to become a significant part of the Group's growth strategy in the financial year ending 2020.

[1] Source: Global Fruit and Vegetable Juice Market Research 2018-2025; Grand View Research.

CHIEF EXECUTIVE'S REPORT

Our strategy is to grow our business through ongoing investment in new technologies and complementary products and services.

SERGE CRASNIANSKI
Chief Executive Officer & Deputy Chairman

KEY READS IN THE BUSINESS REVIEW SECTION:

The 2019 financial year saw macro headwinds and uncertainty in the UK, resulting in a slowdown in consumer activity and delays to B2B orders. This put pressure on our financial performance, and resulted in a £6.3 million negative revenue impact. As a result, Group revenues declined by 0.7%, and underlying profit before tax by 5.8%.

Across our other geographies, the Group performed well and in line with our expectations. Overall, profit before tax was slightly ahead of our revised expectations.

We continued to make progress on our strategy to expand our Laundry services business and we achieved strong results with a 9.4% increase in total laundry machines deployed, translating to a 19% increase in Laundry revenue in the financial year, while total revenue from Revolution laundry units increased by 30.2%.

GROWTH STRATEGY THROUGH PRODUCT DIVERSIFICATION AND INNOVATION

Investment in innovation remains at the core of the business. Photo-Me's growth strategy to deploy new products and technologies, with multiple applications across our vending estate, is underpinned by an ongoing focus on R&D and product diversification.

We have in-house research and development capabilities in France, Portugal, Vietnam and Japan, and we employ a team of 60 dedicated and highly experienced engineers.

Our team specialises in new product and software development, focused on three key areas: (i) the refurbishment and upgrade of our estate; (ii) further development and rollout of our proprietary security biometric identification solutions; and (iii) complementary products and services.

Our largest facility is in France, where our team plays a key role in identifying new market opportunities and carries out small-scale product manufacture and testing. Once new products are fully launched, larger scale production is outsourced to our manufacturing partners.

The expansion of our Laundry business, currently present in Ireland, Portugal, the UK, France, Belgium and the Netherlands, remains a core pillar of the Group's long-term growth strategy, with significant potential across territories where Photo-Me operates.

Expansion is funded by cash generated from our Identification business, which represents a global market-leading estate of hi-tech photobooths offering multiple instant-vending services.

Essentially, our growth strategy is focused on expanding the number of units in operation, increasing the yield per unit, and minimising production and operational costs to the Group in achieving this objective.

We are continually looking for opportunities to enhance our product offering and leverage our established long-term relationships with site owners and our network of 700 dedicated field engineers.

DEVELOPMENT OF A FRESH FRUIT AND VEGETABLE JUICE PRODUCT OFFERING

As part of our diversification and innovation approach, we entered the growing fresh fruit and vegetable juice market with the acquisition of Sempa in April 2019.

The business operates via a lease model, whereby Sempa sells fresh fruit juice equipment to customers through lease finance agreements. It receives payment upon the sale of the equipment and the lease finance contracts are then subject to renewal every 12 months (on average). Sempa's customers include retail, office and work spaces, and small businesses.

The growing importance people place on their health and well-being makes it an exciting time to enter this market, with the health benefits of juice driving its popularity and potential.

Our intention is for Photo-Me to become the global leader in self-service fresh fruit juice machines and to replicate the success Sempa has seen in France by rolling out the equipment across our European network.

The Group will open a fruit juice dedicated R&D department at our facility in France, with the aim of launching a new and innovative fruit juice machine by the calendar year end.

LAUNCH OF FIRST BANKING BOOTH

In November 2018 in Paris, the Group launched its first banking booth, which provides front-end retail banking services to customers, in partnership with Anytime, a Belgian Fintech business.

The technology allows customers to open a personal or professional bank account and scan in supporting documents. It then takes two days for a new account to be opened once compliance checks have been completed. The new client receives a credit card by post within two days of the account opening. In the long-term, customers will be able to deposit cheques and cash in the booths and speak directly to bank specialists through the screen. A 10-machine pilot is underway in Paris with the support of Anytime.

OVERVIEW BY PRINCIPAL BUSINESS AREA

IDENTIFICATION

(PHOTOBOOTHS AND INTEGRATED BIOMETRIC IDENTIFICATION SOLUTIONS)

Photo-Me is the world's largest operator of photobooths with market-leading photographic quality and technology, operating a well-established network of photobooths. Identification accounts for 61.5% of vending units in operation.

Our strategy is to (i) expand our presence in high-footfall locations; (ii) grow revenue by offering customers a broader range of services via our photobooths; and (iii) penetrate new geographies. In particular, we remain focused on deploying our proven identification security technology.

The increasing appetite from governments for improved and digitalised security ID underpins our growth strategy in this business area.

	30 April 2019	30 April 2018	% change
Number of units in operation	**28,873**	29,015	-0.50%
Percentage of total Group vending estate (number of units)	**61.5%**	62.0%	-0.8%
Revenue	**£147.7m**	£149.3m	-1.1%
Capex	**£9.7m**	£13.4m	-27.6%

Excluding the UK, Identification revenue grew by 0.7% and the number of units in operation increased by 0.9%.

Overall Identification revenue declined by 1.1% due to a more challenging trading environment in the UK and continued uncertainty around the UK's European Union exit negotiations. Consumer activity slowed and footfall in retail locations was lower year-on-year. In addition, the UK Government's decision to allow photo ID taken on a smart device or camera at home to be used for passport photo ID has impacted Identification volumes and 178 machines were removed from the UK estate, and will be relocated, due to rising operational costs.

Elsewhere, we continued to see a resilient performance aided by the diversification of our photobooth services, including the rollout of our encrypted photo ID upload technology with governments in the UK, France, Germany, Ireland and the Netherlands. In total, the Group has more than 12,000 photobooths connected to government organisations for the secure upload of photo ID. The Board anticipates that this number will continue to grow as discussions with governments progress.

Capex for Identification reduced in the period as we prioritised expenditure on the installation of Revolution machines, only in high-footfall locations.

We will continue to invest in advanced identification technology and innovative solutions. A photobooth capable of delivering photo ID for babies and young children – the "first of its kind" – is currently in development.

LAUNDRY

(UNATTENDED LAUNDRY SERVICES, LAUNDERETTES, B2B SERVICES)

The Group owns and operates laundry units and has a presence in 12 countries, with operations primarily in France, the UK, Ireland, Belgium and Portugal. The expansion of our Laundry business, organically and by acquisition, remains the primary growth driver for the Group.

	30 April 2019	30 April 2018	% change
Total Laundry units deployed (owned, sold and acquisitions)	**4,876**	4,449	+9.4%
Total revenue from Laundry operations	**£43.7m**	£36.7m	+19.0%
REVOLUTIONS (EXCLUDES LAUNDERETTES AND B2B):			
Number of Revolutions in operation*	**2,732**	2,313	+18.1%
Percentage of total Group vending estate (number of units)	**5.8%**	5.0%	+16.0%
Total revenue from Revolutions	**£27.6m**	£21.2m	+30.2%
Revolution capex	**£10.9m**	£15.2m	-28.3%

* There were 2,522 full-time units in operation during FY2019 compared with 2,031 in FY2018.

Total Laundry revenue grew by 19.0% year-on-year, despite a decrease in B2B Laundry revenue (-£3.6m), and represented 19.2% of total Group revenue in FY2019, up from 16.0% in the prior year and 10.0% in FY2017.

This reflects the continued expansion of our Laundry operations, with 427 new units installed in the 2019 financial year, generating stable revenues. During the period we installed 45 units per month on average (including sales).

The key geographies for growth continue to be the UK, Ireland, Portugal, France and Spain. The Group is looking to expand its presence in Germany (currently 20 units) and Austria (two units).

We anticipate approaching 6,000 owned, sold and acquired laundry units by the calendar year 2020, subject to macro-economic factors outside of the Group's control. And we continue to expect this business to contribute an increasing proportion of total Group revenue and profits.

Our Laundry business comprises three areas of operation: Revolution, Launderette and business-to-business laundry services.

Revolution is our 24-hour, outdoor, self-service laundry unit, which is typically located in high-footfall sites such as supermarket car parks and petrol station forecourts. Our strategy is to expand the estate through our partnerships with strategic site owners globally and identify and expand into new high-demand markets.

The number of Revolution units in operation increased by 18.1%, with 2,732 machines operating as at 30 April 2019 (2018: 2,313).

Total revenue from Revolution units increased by 30.2% year-on-year, and now represents 12.1% of our total vending estate compared with 9.2% in 2018, an increase of 2.9 percentage points.

Revolution capex reduced year-on-year, reflecting the lower cost of production as well as the Group's focus and discipline around identifying high-footfall locations where the Revolution units will be highly profitable, rather being wholly focused on the number of units deployed.

Launderette shops are typically situated in or near to town centres where there is limited competition from other laundry services. Our aim is to continue to expand our launderette presence through an owned-and-operated model.

La Wash, our Spanish laundrettes franchise company, which the Group acquired in May 2018, contributed revenue of £3.8 million and a profit before tax of £0.9 million, in accordance with our expectations. We are looking to build on our presence in Spain.

Business-to-business (B2B) laundry services provides the distribution and leasing of laundry and catering equipment. Our B2B customers include institutions such as hospitals, care homes and universities. The growth strategy is to extend our presence both in the UK and into new territories through acquisitive growth.

The Group's B2B operations are currently focused in the UK, where overall trading became more challenging in the second half of the 2019 financial year. Year-on-year revenue declined 39.0% to £5.8 million (2018: £9.5 million), while underlying loss before tax declined to -£0.1m (2018: underlying profit before tax of £1.4 million). As previously announced, due to economic uncertainty, the Group experienced delays in orders that significantly affected the performance of this business. We believe this is a timing issue and that these orders will be recovered in FY2020.

KIOSKS

(HIGH-QUALITY DIGITAL PRINTING SERVICES)

Our digital printing kiosks offer a wide range of print formats and personalised products that are competitively priced. Our latest generation kiosks – Speedlab cube and Speedlab bio – are fully integrated with all major social media networks and offer rapid and high-quality printing for customers.

Our key geographic markets are France, the UK and Switzerland. Our strategy is to capitalise on our market-leading position by increasing our presence in high-footfall locations, extending the range of services in our kiosks and entering new geographies.

	30 April 2019	30 April 2018	% change
Number of units in operation	**5,487**	5,416	+1.3%
Percentage of total Group vending estate (number of units)	**11.7%**	11.6%	+0.9%
Revenue	**£13.3m**	£16.5m	-19.1%
Capex	**£2.3m**	£3.4m	-32.4%

Our kiosk business is profitable and the number of units in operation is growing.

At the period end, the number of kiosks in operation had increased by 1.3%, following the completion of the relocation of kiosks from Photo-Me Retail shops in the UK as part of the 2018 restructuring programme. Upon relocation in France, revenue from these units increased by at least 15.0%.

These Speedlab units were transferred to Photomaton in France, were refurbished and then redeployed across the country to replace previous generation machines.

The decrease in revenue is due to the removal of 491 kiosks related to the Photo-Me Retail restructuring programme in FY2018. Excluding this, Kiosks revenue has increased by 1.6%.

OTHER VENDING EQUIPMENT

The Group operates 9,621 (2018: 9,829) other vending units such as children's rides (4,749 units), photocopiers (3,391 units) and amusement machines (455 units).

These are typically an extension of our product range at sites where we have an existing relationship with the site owner.

While this is not one of our three principal business areas, these machines are profitable and benefit from synergies relating to other areas of the business, such as our network of field engineers.

Further details on financial and strategic progress in each of our three principal areas of operation are provided in the Review of Performance by Geography.

REVIEW OF PERFORMANCE BY GEOGRAPHY

Commentary on the Group's financial performance is set out below, in line with the segments as operated by the Board and the management of Photo-Me. These segmental breakdowns are consistent with the information prepared to support the Board decision-making. Although the Group is not managed around product lines, some commentary below relates to the performance of specific products in the relevant geographies.

Performance by geography

	Segment revenue Year to 30 April				Segment operating profit Year to 30 April			
	2019 £m	2018 £m	Change[2] %	2018[1] £m	**2019 £m**	2018 £m	Change[2] %	2018[1] £m
Continental Europe	**130.7**	121.1	+7.9%	120.6	**33.5**	31.9	+5.0%	32.0
UK & Republic of Ireland	**52.9**	63.7	-16.9%	63.7	**7.1**	10.4	-32.2%	10.0
Asia	**44.5**	45.0	-1.0%	45.7	**4.7**	5.4	-13.5%	5.5
	228.1	229.8	-0.7%	230	**45.3**	47.7	-1.9%	47.5
Corporate costs					**(2.6)**	(1.8)	+148.8%	(1.6)
					42.7	45.9	7.0%	45.9

[1] 2018 trading results of overseas subsidiaries converted at 2019 exchange rates
[2] Refers to change compared to reported results
[3] Operating profit excludes results of associate

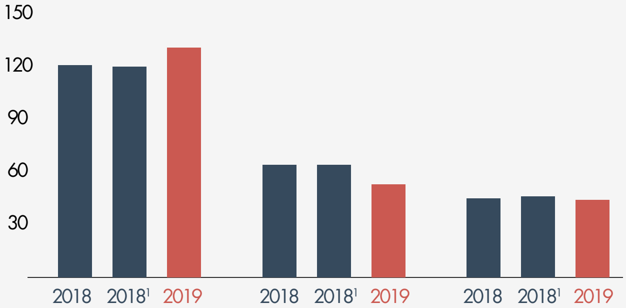
Segment revenue
Year to 30 April 2019

£228.1m

Continental Europe
£130.7m
+7.9%
2018: £121.1m
2018[1]: £120.6m

UK & Republic of Ireland
£52.9
-16.9%
2018: £63.7m
2018[1]: £63.7m

Asia
£44.5m
-1.0%
2018: £45.0m
2018[1]: £45.7m



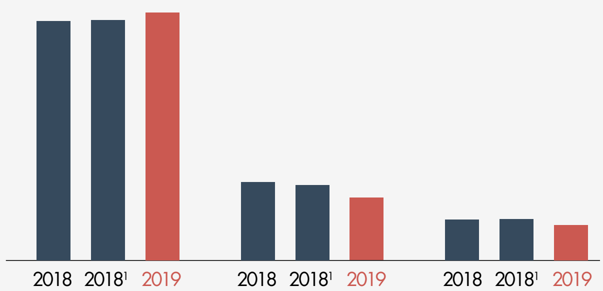
Segment operating profit
Year to 30 April 2019

£42.7m

Continental Europe
£33.5m
+5.0%
2018: £31.9m
2018[1]: £32.0m

UK & Republic of Ireland
£7.1m
-32.2%
2018: £10.4m
2018[1]: £10.0m

Asia
£4.7m
-13.5%
2018: £5.4m
2018[1]: £5.5m



[1] 2018 trading results of overseas subsidiaries converted at 2019 exchange rates.
[2] Refers to change compared with reported results.
[3] Operating profit excludes results of associate

KEY FINANCIALS

The Group reports its financial performance based on three geographic regions of operation: (i) Continental Europe; (ii) the UK & Republic of Ireland; and (iii) Asia.

In Continental Europe, revenue grew by 7.9% and operating profit by 5.0%. The performance in the UK and Republic of Ireland was impacted by macro headwinds in the UK, which resulted in a revenue decline of 16.9% and a 32.2% decline in operating profit. The turnaround in Asia continued and, while revenue was down marginally, operating profit decreased by 13.5% including the impact of restructuring fees of £1.8m relating to the Japanese business.

VENDING UNITS IN OPERATIONS

In Continental Europe, machine units increased by 2.8% with 266 laundry units, 193 photobooths and 67 kiosks.

In the UK, 225 unprofitable photobooths were removed and an additional 85 Revolution machines were in operation at the period end.

Following the restructuring programme, the number of units in Asia stabilised.

Number of vending units in operation

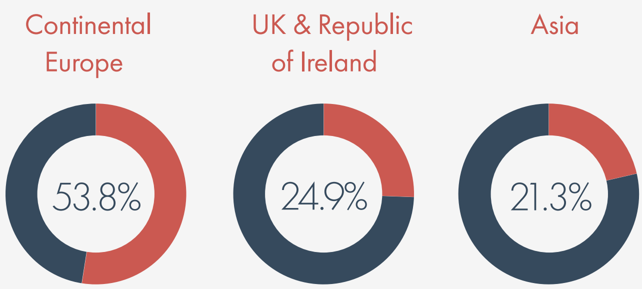
	At 30 April 2019		At 30 April 2018		Change year-on-year
	No of units	**% of total**	No of units	% of total	Change %
Continental Europe	**25,230**	**53.8**	24,550	52.6	+2.8%
UK & Republic of Ireland	**11,701**	**24.9**	12,055	25.8	-2.9%
Asia	**10,025**	**21.3**	10,105	21.6	-0.8%
	46,956	**100**	46,710	100	+0.5%

Number of vending units in operation
Year ended to 30 April 2019

46,956

Continental Europe	UK & Republic of Ireland	Asia
25,230	11,701	10,025
+2.8%	-2.9%	-0.8%
2018: 24,550	2018: 12,055	2018: 10,105

Percentage of total vending units in operation
Year ended to 30 April 2019



CONTINENTAL EUROPE
FINANCIAL PERFORMANCE

Continental Europe remains the largest revenue contributor to the Group. As at 30 April 2019, 53.8% of the Group's total units in operation were situated in Continental Europe, compared with 52.6% in the prior year.

Reported Revenue
Year to 30 April 2019

£130.7m
+7.9%

Operating profit
Year to 30 April 2019

£33.5m
+5.0%

This region contributed 57.3% of Group revenues for the year (2018: 52.7%) and 74.1% of Group operating profit before Corporate costs (2018: 66.9%).

Looking forward, the acquisition of Sempa is expected to be earnings enhancing in the financial year ending 30 April 2020 and thereafter. In the financial year ending 30 April 2020, it is expected to contribute profit before tax of approximately £3.2 million at current exchange rates.

STRATEGIC PROGRESS

The Group remains in discussions with the French Government regarding the extension of its secure photo ID transfer technology to include photo ID for new passports and identification cards (91% of photobooths are enabled). Advanced discussions continued with the Dutch Government regarding the deployment of this technology for use in driving licences in the Netherlands, with 70 photobooths already upgraded with this technology.

The Laundry business continued to perform well, including a first-time contribution from La Wash Group, which was acquired in May 2018 for a consideration of £4.4 million. The profit before tax of La Wash was £0.9 million in FY2019. The expansion of Revolution laundry operations in Portugal, France and Spain has continued and the Group is looking at the viability of the German and Austrian markets.

The acquisition of Sempa during the period marks a significant new opportunity for the division, as Photo-Me becomes the leading player in the French self-service fresh juice equipment market, with plans to expand this offer into other countries in Europe via the Group's existing commercial network.

UK & REPUBLIC OF IRELAND
FINANCIAL PERFORMANCE (INCLUDING CORPORATE)

The performance of this division was impacted by the macro environment, which generated ongoing consumer uncertainty during the financial year, in relation to the UK's European Union exit negotiations and the tough trading conditions faced by retailers.

Reported Revenue
Year to 30 April 2019

£52.9m
-16.9%

Operating profit
Year to 30 April 2019

£7.1m
-32.2%

A slowdown in consumer spending had a significant effect on earnings in the UK, which affected performance at a Group level. UK revenues in the first half were also temporarily impacted by the restructuring of Photo-Me Retail in the UK market in H2 2018. Photo-Me Retail now operates 241 kiosks, which generate very high revenue levels and the business is profitable.

In Ireland the continued rollout of Laundry has delivered 64 new Revolutions, and revenue in the country increased significantly by 19.0% in FY2019.

The UK & Republic of Ireland division contributed 23.2% of Group revenue in the 2019 financial year (2018: 27.7%), and 15.6% of operating profit before corporate costs (2018: 21.8%).

Revenue was £52.9 million, representing a decline of 16.9% compared with the prior year. Operating profit was £7.1 million, down 32.2%.

As at 30 April 2019, 24.9% of the Group's total units in operation were situated in the UK and the Republic of Ireland (2018: 25.8%).

STRATEGIC PROGRESS

In its Identification business, the Group continued to focus on the rollout of secure digital upload technology for Irish Online Passport renewal and British passport renewals. In total, 51.0% of the photobooths are now enabled for UK passport renewals.

Laundry continued to grow apace in the Republic of Ireland, with 64 units deployed in the period. Laundry revenues now account for 77.4% of the country's total revenue (2018: 72.2%).

ASIA

FINANCIAL PERFORMANCE

The Group's turnaround plan implemented in H2 2018, to address the significant challenges in the Japanese market, identified in the 2018 financial year, has proven highly effective. The business has recovered faster than initially expected and is performing well.

Reported Revenue
Year to 30 April 2019

£44.5m
-1.0%

Operating profit
Year to 30 April 2019

£4.7m
-13.5%

Trading in the other countries in Asia remains strong. Asia contributed 19.5% of Group revenue (2018: 19.6%) and 10.3% of Group operating profit excluding corporate costs (2018: 11.3%).

At constant currency, revenue was down marginally (-0.8%) and operating profit decreased by 13.5%, including the costs of restructuring the Japanese business.

The restructuring programme in Japan was completed in the period, at a total cost of £1.8 million. Excluding this one-off cost, operating profit in Asia was £6.5 million compared to £5.4 million in FY2018, an increase of 20.2%.

As at 30 April 2019, 21.3% of the Group's total units in operation were situated in Asia, compared with 21.6% in the prior year.

STRATEGIC PROGRESS

While the photo identification market in Japan remains highly competitive, the Board continues to believe that there are growth opportunities, given Photo-Me's dominant market position in the country. As a result, the Group intends to commence the deployment of its new units, which have a significantly lower production cost than the units deployed previously and will offer a 35.0% faster return on investment.

KEY PERFORMANCE INDICATORS (KPIs)

The Group measures its performance using a mixture of financial and non-financial indicators. The main objective of these KPIs is to ensure 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 30 April 2019	Performance 30 April 2018
Total Group revenue at actual rate of exchange		**£228.1m**	£229.8m
Group profit before tax		**£42.6m**	£50.2m
Underlying profit before tax		**£44.1m**	£46.8m
EBITDA margin	The EBITDA margin is a good indicator of improved profitability	**31.4%**	32.0%
Gross takings (including Photo-Me Retail)	Gross takings is an important indicator of the trend in our core vending business	**-0.7%**	+3.9%
Increase in number of photobooths	The increase in number of photobooths is a constant priority and a main driver for growth	**-142**	+474
Increase in number of Laundry units (operated or sold)	The increase in number of laundry units measures our penetration in markets where there is a significant potential for growth and strong profits	**+427**	+1,198

OUR TEAM

At Photo-Me, our team is structured to reflect our entrepreneurial and creative heritage and is aligned to our business strategy and objectives. We are committed to nurturing talent within our teams and developing the next generation of leaders.

This year the business has met with both challenges and successes. I would like to take this opportunity to specifically thank the teams who have worked so successfully on the recovery of our Japan operations to deliver strong results that give us real confidence in the future of this business. I would also like to acknowledge the ongoing hard work of our teams, which continue to meet the challenges of the UK market.

In addition, I would like to welcome the Sempa team to Photo-Me. We look forward to replicating the success they have already achieved in France across the territories that Photo-Me operates, through the sharing of technological and industry expertise.

FUTURE PROSPECTS

The Group will remain focused on driving profitability from its existing estate and investing in new and complementary products to extend the suite of services available through its established instant-service equipment network. There will be a strong focus on R&D, particularly as it relates to the Group's fresh fruit juice offering and its entry into this highly attractive new market for the Group. We remain confident for the future.

FINANCIAL REVIEW

The Group delivered a stable performance despite significant headwinds in the UK market, which impacted the financial performance of the UK and the Republic of Ireland region.

Reported revenue declined by 0.7% to £228.1 million, supported by the continued growth of our Laundry operations in Europe and a strong recovery in Asia.

Operating profit also declined by 7.0%.

	April 2019 £m	April 2018 £m
Revenue	**228.1**	229.8
EBITDA (excluding associates)	**69.7**	71.0
Operating profit (excluding associates)	**42.7**	45.9
Profit before tax	**42.6**	50.2
Profit after tax	**31.3**	40.3

The movements in turnover are outlined in the following table:

	£m
Turnover at 30 April 2018	229.8
Change in core business revenue:	
Continental Europe	10.1
The UK & Ireland	(10.8)
Asia	(1.2)
Impact of exchange rates	0.2
Turnover at 30 April 2019	**228.1**

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

	£m
Profit before tax at 30 April 2018	50.2
Effect of acquisitions	0.9
Changes in revenue	(5.5)
Changes in costs	2.8
Restructuring costs	0.8
Profit on sale of former head office	(2.3)
Increase in net finance income & other gains (Max sight gain, £3.7m)	(4.2)
Impact of exchange rates	(0.1)
Profit before tax at 30 April 2019	**42.6**

REVIEW OF OPERATING COSTS

Operating costs were £185.5 million:

Staff costs were £48.9 million. The ratio of staff costs to revenue is 21.4% (2018: 22.5%).

	April 2019 £m	April 2018 £m	April 2018 (constant rate) £m
Staff costs	**48.9**	51.7	51.7
Inventory costs	**19.5**	23.6	23.6
Other operating costs	**89.9**	85.9	86.3
	158.3	161.2	161.6
Depreciation & amortisation	**27.0**	25.1	25.1
Profit on disposal of fixed assets	**0.2**	(2.4)	(2.4)
Operating costs	**185.5**	183.9	184.3

EARNINGS PER SHARE

Diluted earnings per share were 8.26 pence (2018: 10.60 pence), a decrease of 22.1%. Basic earnings per share were 8.27 pence (2018: 10.64 pence).

TAXATION

The Group tax charge of £11.3 million corresponds to an effective tax rate of 26.6% (2018: 19.7%). The increase in the effective tax rate over last year is attributable to a one off catch up deferred tax charge in the Group's French operations.

The Group undertakes business in 18 countries worldwide, with most of the tax charge arising in France, Japan and the UK. In each jurisdiction in which the Group operates, operations are organised so that the Group pays the appropriate amount of tax at the right time, in accordance with local regulations, ensuring compliance with the Group's tax policy and guidelines.

DIVIDENDS

During the year, the Group paid dividends totalling £31.9 million, in respect of the interim and final dividends for the year ended 30 April 2018.

The interim dividend for the year ended 30 April 2019 was 3.71 pence per share (2018: 3.71 pence), which was paid to shareholders on the register on 5 April 2019.

STATEMENT OF FINANCIAL POSITION

The Group balance sheet can be summarised as follows:

	April 2019 £m	April 2018 £m
Non-current assets (excl. deposits)	**142.3**	130.6
Current assets (excl. cash and deposits)	**44.1**	48.0
Non-current liabilities (excl. borrowings)	**(11.1)**	(8.4)
Current liabilities (excl. borrowings)	**(47.8)**	(52.0)
Net cash	**16.3**	26.7
Total equity	**143.8**	144.9
Minority interests	**(1.9)**	(1.6)
Total shareholders' funds	**141.9**	143.3

Following the payment of dividends of £31.9 million, shareholders' funds at 30 April 2019 amounted to £141.9 million, a decrease of £1.4 million compared with the previous financial year-end.

Non-current assets detailed are outlined in the following table:

	April 2019 £m	April 2018 £m
Goodwill	**26.6**	13.4
R&D costs capitalised	**6.1**	6.5
Other intangible assets	**9.1**	7.5
Operating equipment	**81.8**	80.8
Plant and machinery	**10.4**	9.5
Land and buildings	**3.2**	2.3
Investment property	**0.7**	0.7
	137.9	120.7
Investments	**1.7**	5.9
Deferred tax assets	**0.9**	1.9
Trade and other receivables	**1.8**	2.1
Total non-current assets (excl. deposits)	**142.3**	130.6

CASH FLOW AND NET CASH POSITION

	April 2019 £m	April 2018 £m
Opening net cash	**26.7**	39.2
Cash generated from operations	**63.9**	61.0
Taxation	**(6.2)**	(8.3)
Net cash generated from operations	**57.7**	52.7
Net cash used in investing activities	**(36.4)**	(39.9)
Dividends paid net of shares issued	**(31.7)**	(25.1)
Net cash utilised	**(10.4)**	(12.3)
Impact of exchange rates	**–**	(0.2)
Net cash outflow	**(10.4)**	(12.5)
Closing net cash	**16.3**	26.7

The net cash generated from operations improved by 9.5% in FY2019. The net cash used in investing activities decreased to £36.4 million (2018: £39.9 million). Closing net cash was £16.3 million.

Outstanding debt of £69.3 million (2018: £33.7 million) was deducted from the closing net cash balance at 30 April 2019.

Total cash and cash equivalents at 30 April 2019 were £84.6 million (2018: £58.7 million).

At the end of April 2019, the Group's net cash was £16.3 million (2018: £26.7 million), and could be split as follows:

	Cash and deposits £m	Borrowings £m	Net cash £m
Balance at 30 April 2018	60.4	(33.7)	26.7
Cash flow	25.9	(35.2)	(9.3)
Non-cash movements	(0.7)	(0.4)	(1.1)
Balance at 30 April 2019	**85.6**	**(69.3)**	**16.3**

SERGE CRASNIANSKI
Chief Executive Officer
& Deputy Chairman

17 July 2019

PRINCIPAL RISKS

Similar to any business, the Group faces risks and uncertainties that could impact the achievement of the Group's strategy. These risks are accepted as inherent to the Group's business. The Board recognises that the nature and scope of these risks can change; it therefore 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.

ECONOMIC

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
Global economic conditions	Economic growth has 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 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 fluctuations arising from translation in consolidation in a cost-effective manner.

REGULATIONS

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
Centralisation of the 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, or widen the acceptance of self-made or home-made photographs for official document applications, the Group's revenues and profits could be affected.	The Group has developed new systems that respond to this situation, leveraging 3D technology in ID security standards, and securely linking our booths to the administration repositories. (Solutions are in place in France, Ireland, Germany, Switzerland and the UK; discussions in Belgium and the Netherlands). Furthermore, the Group also ensures that its ID products remain affordable and of a high quality.

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
Brexit	The UK's referendum decision to leave the European Union (EU) ("Brexit") will most probably lead to changes in regulations in the UK as well as to modifications to numerous arrangements between the UK and other members of the EU, affecting trade and customs conditions, taxation, movements of resources, etc.	The Board is keeping the potential impacts of the referendum decision to leave the EU on all the Group's operations under review. Any potential developments, including new information and policy indications from the UK Government and the EU, will be looked at carefully on a continual basis, with a view to enhancing the ability to take appropriate action targeted at managing – and, where possible, minimising – any adverse repercussions of Brexit. The specific impact of Brexit on the Group will depend on the details of the conditions of the break-up to be negotiated between the UK and the EU. The Board foresees that in the short-term the negative impact of the uncertainty overshadowing the general UK economy could also spill over into the Group's UK operations. In the long-term, potential "re-nationalisation" of UK identity documents (including the conversion of the EU burgundy passports to the navy blue British version), as well as strengthened immigration regulations, could lead to increased requests for the Group's secure identification products.
Business rates	Since early 2015, the Valuation Office Authority has been issuing significantly increased assessments for some of the Company's estate, mainly photobooths and printing kiosks, and in some instances applying rates that the Company considers unreasonable. The census campaign led by the government is part of the well-publicised strategy to systematically increase the amount of tax collected through business rates. The business tax risk is limited to the Company's operations in the UK. The Company has expensed the cost of the tax charge as reasonably estimated.	The Company has engaged advisers to reduce its exposure to business rates. The Company has received advice that the vast majority of the affected estate should not be subject to business rates, and therefore it has systematically appealed before the Valuation Tribunal the assessments received, while negotiating with the authorities to reduce that exposure. The Company believes that, following the latest decision by the Upper Tribunal on 12 April 2017 in the ATM case, the risk should be capable of successful mitigation. Discussions are ongoing with the Valuation Office Agency on this matter.

STRATEGIC

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
Identification of new business opportunities	The failure to identify new business areas may impact the ability of the Group to grow in the long-term.	Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research in new products and technologies.
Inability to deliver anticipated benefits from the launch of new products	The realisation of long-term anticipated benefits depends mainly on the continued growth of the laundry business and the successful development of integrated secure ID solutions.	The Group regularly monitors the performance of its entire estate of machines. New technology-enabled secure ID solutions are heavily trialled before launch, and the performance of operating machines is continually monitored.

MARKET

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
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, bearing in mind that the Group's turnover is spread over a large client base and none of the accounts represent more than 1% of Group turnover. To maintain its performance, the Group needs to have the ability to continue trading in good conditions in France and the UK, taking into account the situation in these two countries.	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. The Group continues to monitor the situation in both the French and the UK markets.

OPERATIONAL

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
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.

OPERATIONAL (CONTINUED)

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
Reliance on one single supplier of consumables	The Group currently buys all its paper for photobooths from one single supplier. The failure of this supplier could have a significant adverse impact on paper procurement.	The Board has decided to hold a strategic stock of paper, allowing for 6–10 months' worth of paper consumption, to allow enough time to put in place alternative solutions.
Reputation	The Group's brands are key assets of the business. Failure to protect the Group's reputation and brands could lead to a loss of trust and confidence. This could result in a decline in our customer base.	The protection of the Group's brands in its core markets is sustained by products with certain unique features. The appearance of the machine is subject to high maintenance standards. Furthermore, the reputational risk is diluted as the Group also operates under a range of brands.
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 in place to regularly train its technicians.

TECHNOLOGICAL

NATURE OF THE RISK	DESCRIPTION AND IMPACT	MITIGATION
Failure to keep up with advances in technology	The Group operates in fields where upgrades to new technologies are mission-critical.	The Group mitigates this risk by continually focusing on R&D.
Cyber risk: Third party attack on secure ID data transfer feeds	The Group operates an increasing number of photobooths capturing ID data and transferring these data directly to government databases.	The Group performs an ongoing assessment of the risks and ensures that the infrastructure meets the security requirements.

CORPORATE RESPONSIBILITY STATEMENT

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.

PRINCIPAL ACTIVITIES

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

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

- legal requirements and future policy trends;
- customer, employee and investor preferences for corporate responsibility; and
- cost savings and business efficiency

We aim to ensure that our approach is consistent with the directors' duty to promote the success of the Company, a legal requirement included in the 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 Operating 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's internal audit programme operates 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, opportunities, or new information.

HIGHLIGHTS

PRODUCTS

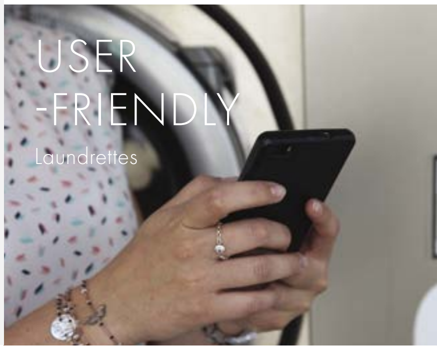
ISO CERTIFIED

ISO International Standards ensure that products and services are safe, reliable and of good quality.

International Organization for Standardization
ISO
9001

ECO -FRIENDLY

The Revolution



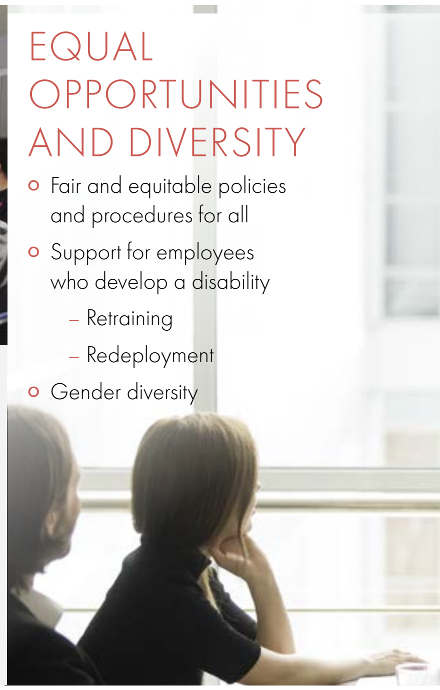
USER -FRIENDLY

Laundrettes

EMPLOYEES

EMPLOYEE ENGAGEMENT

- Business networking
- Notification of vacancies and policy updates
- Monthly operational meeting for business leaders



EQUAL OPPORTUNITIES AND DIVERSITY

- Fair and equitable policies and procedures for all
- Support for employees who develop a disability
  - Retraining
  - Redeployment
- Gender diversity

BUYER -FRIENDLY

Equipment

HEALTH & SAFETY

DEDICATED EXPERTS

- Network of trained service operators
- Periodic safety inspections and tests
- Call centres provide customer assurance and within 24-hour service
- New product assessments

CE MARKING

Confirms that our products comply with all health, product safety and environmental protection.

Photobooths:

CE Marking (RoHS2) Children's rides:

BACTA CE Marking (RoHS2)

ACCREDITED CONTRACTOR

- Safe Contractor accreditation managed by Alcumus and Altius
- Assured award

ENVIRONMENT

GREEN AWARENESS

We actively work to decrease energy use and demand for natural resources.

RECYCLING POLICY

We recover, refurbish and re-sell our electrical equipment.

MONITOR POWER CONSUMPTION

- Automatic shut down of units when not in use
- Remote telemetry reduces the number of service visits and consumables
- Use of low-energy lamps
- Use of energy-efficient flat screen technology

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 INCREASED CUSTOMER EXPECTATIONS, INCLUDING ENVIRONMENTAL, HEALTH AND SAFETY, AND ACCESSIBILITY ISSUES.

To ensure 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, ISO 9001 standard certification has been achieved.

THE REVOLUTION UNITS ARE ECO-FRIENDLY:

- The built-in washing liquid pump provides the ideal quantity for each washing cycle and reduces waste
- The highly concentrated washing liquid, free of phosphates, colouring agents and preservatives, meets the French OCERT standard. Ecological, effective low-temperature and without allergen, this washing liquid naturally perfumes the linen
- The boiler only heats the water when the dryer is not in operation
- The energy-saving dryer reduces power consumption.
- LED lights use less energy than standard lighting
- The launderette only requires 13KW (compared with 30KW for a classical launderette)

THEY ARE ALSO USER-FRIENDLY

- The launderettes comply with CE standards and the new decree N°2012-412 practical since 1st July 2012
- Accessibility for our disabled customers has been a priority in the design of this launderette from the outset. The machines and touchpads are located at the legally required height, thus combining a beautiful design with easy access for our customers
- As an added service to the customer, a built-in pump releases a specially designed neutral and mild washing liquid with a pleasant fragrance. This also helps ensure the machines are kept clean and tidy
- Equipped with high capacity professional washing machines (8 and 18kg), the user can wash and dry large or heavy loads such as duvets, blankets and pillows in a record time of 30 minutes per washing cycle
- Customers can enter their mobile number at the point of payment and an SMS will be sent to alert them 5 minutes before the end of the cycle
- This free service is convenient for customers who might use this waiting time for shopping
- Thanks to the touch screen, the payment station is easy to use by following the on-screen instructions
- Besides the coin and bill acceptor, the credit card payment is available as an option. It is a service which facilitates the use of the launderette and thus increases its use

THEY ARE ALSO BUYER-FRIENDLY

- Floor space used is less than 5m² – relatively little for a new innovative service
- Low installation cost
- The launderette is delivered fully assembled and cabled, and can be installed in half a day
- Thinner power cables (due to low power), thus cheaper

In consideration of global concerns regarding the disposal of waste and increasing metal prices and landfill costs, we have focused more attention on the re-use and recycling of our retired products. Currently, more than 90% by weight of the materials used in our photobooths, mostly steel and other metals, is recycled at the end of their product lifecycle. In light of our concerns regarding increased energy costs and man-made impact on climate change, we have 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 to us. This drives a continual review of our products and the development of solutions to meet these needs. For example, we have improved services offered to customers with disabilities, and complied with the Equality Act 2010 by introducing on-screen instructions within our photobooths for hard-of-hearing customers, and voice instructions and carefully selected screen colours and font sizes for customers with visual impairments. In addition, the development of the universal photobooth enables access for wheelchair users.

EMPLOYEES

THE COMPANY'S EMPLOYEES ARE A VALUED INTEGRAL PART OF THE BUSINESS AND THE COMPANY'S ABILITY TO ACHIEVE 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 to encourage employee engagement, and to enthuse and inspire its workforce through a network of media such as:

- business networking tools to encourage synergies among colleagues and businesses, sharing ideas and best practices;
- internal notification of vacancies and policy updates; and
- monthly operational meetings for business leaders across the Group to engage with colleagues, providing business and local updates. Encouraging interactive feedback to ensure business leaders are kept informed of the Group's performance and of the financial and economic factors affecting Company and Group performance

While it has adopted a decentralised Group management approach, the Company nurtures a common culture among its workforce throughout the entire Group through openness, honesty and the pursuit of a universal goal that focuses on core corporate values.

We do everything in our power to support and protect human rights. As a responsible company with operations across the world, we believe that strong ethics and good business go hand-in-hand. We commit 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 ensuring equal career opportunities for all its employees without discrimination, and pursuing fair and equitable policies and procedures for recruitment, training and development. Full consideration is accorded to all applications from persons with disabilities, with due regard to their aptitudes and abilities.

The Company ensures that, wherever possible, employees who develop a disability during their engagement can continue their employment through a supportive mechanism of retraining, redeployment and reasonable adjustments where practicable, 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 persons with disabilities.

GENDER DIVERSITY

The table below shows the gender diversity of the Group's employees at 30 April 2019 with corresponding figures for the previous year:

AS AT 30 APRIL 2018

	Total	Male	Female
The Board of Photo-Me	6	5	1
Senior managers in the Group (excluding directors of Photo-Me)	18	17	1
Employees (excluding above)	1,106	922	184
Total	1,130	944	186

AS AT 30 APRIL 2019

	Total	**Male**	**Female**
The Board of Photo-Me	**7**	**6**	**1**
Senior managers in the Group (excluding directors of Photo-Me)	**17**	**14**	**3**
Employees (excluding above)	**1,116**	**932**	**184**
Total	**1,140**	**952**	**188**

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.

Our 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 can raise any safety concerns directly through our call centres, which 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 relevant safety standards before being launched in the market. We work with our suppliers where appropriate, sharing the benefit of our many years' experience of developing products to the highest standard of safety.

Photobooth security is managed by a multipoint locking system with either one or two security padlocks depending on the model. Our photobooths meet current electrical standards through a declaration of conformity (DOC) and Conformité Europécne (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 Amusement Device Inspection Procedures Scheme (ADIPS) standards.

Children's rides manufactured by Jolly Roger (Amusement Rides) Limited, a Group subsidiary company in the UK, are produced in accordance with industry guidance issued by the British Amusement and Catering Trades Association (BACTA) and conform to CE marking confirming RoHS2 product compliance. 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 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 ensures there is provision on the agenda of regular senior executive meetings to address health and safety matters. Policies and procedures developed over the years continue to be reviewed and adjusted as part of the process of continual improvement and keeping pace with legislative advances. To achieve the standard of health and safety performance to which the Company aspires, we believe that it is important to empower individuals at all levels and equip them with the tools and skills they require by providing relevant training and information.

The Company continues to improve its employee-induction process and has introduced an alternative online training system supplied by Essential Skillz in 2014 to teach and refresh employee skills as required. That database showed over 4,000 training sessions and 70% compliance with the training plan. The Company continues to maintain its membership of the British Safety Council and is also a member of the CE Marking Association. In addition to demonstrating our commitment to best safety and environmental practice and consistent improvement, these ongoing partnerships enable us to access expert advice and quality training resources to assist us in achieving these goals.

In the UK, the Company is accredited under two safe contractor schemes, one managed by Alcumus and the other by Altius, and has also received an assured Vendor award. This accreditation is reviewed annually and requires all Health and Safety policies and procedures to be 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 RESPONSIBILITY TOWARDS THE ENVIRONMENT AND THE IMPACT OF ITS BUSINESS ACTIVITIES.

The main risks to the business in this area arise from increased legislation and the rising cost of waste disposal. The Company has mitigated its exposure to these risks by:

- consistently reducing, in previous years, the amount of waste produced, although in recent years our UK operations saw an increase in packaging waste due to the acquisition of the ASDA Photo Centre business;
- 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 generates 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 approximately 30% of power consumption on site;
- the use of remote telemetry systems to minimise the number of service visits and reduce wastage of consumables;
- the substitution of old-technology lighting with new low-energy lamps in all photobooths. The new Photobooth by Starck uses the latest LED lighting which also eliminates the hazardous waste associated with fluorescent tubes; and
- the replacement of most old CRT monitors with new flat screen technology which is more energy-efficient and eliminates associated hazardous waste

Although we are not presently exposed to material risks related to climate change, we are taking proactive steps to ensure that our energy use and demand for 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.

GREENHOUSE GAS (GHG) EMISSIONS

Reporting of GHG emissions

As of 1 October 2013, all quoted companies must report 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 Group is required to report the emissions it is responsible for (as defined below), and to provide at least one 'intensity ratio' together with an explanation of methodology used.

In the table below, the Group has not reported fugitive emissions (which include leakages from refrigerants used in air conditioning units, etc.) because no data were available and, given the low number of such units in the Group, management did not consider such emissions to be material.

	Year ended 30 April 2019 Tonnes of CO_2e	Year ended 30 April 2018 Tonnes of CO_2e
Emissions from		
Scope 1	**3,513.50**	4,547.14
Scope 1 – travel costs	**2,895.21**	4,048.94
Scope 1 – gas	**618.29**	498.20
Scope 2	**20,761.34**	18,938.35
Scope 2 – operating estate	**20,350.90**	18,515.86
Scope 2 – electricity, heat, steam or cooling	**410.44**	422.49
Total emissions	**24,274.84**	23,485.49
Intensity ratio		
Per number of units of operating equipment	**0.51592**	0.50227

ASSESSMENT PARAMETERS

CONSOLIDATION APPROACH	The figures on the previous page are based on subsidiary companies owned by Photo-Me, except for those non-material subsidiary companies (mainly new start-up ventures) whose vending estate comprises less than 50 machines. 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 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	Department of Business, Energy & Industrial Strategy, 2016 GHG Conversion Factors for Company Report (2016: DEFRA 2014).
METHODOLOGY	The Company followed the Greenhouse Gas Protocol Corporate Standard.
MATERIALITY THRESHOLD	As mentioned above, subsidiary companies with less than 50 units of operating equipment have been excluded, as have depots and other property units where the total amount spent on heating, lighting 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 on 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. In those instances, emissions are controlled by third parties
- Emissions from vending equipment

The Group's chosen intensity ratio for external reporting is calculated by dividing total emissions 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 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 2022

This assessment included stress tests on the future performance and solvency for changes in the base assumptions over the three years and also for the principal risks facing the business in severe but plausible combination scenarios together with the effectiveness of any mitigating actions. Consideration has also been given to the risk of regional changes such as Brexit; however, the Board believes that having diverse geographical operations means that the Group is less susceptible to the effects of regional changes.

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.

DEL MANSI
Company Secretary

17 July 2019

CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND COMPANY SECRETARY

1 Sir 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. Until early 2019, a Consultant to Eversheds Sutherland LLP (as now is), and currently a Director of AIM market company, Prime People plc, as well as various private companies. Previously a practising Solicitor and Partner in Lewis, Lewis & Co – which became part of Eversheds Sutherland LLP (as now is) after a series of mergers. 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.

2 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.

3 Eric Mergui
Chief Operating Officer

Appointed to the Board in May 2018. Eric Mergui joined the Group in 1995 and was appointed Chief Operating Officer in 2015. Before this, Mr Mergui headed up Photo-Me's European operations and oversaw the development of Photo-Me's business in China.

4 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 Atreyu Capital Markets Ltd (both 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. Appointed to the Audit Committee on 20 October 2016.

5 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. Appointed to the Audit Committee on 20 October 2016.

6 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 Associés (ACA), and sold his interest in ACA in 2005. Subsequently a consultant in Finance & Conseils Associés, which specialises in business valuations.

7 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.

8 Del Mansi
Company Secretary

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

REPORT OF 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 2019.

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 pages 138 to 139. The Group entered the self-service fresh fruit juice equipment market in April 2019, with the acquisition of SEMPA Sarl. The Board believes this will become a key business area alongside Identification, Laundry and Kiosks, and be a significant part of the Group's future growth strategy.

RESULTS AND DIVIDENDS

The results for the year are set out in the Group Statement of Comprehensive Income on page 74. The directors recommend a final dividend of 4.73 p per ordinary share which, if approved at the Annual General Meeting (AGM) on 3 October 2019, will be paid on 8 November 2019 to shareholders listed on the register at the close of business on 18 October 2019. The ex-dividend date will be 17 October 2019. This, together with the interim dividend of 3.71p paid on 10 May 2019, makes a total dividend for the year of 8.44p per ordinary share.

REVIEW OF 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 of the financial statements.

EMPLOYEES

Information on the Company's employment practices including: its policy regarding applications for employment by persons with disabilities; the continuing employment of employees who have developed disabilities; and the training, career development and promotion of persons with disabilities employed by the Company, as well as employee communication and involvement, is contained within the Corporate Responsibility Statement on page 37, 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 2019, can be found in the Corporate Responsibility Statement on pages 34 to 40.

BOARD OF DIRECTORS AND THEIR INTERESTS

The current directors of the Company are:

Sir John Lewis
Chairman, member of the Audit and Remuneration Committees, and Chairman of the Nomination Committee

Serge Crasnianski
Chief Executive Officer and Deputy Chairman

Eric Mergui
Chief Operating Officer

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 and a member of the Audit Committee

Jean-Marcel Denis
Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees

Yitzhak Apeloig
Non-executive Director and member of the Audit Committee

Further details, together with a brief biography of each director, can be found on page 44. Apart from Eric Mergui, who was appointed director on 2 May 2018, 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; 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.

Details of the directors' contracts, emoluments and interests in shares and share options are given in the Remuneration Report on pages 52 to 64.

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.

SUBSTANTIAL SHAREHOLDERS

As of 5 July 2019, the Company had 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)	**84,546,951**	22.38	Direct*/Indirect
Schroders plc	**–**	14.0471	Indirect
Dan David Foundation	**42,742,775**	11.32	Direct
FIL Investment International	**38,053,255**	10.07	Indirect

* Except for 63,750 ordinary shares held in his 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 had 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 of the financial statements. Each ordinary share of the Company carries one vote at general meetings of the Company.

REPORT OF DIRECTORS' CONTINUED AUTHORITY TO PURCHASE SHARES

Pursuant to a resolution passed at its 2018 AGM, the Company is authorised to purchase its own shares in the market. The Company will seek approval at the 2019 AGM 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 that 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 as stipulated by the Regulatory Technical Standards and adopted by the European Commission under Article 5 (6) of the EU Market Abuse Regulation 2014. This authority will expire on the earlier of 15 months from the passing of the relevant special resolution or the conclusion of the following AGM. The Company made no repurchases of shares in the year ended 30 April 2019.

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 that 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 appointments 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 48 to 51. 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 terminated 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 that 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 2019.

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: As far as they are each aware, there is no relevant audit information of which the Company's auditor (Grant Thornton UK 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.

ANNUAL GENERAL MEETING

The Company's AGM this year will be held at noon on 3 October 2019 at the offices of Hudson Sandler LLP, 25 Charterhouse Square, London, EC1M 6AE. Notice of the AGM 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. Hard 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

17 July 2019

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Financial Conduct Authority requires listed companies incorporated in the UK 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 2019, complied with those provisions of the September 2016 edition of the Code that are applicable to it, except for the following, which is dealt with in more detail below: Ms Coutaz-Replan is a member of the Audit Committee, although she is not considered to be independent. The Code and associated guidance are available on the Financial Reporting Council website at https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code.

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

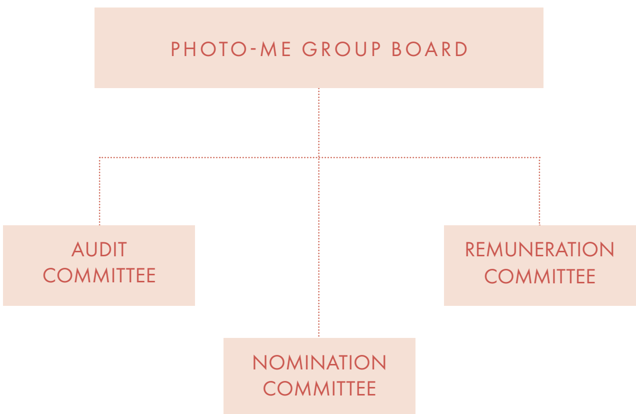
THE GROUP'S BUSINESS MODEL AND STRATEGY

The Group's business model and strategy are summarised in the strategic report, 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 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 with the Company, namely Françoise Coutaz-Replan. Ms Coutaz-Replan resigned as an employee of the Group in August 2015. On 2 May 2018, Mr Eric Mergui was appointed to the Board as Chief Operating Officer; he is not considered independent.



THE CHAIRMAN

The Chairman has the overall responsibility for managing the Board. The Chief Executive Officer has responsibilities for strategy, operations and results. The Chief Operating Officer has responsibility for the day-to-day operation of the Group and routinely reports to the Chief Executive Officer. A 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, Sir John Lewis served as Chairman and Serge Crasnianski served as Chief Executive Officer and Deputy Chairman. In the Board's opinion, even though Sir John Lewis has been a Director since 2008 and Chairman since 2010, it is proposed that he remain in place for the time being.

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. Although Mr Olympitis has been a Director since December 2009, he is considered by the Board as independent on the basis that he continues to demonstrate total independence in his behaviour and in his interaction with the rest of the Board.

In the case of Mr Apeloig, he is an experienced non executive director and a qualified accountant. He is also managing partner of ATE Technology Equipment b.v., a controlling shareholder in The Dan David Foundation which is a substantial shareholder in the Company. The Board considers him to be independent because he continues to demonstrate independence in his behaviour and in his interaction with the rest of the Board.

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 whom 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. However, with a view to complying with the requirements of the 2018 edition of the Corporate Governance Code (to whose provision the Company became subject as of 1 May 2019), at this year's annual general meeting, all directors will stand for re-election.

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, Chief Operating Officer 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	7	1	1
J Lewis	5(5)	7(7)	1(1)	1(1)
S Crasnianski	5(5)	n/a	n/a	n/a
E Mergui	5(5)	n/a	n/a	n/a
Y Apeloig	5(5)	7(7)	n/a	n/a
F Coutaz-Replan	5(5)	7(7)*	n/a	n/a
J-M Denis	5(5)	7(7)*	1(1)	1(1)
E Olympitis	5(5)	7(7)	1(1)	1(1)

OPERATION OF THE BOARD

The Board is normally scheduled to meet in person four or five times a year, with ad hoc meetings (including by way of conference calls) convened to deal with urgent matters. The Board has a formal schedule of matters reserved to it for decision. These include the 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 met once in the year under review in connection with a proposed new appointment to the Board). The Committees 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 that are available on the Company's website (www.photo-me.co.uk). Decision-making relating to operational matters is delegated to the Chief Operating Officer and 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.

Regular communication between the directors also takes place outside the formal forum of Board/Committee meetings.

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 Sir John Lewis (Chairman of the Board) served on the Committee; Françoise Coutaz-Replan (the Group's former Finance Director) and Yitzhak Apeloig (who is a qualified accountant) were appointed to the Committee on 20 October 2016. The composition of the Committee was compliant with the Code, to the extent the Code permits a smaller company's Chairman to be a member of the Audit Committee providing he was considered independent on appointment as Chairman, however, it was not Code-compliant to the extent that Ms Coutaz-Replan is not independent. Nonetheless, the Board considers Ms Coutaz-Replan an invaluable support, given her knowledge of the systems and processes gained when she was the Group's Finance Director from September 2009 until August 2015. The Board considers that Emmanuel Olympitis, Jean-Marcel Denis, Françoise Coutaz-Replan and Yitzhak Apeloig have suitable recent and relevant financial experience to satisfy the requirements of the Code.

Meetings are normally held at least twice a year. Seven meetings were held during the year under review. Other directors, 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.

EXTERNAL AUDITOR

The Audit Committee meets with the external auditor, without executive directors present, at least twice 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 the audit and non-audit fees are provided in note 4 to the financial statements.

Grant Thornton UK LLP has been the external auditor of the Group since the Annual General Meeting in October 2018. 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 Grant Thornton UK LLP's re-election as auditor for the coming year. The Board is committed to putting the audit contract out to tender at least once every 10 years. It conducted a tender process for the external audit role in 2018 in which it invited three firms to tender for the role of external auditor; Grant Thornton UK LLP was the successful tenderer.

KEY MATTERS CONSIDERED

During the last financial year, the Committee conducted a tender of the external audit function, as described above. It also met to review the interim 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 2019. In July 2019, 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
- 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 2017 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 and 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 (Chairman of the Audit Committee) and Sir 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 or she was considered independent on his or her appointment as chairman, which was the case.

The Committee meets at least once per year. It met once in the year ended 30 April 2019.

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 Sir 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 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 others, 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 generally satisfied 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 that 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 that 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 both the internal auditor and 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 others):
  - (i) A detailed review of key financial reporting judgments that 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, plus 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, provides 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.

DIRECTORS' REMUNERATION REPORT

The Committee takes an active interest in shareholder views on our executive Remuneration Policy and is mindful of the concerns of shareholders and other stakeholders.

EMMANUEL OLYMPITIS
Chairman of the Remuneration Committee

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2019, which has been prepared by the Remuneration Committee ("the Committee") and approved by the Board.

This report has been prepared in line with all relevant legal requirements, including the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

THE REPORT IS DIVIDED INTO THREE SECTIONS:

- This Annual Statement, which summarises remuneration outcomes in 2018/19 and how the Remuneration Policy will be operated in 2019/20
- The Remuneration Policy Report, which details the Company's policy on the remuneration of executive and non-executive directors, which was last approved by shareholders at the 2017 AGM
- The Annual Report on Remuneration, which discloses details of the Committee, how the Remuneration Policy was implemented in the year ended 30 April 2019, and how the policy will operate for the year ending 30 April 2020

As no changes are being proposed to the Remuneration Policy, only the Annual Statement and Annual Report on Remuneration will be subject to a vote at the forthcoming 2019 AGM. This will be an advisory vote.

REMUNERATION OUTCOMES IN 2018/19

The performance of the Group is summarised on pages 4 to 41 and in the financial statements, on pages 74 to 142.

In light of this year's results, the Committee has determined that no annual bonus should be payable to the CEO or COO in respect of the financial targets. While no bonus was awarded to the CEO in respect of performance against his personal/strategic targets, the COO was awarded a bonus of 63% of salary for the year just ended, based on performance against personal/strategic targets set by the CEO (noting that the COO was appointed to the Board following the start of the 2018/19 financial year and that subsequent bonus targets will be set by the Committee). Further details of the bonus award and targets are set out in the Annual Report on Remuneration.

Based on EPS performance over the three years to 30 April 2019, 27.92% of the share options granted to the COO in 2016 will vest this month. No such awards were granted to the CEO.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR 2019/20

The Committee proposes to operate the Remuneration Policy for the CEO and COO for the year ending 30 April 2020 as follows:

- Following a review of the Executive Directors' salaries, the CEO's annual base salary was increased for the current year by 2.05% in line with inflation. There will be no increase to the COO's salary. As such, the current base salary levels for the CEO and COO are £551,960 and £474,946, respectively
- Benefit and pension provision will be in line with the approved Remuneration Policy
- Annual bonus will continue to be capped at 150% of salary, with targets based on year-on-year pre-tax profit growth for a majority of the bonus and a number of key personal/strategic targets for a minority of the bonus. The bonus targets and performance against those targets will be disclosed retrospectively in next year's Directors' Remuneration Report
- The Committee is intending to grant an award of share options over 150% of salary to both the CEO and the COO with vesting, subject to three-year EPS performance targets and continued service. While the Committee did consider scaling back award levels in light of share price performance over the past year, the Committee does not feel that this is necessary or appropriate in light of the relatively modest award level (noting that these awards are structured as market-value options rather than nil or nominal cost awards) and noting that no awards were granted to the COO in 2018

USE OF DISCRETION

In determining remuneration outcomes for the year ended 30 April 2019, the Committee has not exercised discretion (positive or negative).

SHAREHOLDER ENGAGEMENT

The Committee takes 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 the Company's voting results at the 2017 AGM (approval of the current Remuneration Policy) and the 2018 AGM (Annual Statement and Remuneration Report), with both resolutions supported by a significant majority of shareholders.

In conclusion, the Committee believes that the Company's Remuneration Policy continues to be aligned with the Company's strategic objectives of delivering shareholder value and supporting the long-term success of the Company. That said, as the current Remuneration Policy will reach the end of its three-year term next year, the Committee will carry out a detailed review of the Remuneration Policy in advance of the 2020 AGM.

EMMANUEL OLYMPITIS
Chairman of the Remuneration Committee

17 July 2019

In light of this year's results, the Committee has determined that no annual bonus should be payable to the CEO or COO in respect of the financial targets.

REMUNERATION POLICY REPORT

THE POLICY SET OUT BELOW WAS APPROVED BY SHAREHOLDERS AT THE 2017 AGM AND WILL REMAIN IN FORCE UNTIL THE 2020 AGM.

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

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 that prevents it from taking into account ESG matters, nor do these remuneration structures encourage inappropriate operational risk-taking.

SALARY

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
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; pensionable Comparison against companies with similar characteristics and comparators taken into account in review	The Committee is guided by the requirements of the Company and prevailing market levels However, no executive director will receive a base salary increase in excess of 10% p.a., except to reflect the fact that their salary was set at a lower level initially, with the intention that the salary be increased to a more market-reflective level as the individual gains experience (subject to performance)	N/A

BENEFITS

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
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 and 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	Benefits will not normally be provided with a value per executive director in excess of £75,000 p.a.	N/A

ANNUAL BONUS

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
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 three years	Up to 150% of base salary p.a.	Performance is assessed on an annual basis, based on the achievement of objectives relating to financial performance, progress of strategic priorities and/or personal targets. The specific measures used in the bonus and their weighting may vary each year depending on business context and strategy Clawback provisions are operated

PENSION

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
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 (“ESOS”)

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
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.	The Remuneration Committee may set such performance conditions on awards as it considers appropriate (whether financial or non-financial; and whether corporate, divisional or individual) Up to 25% of salary vests at threshold, increasing to 150% vesting at maximum Clawback provisions are operated A two-year post-holding period applies to any awards granted to executive directors after the 2016 AGM

SHARE OWNERSHIP GUIDELINES

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
Provides alignment of interests between executive directors and shareholders	Executive directors are required to build and maintain a shareholding equivalent to at least two years' 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

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
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. No awards to be granted under the annual bonus or ESOS No non-executive director receives 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)	The Committee is guided by market rates, time commitments and responsibility levels However, aggregate annual fees will not exceed £750,000 or such other figure as provided for in the Company's Articles of Association from time to time The Board may request that a non-executive director undertake services not within the normal scope of his or 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

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 strategic and/or personal objectives if it deems this appropriate with regard to the Company's key objectives. The earnings per share (EPS) performance condition, applicable to the 2014 Executive Share Option Scheme, was selected by the Committee on the basis that it incentivises the delivery of sustainable long-term financial performance and rewards management for growing the Company while 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 use of other financial/share price-based performance metrics and 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 scheme rules, the Listing Rules and HMRC legislation. 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

The Committee is aware of the general pay and conditions in the Group as a whole when determining the directors' Remuneration Policy and its implementation. However, reflecting standard practice, employees are not consulted in the formulation of the policy.

HOW THE EXECUTIVE DIRECTORS' REMUNERATION POLICY RELATES TO THE GROUP

The Remuneration Policy described above provides an overview of the structure that operates for 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 the voting result at the 2017 AGM, with over 99.86% shareholder support in respect of the Directors' Remuneration Policy.

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.

The 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.

Consistent with Part 4 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, any caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice unless absolutely necessary.

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 predetermined compensation in the event of a 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 and COO, an additional amount equal to the cost of providing any benefits for the period of notice) in lieu of any unserved notice period. 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 or her loss. An annual bonus may be payable with respect to the period of the financial year served, although it will be prorated for time served and paid at the normal pay-out date.

The treatment of any share awards granted to an executive director will be determined based on the relevant scheme 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 six 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 six 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 six 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 rating of options will apply to good leavers' awards unless the Committee determines that time prorating is inappropriate.

The Company has the power to enter into settlement agreements with directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an executive director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

SERVICE CONTRACTS

Details of the CEO's and COO's service contracts are as follows:

EXECUTIVE DIRECTOR	DATE OF CONTRACT	NOTICE PERIOD
Serge Crasnianski[1]	01/05/2010	12 months
Eric Mergui[2]	10/09/2009	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 or she will be entitled to compensation equal to three months' fees, and in the case of the chairman, six months' fees. The 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
Sir John Lewis[3]	26/07/2010	2018	2021
Yitzhak Apeloig	08/03/2012	2018	2021
Françoise Coutaz-Replan[4]	27/08/2015	2018	2021
Jean-Marcel Denis	01/03/2012	2018	2021
Emmanuel Olympitis	11/11/2009	2016	2019

1. Mr Crasnianski's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company
2. First appointed to the Board on 2 May 2018, Mr Mergui's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company
3. First appointed to the Board on 3 July 2008
4. First appointed to the Board as Group Finance Director on 24 September 2009, and resigned as 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 an executive director. Whether or not the executive director 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.

ANNUAL REPORT ON REMUNERATION

Implementation of the Remuneration Policy for the year ending 30 April 2020

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 2019 £	1 MAY 2018[1] £	% INCREASE
Serge Crasnianski	551,960	540,887	2.05
Eric Mergui	474,946[2]	474,946[2]	0

1. Or appointment if later
2. Eric Mergui's base salary is denominated in euros (€550,800). Exchange rate: 1.159711 GBP/€

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. Mr Mergui does not receive a pension contribution.

BENEFITS

Benefit provision will continue to be in line with the approved Remuneration Policy.

ANNUAL BONUS

The annual bonus will continue to be capped at 150% of salary, with the majority of the bonus (80% of potential for the CEO and 51% of potential for the COO) based on financial targets as follows:

	% OF BASE SALARY	
	CEO	COO
Group pre-tax profit less than prior year	Nil	Nil
Group pre-tax profit between 100% and 105% of prior year	Committee discretion depending on year-on-year growth	
Group pre-tax profit 5% more but less than 10% higher than that of prior year	60%	38.25%
Group pre-tax profit 10% or more than prior year	120%	76.5%

Twenty per cent of the CEO's bonus (30% of salary) will be based on personal/strategic targets linked to (i) driving the expansion of the Group's activities with particular emphasis on identifying acquisition targets and subsequent negotiations; (ii) devising and implementing succession management for senior colleagues. 49% of the COO's bonus (73.5% of salary) will be based on personal/strategic targets linked to (i) identifying and handling strategic acquisitions including post-integration management; (ii) managing the main Group subsidiary companies; and (iii) co-ordinating the international network.

The bonus targets and performance against those targets will be disclosed retrospectively in next year's Directors' Remuneration Report.

LONG-TERM INCENTIVES

The Committee is intending to grant an award of share options over 150% of salary to both the CEO and the COO with vesting, subject to three-year EPS performance targets and continued service. These EPS targets have yet to be agreed but they will be disclosed in the associated RNS announcement issued post grant. While the Committee did consider scaling back award levels in light of the share price performance over the past year, the Committee does not feel that this is necessary or appropriate in light of the relatively modest award level (noting that these awards are structured as market-value options rather than nil or nominal cost awards) and noting that no awards were granted to either the CEO or the COO in 2018.

NON-EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR	ROLE	COMMITTEE CHAIRMAN	30 APRIL 2019 £	30 APRIL 2018 £
Sir John Lewis	Chairman	Chair of Nomination Committee	132,000	132,000
Emmanuel Olympitis	Senior Independent Director	Chair of Remuneration Committee	55,000	55,000
Françoise Coutaz-Replan	Non-executive Director	–	44,000	44,000
Jean-Marcel Denis	Non-executive Director	Chair of Audit Committee	49,500	49,500
Yitzhak Apeloig	Non-executive Director	–	44,000	44,000

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The detailed emoluments received by the Executive and Non-executive Directors for the year ended 30 April 2019 are shown below:

	YEAR	SALARY/FEES £	BENEFITS[1] £	BONUS[2] £	LTIS[5] £	PENSION[3] £	TOTAL £
EXECUTIVE DIRECTOR							
Serge Crasnianski[5]	**2019**	551,960	15,626	–	–	82,794	650,380
	2018	540,887	59,934	–	–	81,133	681,954
Eric Mergui[8]	**2019**	474,946	8,402	298,781	0	–	782,129
NON-EXECUTIVE DIRECTOR							
Sir John Lewis[7]	**2019**	132,000	–	–	–	–	132,000
	2018	132,000	–	–	–	–	132,000
Yitzhak Apeloig	**2019**	44,000	–	–	–	–	44,000
	2018	44,000	–	–	–	–	44,000
Françoise Coutaz-Replan[6]	**2019**	44,000	–	–	–	–	44,000
	2018	44,000	–	–	76,619	–	44,000
Jean-Marcel Denis	**2019**	49,500	–	–	–	–	49,500
	2018	49,500	–	–	–	–	49,500
Emmanuel Olympitis	**2019**	55,000	–	–	–	–	55,000
	2018	55,000	–	–	–	–	55,000

1. Taxable benefits comprise the provision of a car or car allowance, private medical insurance and, where appropriate, an accommodation allowance
2. Bonus is that awarded in respect of performance in the relevant financial year. Details of the bonus award for 2018/19 is set out below
3. The pension payment to Serge Crasnianski in the year ended 30 April 2019 represented 15% of base salary
4. The emoluments of Serge Crasnianski shown above include fees totalling £405,217 (2018: £394,144), payable to a third party in respect of making available the services of Serge Crasnianski to the Company
5. Details of the share options held by Eric Mergui, which will vest shortly after the year-end and based on performance to 30 April 2019, are set out below
6. Françoise Coutaz-Replan stepped down as an Executive Director on 27 August 2015, and was appointed as a Non-executive Director on the same date
7. The emoluments of Sir John Lewis shown above include fees of £49,500 (2018: £49,500) paid to a third party in respect of making available the services of Sir John Lewis to the Company
8. The emoluments of Eric Mergui shown above include fees totalling £298,781, payable to a third party in respect of making available the services of Eric Mergui to the Company.
9. Exchange rate: 1.159711 GBP/€

ANNUAL BONUS

For the year ended 30 April 2019, the maximum bonus opportunity for Serge Crasnianski and Eric Mergui was 150% of salary, with the majority (80% for the CEO and 51% for the COO) based on financial performance and a minority (20% for the CEO and 49% for the COO) based on non-financial targets.

Details of the performance against the profit before tax targets for the 2019 annual bonus are set out below:

	% OF BASE SALARY	
	CEO	COO
Group pre-tax profit less than prior year	Nil	Nil
Group pre-tax profit between 100% and 105% of prior year	Committee discretion depending on year-on-year growth	
Group pre-tax profit 5% more but less than 10% higher that of prior year	60%	38.25%
Group pre-tax profit 10% or more than prior year	120%	76.5%
Actual Profit Result –15.1% below prior year	0%	0%

Details of performance against the personal/strategic targets are as follows:

	CEO	COO
Maximum Bonus	20% of bonus (30% of salary)	49% of bonus (73.5% of salary)
Target 1	Driving the expansion of the Company's business activities - with particular emphasis on identifying and negotiating acquisitions	Identifying and handling strategic acquisitions including post acquisition management in respect of delivering any planned synergies and operational benefits
Target 2	Devising and implementing succession management for senior colleagues	Management of the main subsidiary companies
Target 3	n/a	Co-ordination of the international network
Committee Assessment of performance against the targets	While the Committee was satisfied that significant progress was made in respect of Target 1 and Target 2, the Chief Executive asked that the Committee did not award a bonus for this part of the annual incentive plan. As such, no annual bonus was awarded.	Although the bonus targets were originally set by the CEO at the point that the COO was a below Board executive*, the Committee was satisfied that significant progress was made in respect of Target 1 (managing acquisitions), Target 2 (managing the main subsidiary companies) and Target 3 (coordinating the international network) when considered against the performance of the Company and noting the rollout of the strategy to diversity vending operations, the continued expansion of Laundry operations, the deployment of photobooth identification solutions and the speed of the recovery in Japan. As such, the Committee accepted the judgment of the CEO that it was appropriate to award an annual bonus of £298,781 in respect of performance for the year ended 30 April 2019.
Bonus Award - % of max (% of salary)	0% of maximum (0% of salary)	42% of maximum (63% of salary)

* The Committee accepted the judgment of the CEO that significant progress was made following the COO's appointment to the Board. The Remuneration Committee now sets the COO's financial and personal/strategic annual bonus targets

The CEO received no bonus for the year. The COO received a bonus for the year of £298,781, the targets for which had been agreed between him and the CEO before the former's appointment to the Board.

EXECUTIVE SHARE OPTION SCHEME (ESOS) (AUDITED)

The ESOS awards granted to Eric Mergui on 13 July 2016 completed their performance period on 30 April 2019 and accordingly have been included in the 2019 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 2019	VESTING (% OF PARTICIPANT'S SALARY AT DATE OF GRANT)
Performance condition	Below 8.0p	None
	8.0p	25%
	8.4p	50%
	8.8p	75%
	9.2p	100%
	9.6p	125%
	10.0p	150%
	Between 8.0p & 10.0p	Pro rata between targets
Actual	8.26p	41.88% of salary (27.92% of award)

Based on the above, 93,242 of 334,000 share options held by Eric Mergui will vest in July 2019. As these awards have an exercise price of 141.50 pence (i.e. significantly above the share price at 30 April 2019, resulting in no intrinsic gain at the year-end), the value in the single figure for Eric Mergui has been shown as £nil.

SCHEME INTERESTS AWARDED IN THE YEAR (AUDITED)

The Company made no share option awards to executive directors during the year ended 30 April 2019.

DIRECTORS' INTERESTS IN SHARES (AUDITED)

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 2019 and the date of signing the financial statements.

EXECUTIVE DIRECTOR	Beneficially owned at						
	30 APRIL 2019	1 MAY2018	ESOS AWARDS[1]	ESOS AWARDS[2]	REQUIREMENT (% OF SALARY)	SHAREHOLDING (% OF SALARY)[3]	GUIDELINE
Serge Crasnianski	84,610,701[4]	84,610,701[4]	738,000	–	200%	13,965%	Yes
Eric Mergui	–	–	375,000	719,000	200%	0%	No
NON-EXECUTIVE DIRECTOR							
Sir John Lewis	–	–	–	–	–	–	–
YitzhakApeloig	–	–	–	–	–	–	–
Françoise Coutaz-Replan[5]	200,000	200,000	607,600	–			
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 200% of base salary through the retention of 50% of the net-of-tax vested share awards or through open-market purchases. Calculated using the closing share price on 30 April 2019, being 91.1p. The shareholding guideline is calculated using only beneficially owned shares
4. Of the shares beneficially owned by Serge Crasnianski, 79,719,900 shares (2018: 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 Director

DIRECTORS' INTERESTS IN SHARE OPTIONS (AUDITED)

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 2019 and the date of signing the financial statements.)

DATE OF GRANT	NUMBER OF OPTIONS	AS AT 1 MAY 2018	GRANTED DURING YEAR	EXERCISED DURING YEAR	LAPSED DURING YEAR	AS AT 30 APRIL 2019	EXERCISE PRICE	DATE FROM WHICH EXERCISABLE	EXPIRY DATE
Serge Crasnianski									
9 July 2013	738,000	–	–	–	–	738,000	90.63p	9 July 2016	8 July 2020
Eric Mergui									
9 July 2015	375,000	–	–	–	–	375,000	133.33p	9 July 2018	8 July 2022
13 July 2016	334,000	–	–	–	–	334,000	141.50p	13 July 2019	12 July 2023
21 July 2017	385,200	–	–	–	–	385,200	157.00p	21 July 2020	20 July 2024
Françoise Coutaz-Replan									
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	200,000	–	–	–	–	200,000	90.63p	9 July 2016	8 July 2020
10 July 2014	195,000	–	–	–	–	195,000	145.33p	10 July 2017	9 July 2021
9 July 2015	212,600	–	–	–	–	212,600	133.33p	9 July 2018	8 July 2022

RELATIVE IMPORTANCE OF THE SPEND ON PAY

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

	2019	2018	% CHANGE
Employee remuneration costs (£'000)[1]	39,888	42,372	-5.9
Dividends (£'000)[2]	31,873	26,478	20.4

1. Based on the figure shown in note 5 to the Financial Statements
2. Based on the cash returned to shareholders in 2018 through dividends, as shown in note 9 to the Financial Statements. The Company did not undertake any buy-backs in the year ended 30 April 2019

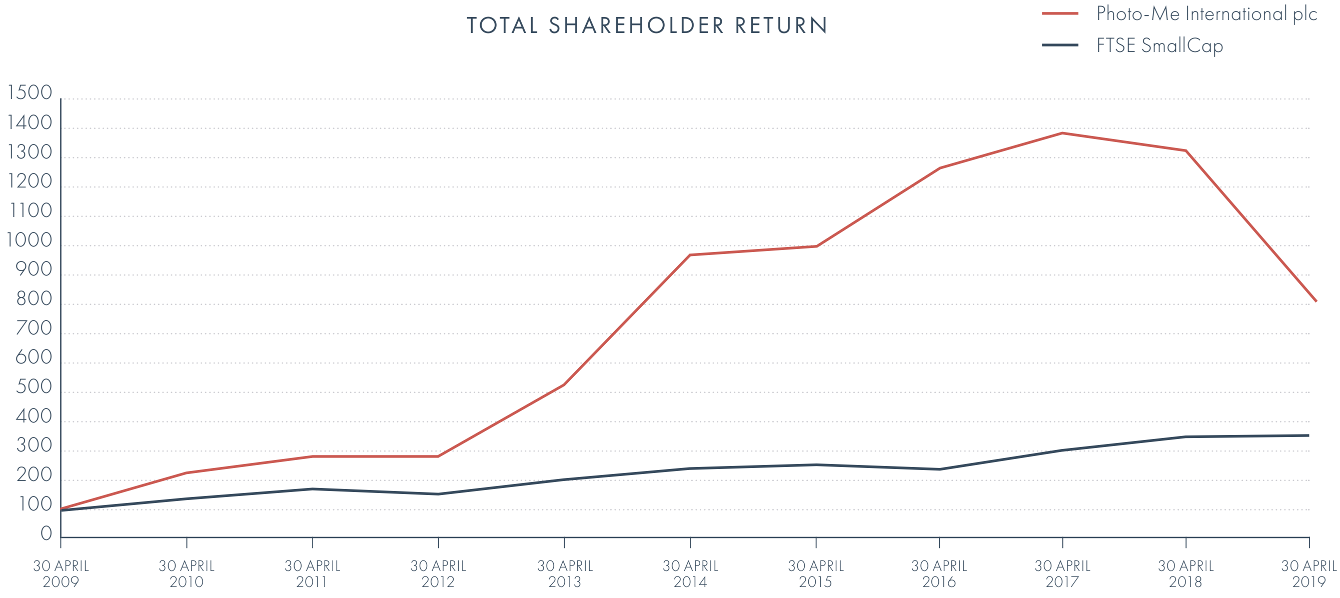
PERCENTAGE INCREASE IN THE REMUNERATION OF THE CEO

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

ELEMENT OF REMUNERATION	CEO % CHANGE	EMPLOYEES % CHANGE[1]
Salary	2.05	1.5
Benefits	–73.9	Nil
Annual bonus	Nil	Nil

PERFORMANCE GRAPH

The graph below shows the Company's performance, measured by total shareholder return (TSR) (share price growth plus dividends reinvested), compared with the performance of the FTSE SmallCap Index (calculated on the same basis) over the past 10 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.



Source: Datastream (Thomson Reuters)

CEO REMUNERATION

The table below shows the total remuneration for the CEO over the same 10-year period as the TSR chart above. All share awards are valued at the date of vesting.

30 APRIL	CEO	TOTAL (£)	ANNUAL (% OF MAX)	LONG-TERM INCENTIVES (% OF MAX)[1]
2019	Serge Crasnianski	650,380	0%	–
2018	Serge Crasnianski	681,954	0%	–
2017	Serge Crasnianski	1,498,113	100%	–
2016	Serge Crasnianski	1,429,209	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 that vested as a percentage of the maximum number of share options that could have vested. For the years ended 30 April 2011 to 30 April 2019 (but excluding 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 CEO 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 CEO but excludes any fees paid (£5,429) for performing the role of Non-executive Director
3. Thierry Barel resigned from the role of CEO on 3 July 2009. The total remuneration figure shown includes all payments received prior to his resignation as CEO, but excludes a termination payment of £92,800

PAYMENTS FOR LOSS OF OFFICE/PAST DIRECTORS

No payments were made for loss of office, and no payments were made to past directors.

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); Sir John Lewis (Chairman of the Board and the Nomination Committee, and member of the Audit and Remuneration Committees); and Jean-Marcel Denis (Chairman of the Audit Committee and member of the Nomination and Remuneration Committees). The Board considers Mr Olympitis and Mr Marcel to be independent, and Mr Lewis to have been independent on appointment as Chairman.

Biographies of the members of the Committee are set out on page 44. 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	11 November 2009	1(1)
Sir John Lewis	Non-executive Chairman	3 July 2008	1(1)
Jean-Marcel Denis	Non-executive Director	1 March 2012	1(1)

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

The Committee's terms of reference are published in the "Investor Relations" section of the Company's website at www.photo-me.com.

ADVISERS

FIT Remuneration Consultants LLP advised the Committee during the year ended 30 April 2019 in respect of the preparation of this Remuneration Report. Fees paid to FIT in this respect totalled £4,000 (exclusive of VAT). The Committee is satisfied that the advice provided by FIT is objective and independent and fees were charged based on time and material.

The Committee also receives advice from the CEO in relation to the remuneration of the COO and certain senior executives, but not in relation to his own remuneration.

STATEMENT OF SHAREHOLDER VOTING

The table below shows the advisory vote on the 2017/18 Directors' Remuneration Report at the 2018 AGM Remuneration Report and the last binding vote on the Remuneration Policy, which was at the 2017 AGM.

RESOLUTION	VOTES CAST IN FAVOUR	%	VOTES CAST AGAINST	%	TOTAL VOTES CAST (EXCLUDES WITHHELD VOTES)	%	VOTES WITHHELD[1]
Directors' Remuneration Report (excluding the Remuneration Policy)	314,930,872	99.63	98,604	0.032	319,556,053	100	1,074,156
Directors' Remuneration Policy	319,144,977	99.86	445,370	0.14	319,590,347	100	1,165,003

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

17 July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

THE DIRECTORS OF THE COMPANY, WHO ARE NAMED ON PAGE 44, 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 (IFRS) 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 IFRS 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 44, confirms that, to the best of his or her knowledge:

- the financial statements, prepared in accordance with IFRS 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 51.

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 JUDGEMENTS

Our significant accounting policies are set out on pages 82 to 88 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 2018/2019 consolidated financial statements.

By order of the Board

SIR JOHN LEWIS
Non-executive Chairman

17 July 2019

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PHOTO-ME INTERNATIONAL PLC
FOR THE YEAR ENDED 30 APRIL 2019

OPINION

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Photo-Me International plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 April 2019 which comprise the Group Statement of Comprehensive Income, the Statements of Financial Position, the Group and Statement of Cash Flows, the Group and Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 30 to 33 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 30 of the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 47 of the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the Company 's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 41 of the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Grant Thornton

OVERVIEW OF OUR AUDIT APPROACH

- Overall materiality: £1,577,000, which represents 3.7% of the Group's profit before tax;
- Key audit matters were identified as:
  - Impairment of goodwill;
  - Impairment of property, plant and equipment; and
  - Impairment of other intangible assets.
- We have performed full scope audit procedures on the financial statements of the Company, and on the financial information of 9 other components.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters – Group and Company	How the matter was addressed in the audit – Group
Impairment of goodwill The Group has goodwill recorded in the financial statements of £26.6m (Company – £nil). As explained in Note 11 management has undertaken an annual impairment assessment for goodwill in accordance with the requirements of International Accounting Standard (IAS) 36 'Impairment of Assets'. The process for measuring and recognising impairment under IAS 36 is complex and requires significant judgment. Goodwill has been allocated for management's impairment testing to eleven (2018: nine) cash-generating units ("CGUs"), allocated between geographical areas and activity. Key assumptions used by management include future growth and discount rates of each CGU. We have therefore identified the impairment of goodwill as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: o assessing the Group's accounting policy and disclosures for compliance with IAS 36; o testing the arithmetical accuracy and integrity of the underlying data used by management in their impairment assessment, by confirming the consistency of formulae used and agreeing inputs to supporting documentation including historic profit and loss data and individual market results; o using our in-house valuation specialists as an auditor's expert to assess the reasonableness of the discount rate applied to cash flows for each CGU; o challenging management's assumptions concerning forecast cash flows, based on historical trends, knowledge of country-specific markets and any changes in customer preferences and regulations; o evaluating historical accuracy of forecasting and discount rate by comparing to actual performance; and o assessing management's sensitivity analysis on the key assumptions used. The Group's accounting policy on Impairment of goodwill is shown in notes 1.4 and 1.8 to the financial statements and related disclosures are included in note 11. **Key observations** Based on the results of our work, we determined the impairment of goodwill to be reasonable.
Impairment of property, plant and equipment The Group has property, plant and equipment ("PPE") recorded in the financial statements of £95.4m (Company - £14.5m). The carrying value of photo booths and vending machines is numerically significant. There is a risk of impairment of these assets due to a number of factors such as changes in the regulatory environment, technology and consumer preference. There is inherent uncertainty involved in the forecasting of future cash flows which impacts the estimated recoverable amount of PPE.	Our audit work included, but was not restricted to: o assessing the Group's accounting policy and disclosures for compliance with the financial reporting framework IFRS; o evaluating the design and implementation of key controls by management to identify impairments of PPE; o testing the arithmetical accuracy and integrity of the underlying data used by management in their impairment reviews, by checking the consistency of formulae used and agreeing inputs to supporting documentation including historic profit and loss data and individual market results;

Key Audit Matters – Group and Company	How the matter was addressed in the audit – Group
There is also a risk that depreciation rates applied to specific Groups of assets do not truly reflect the useful economic lives ('UEL') of these assets and therefore that the asset valuation may be overstated. We have therefore identified the recoverability of PPE as a significant risk, which was one of the most significant assessed risks of material misstatement.	- assessing and challenging management's assumptions used in their impairment assessment including forecast cash flows, historical trends, knowledge of country-specific markets and any changes in customer preferences and regulations; - for assets with indications of impairment but assessed by management otherwise, challenging their assumptions of the achievability of the country-specific plans, based on our understanding and research of the relevant market and its competitive environment; - focussing on management's impairment assessments in relation to the Group's Spanish and UK components, based on the loss-making nature of the current Spanish market and the impact of regulatory factors in the UK have led to a fall in revenues, respectively; and - assessing the appropriateness of UELs determined for these assets in relation to their type, based on market expectations and consideration of past performance. The Group's accounting policy on measurement and impairment of PPE is shown in notes 1.5 and 1.8 to the financial statements and related disclosures are included in note 12. Key observations Based on the results of our work, we identified no issues in relation to the recoverability of PPE.
Impairment of property, plant and equipment Impairment of other intangible assets Other intangible assets as recorded in the financial statements predominantly include capitalised development costs, software, patents and licenses amounting to £15.2m (Company £nil). These assets have a combination of finite and indefinite useful economic lives. In accordance with the requirements of IAS 36 , management must assess intangible assets for indicators of impairment at the reporting date and test annually for impairment where the asset has an indefinite useful life. The estimated recoverable amount associated with this assessment is subjective due to the high inherent uncertainty involved in forecasting and discounting future cash flows. We have therefore identified the impairment of other intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: - assessing the accounting policy and disclosures for compliance with the financial reporting framework IFRS; - testing the arithmetical accuracy and integrity of the underlying data used by management, by checking the consistency of formulae used and agreeing inputs to supporting documentation including historic profit and loss data and individual market results; - using our in-house valuation specialists as an auditor's expert to assess the reasonableness of the discount rate applied to cash flows for each intangible asset; - challenging management's assumptions around forecast cash flows, based on historical trends, knowledge of country specific markets and any changes in customer preferences and regulations; - assessing historical accuracy of forecasting and discount rate by comparing to actual performance; and - performing a sensitivity analysis on the key assumptions used.
	The Group's accounting policy on Impairment is shown in notes 1.4 and 1.8 to the financial statements and related disclosures are included in note 11. Key observations Based on the results of our work, we determined the impairment of other intangible assets to be reasonable.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Company
Financial statements as a whole	£1,577,000 which was calculated as 3.7% of the Group's profit before tax. This benchmark is considered the most appropriate because this is a key measure reported to investors on the Group's financial performance.	£366,000 which is 1% of the Company's revenue. This benchmark is considered the most appropriate due to the Company being a trading entity.
Performance materiality used to drive the extent of our testing	60% of financial statement materiality.	60% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£78,850 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£17,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit approach was based on a thorough understanding of the Group's business and is risk based, undertaking substantive testing on significant transactions and material account balances, and included:

- evaluation by the Group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. For example, significance as a percentage of the Group's total assets, revenues and profit before tax;
- full scope and targeted audit procedures accounted for 79% of Group revenue and 84% of Group profit before tax. Targeted audit procedures accounted for 7% of Group revenue and 2% of Group profit before tax. The remaining 14% of Group revenue and 14% of Group profit before tax is represented by 34 reporting components, none of which individually represented more than 5% of any of Group revenue, Group profit before tax or total Group assets. For these 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 components;
- of the Group's 47 reporting components, we subjected 10 to full scope audit procedures and 3 to specified audit procedures. The latter were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed – for example, interim visit, evaluation the Group's internal controls environment including its IT systems and controls;
- the Group audit team instructing 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 team determined the component materialities, which ranged from £35,000 to £946,000, having regard to the mix of size and risk profile of the Group across the components. The work on 5 of the 10 full scope components was performed by component auditors and the rest, including the audit of the Company, was performed by the Group audit team; and
- the Group Engagement Partner visiting 2 component locations in France and Japan, to assess the audit risk and strategy being adopted by the component auditors. Telephone conference meetings were held with the component auditors, including planning calls and post reporting calls, where the findings reported to the Group audit team were discussed in more detail and any further work required of the component auditor by the Group audit team was discussed.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF PHOTO-ME INTERNATIONAL PLC
FOR THE YEAR ENDED 30 APRIL 2019

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- we obtained an understanding of the legal and regulatory frameworks applicable to the Company and the Group and industry in which they operate. We determined that the following laws and regulations were most significant: IFRS, Companies Act 2006, UK Corporate governance code, taxation laws and pension laws.
- we understood how the Company and the Group are complying with those legal and regulatory frameworks by, making inquiries to the management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee.
- we assessed the susceptibility of the Company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team and component auditors included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- we communicated relevant laws and regulations identified at Group level to the component auditors and both the Group engagement team and component auditors performed the audit procedures as above. Any instances of non-compliance with laws and regulations were communicated by/to components and considered in our audit approach, if applicable.
- we did not identify any key audit matters relating to irregularities, including fraud.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- fair, balanced and understandable set out on page 65 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- audit committee reporting set out on page 49 - the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- directors' statement of compliance with the UK Corporate Governance Code set out on page 48 – the parts of the directors' statement required under the Listing Rules relating to the Company compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 ARE 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 ARE 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the statement of directors' responsibilities set out on page 65, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company 's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 6 March 2019 to audit the financial statements for the year ended 30 April 2019 and subsequent financial periods.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HENSHAW

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

17 July 2019

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019 £'000	2018 £'000
Revenue	3	**228,118**	229,814
Cost of sales		**(164,637)**	(168,070)
Gross profit		**63,481**	61,744
Other operating income	4	**1,601**	1,686
Administrative expenses		**(22,393)**	(17,518)
Share of post-tax profits from associates	14	**50**	194
Operating profit		**42,739**	46,106
Analysed as:			
Operating profit before specific items		**44,564**	46,416
Profit on sale of land & buildings	4	**–**	2,320
Restructuring costs	4	**(1,825)**	(2,630)
Operating profit after specific items		**42,739**	46,106
Other gains and losses	4	**361**	3,708
Finance revenue	6	**20**	658
Finance cost	6	**(527)**	(297)
Profit before tax		**42,593**	50,175
Total tax charge	7	**(11,314)**	(9,889)
Profit for the year		**31,279**	40,286
Other comprehensive income			
Items that are or may subsequently be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**(860)**	16
Taxation on exchange differences		**3**	(12)
Total items that are or may subsequently be classified to profit and loss		**(857)**	4
Items that will not be classified to profit and loss:			
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations		**(216)**	150
Deferred tax on remeasurement gains/(losses)		**42**	(23)
Total items that will not be classified to profit and loss		**(174)**	127
Other comprehensive (loss)/income for the year net of tax		**(1,031)**	131
Total comprehensive income for the year		**30,248**	40,417
Profit for the year attributable to:			
Owners of the Parent		**31,226**	40,134
Non-controlling interests		**53**	152
		31,279	40,286
Total comprehensive income attributable to:			
Owners of the Parent		**30,228**	40,205
Non-controlling interests		**20**	212
		30,248	40,417
Earnings per share			
Basic earnings per share	10	**8.27p**	10.64p
Diluted earnings per share	10	**8.26p**	10.60p

All results derive from continuing operations.
The notes on pages 80 to 142 are an integral part of these consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2019

	Notes	Group		Company	
		2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Assets					
Non-current assets					
Goodwill	11	**26,594**	13,435	**–**	–
Other intangible assets	11	**15,222**	13,960	**–**	67
Property, plant & equipment	12	**95,353**	92,556	**14,493**	13,691
Investment property	13	**648**	676	**–**	–
Investment in associates	14	**415**	1,583	**35**	35
Investment in subsidiaries	14	**–**	–	**47,747**	47,614
Other financial assets - held to maturity	15	**–**	1,710	**–**	974
Financial instruments held at amortised cost	15	**982**	–	**975**	–
Other financial assets - available for sale	15	**–**	4,286	**–**	4,074
Financial instruments held at FVTPL	15	**1,387**	–	**1,176**	–
Deferred tax assets	24	**912**	1,935	**670**	945
Trade and other receivables	16	**1,764**	2,116	**–**	–
		143,277	132,257	**65,096**	67,400
Current assets					
Inventories	17	**22,339**	22,902	**3,857**	2,170
Trade and other receivables	16	**20,917**	20,613	**21,613**	30,148
Current tax		**876**	4,480	**–**	35
Cash and cash equivalents	18	**84,591**	58,657	**3,162**	11,500
		128,723	106,652	**28,632**	43,853
Total assets		**272,000**	238,909	**93,728**	111,253
Equity					
Share capital	20	**1,889**	1,887	**1,889**	1,887
Share premium		**10,588**	10,366	**10,588**	10,366
Translation and other reserves		**12,369**	13,193	**2,197**	2,064
Retained earnings		**117,131**	117,811	**35,791**	67,798
Equity attributable to owners of the Parent		**141,977**	143,257	**50,465**	82,115
Non-controlling interests		**1,870**	1,553	**–**	–
Total equity		**143,847**	144,810	**50,465**	82,115
Liabilities					
Non-current liabilities					
Financial liabilities	21	**53,385**	27,540	**–**	–
Post-employment benefit obligations	22	**5,635**	5,524	**–**	–
Deferred tax liabilities	24	**5,430**	2,671	**–**	–
Trade and other payables	25	**–**	224	**–**	–
		64,450	35,959	**–**	–
Current liabilities					
Financial liabilities	21	**15,850**	6,139	**–**	–
Provisions	23	**218**	196	**–**	–
Current tax		**6,753**	8,307	**1,197**	1,541
Trade and other payables	25	**40,882**	43,498	**42,066**	27,597
		63,703	58,140	**43,263**	29,138
Total equity and liabilities		**272,000**	238,909	**93,728**	111,253

The notes on pages 80 to 142 are an integral part of these consolidated financial statements.
The company recognised a loss after tax for the year of £141,000 (2018: profit after tax of £22,155,000).
The accounts were approved by the Board on 17 July 2019 and signed on its behalf by:

Serge Crasnianski
Chief Executive Officer

John Lewis
Non-executive Chairman

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019 £'000	2018 £'000
Cash flow from operating activities			
Profit before tax		**42,593**	50,175
Finance cost		**527**	297
Finance revenue		**(20)**	(658)
Other gains		**(361)**	(3,708)
Operating profit		**42,739**	46,106
Share of post tax profit from associates		**(50)**	(194)
Amortisation of intangible assets	4	**2,992**	2,768
Depreciation of property, plant and equipment	4	**24,024**	22,301
Loss/(profit) on sale of property, plant and equipment		**165**	(2,361)
Exchange differences		**(707)**	(836)
Other items		**354**	(318)
Changes in working capital:			
Inventories		**511**	(2,613)
Trade and other receivables		**(597)**	(927)
Trade and other payables		**(5,604)**	(1,064)
Provisions		**108**	(1,905)
Cash generated from operations		**63,935**	60,957
Interest paid		**(527)**	(297)
Taxation paid		**(6,223)**	(8,318)
Net cash generated from operating activities		**57,185**	52,342
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	30	**(13,528)**	(1,398)
Proceeds from disposal of associate		**4,437**	–
Repayment of loans advanced to associates		**1,612**	–
Investment in intangible assets		**(2,167)**	(3,218)
Proceeds from sale of intangible assets		**155**	201
Purchase of property, plant and equipment		**(28,169)**	(40,378)
Payment of deferred consideration		**(225)**	–
Proceeds from sale of property, plant and equipment		**2,282**	4,689
Purchase of available for sale investments		**–**	(134)
Dividends received from for sale investments		**–**	285
Interest received		**18**	144
Dividends received from associates		**36**	304
Net cash utilised in investing activities		**(35,549)**	(39,505)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**224**	1,372
Repayment of capital element of finance leases	19	**(167)**	(118)
Repayment of borrowings	19	**(8,397)**	(3,695)
Increase in borrowings	19	**43,748**	26,382
Decrease in assets held to maturity	19	**741**	687
Dividends paid to owners of the Parent	9	**(31,873)**	(26,478)
Net cash utilised in financing activities		**4,276**	(1,850)
Net increase in cash and cash equivalents		**25,912**	10,987
Cash and cash equivalents at beginning of year		**58,657**	47,505
Exchange gain on cash and cash equivalents		**22**	165
Cash and cash equivalents at end of year	18	**84,591**	58,657

The notes on pages 80 to 142 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019 £'000	2018 £'000
Cash flow from operating activities			
Profit before tax		**184**	24,587
Finance cost		**–**	(2)
Finance revenue		**2,861**	(4,297)
Dividends and other items		**(2,239)**	(16,497)
Operating profit		**806**	3,791
Amortisation of intangible assets		**67**	163
Depreciation of property, plant and equipment		**3,897**	3,711
Profit on sale of property, plant and equipment		**(22)**	(2,330)
Movement in investment provisions and other items		**7**	115
Changes in working capital:			
Inventories		**(1,687)**	(305)
Trade and other receivables		**8,535**	5,198
Trade and other payables		**14,469**	4,439
Cash generated from operations		**26,072**	14,782
Interest paid		**–**	2
Taxation paid		**(359)**	(1,057)
Net cash generated from / (used in) operating activities		**25,713**	13,727
Cash flows from investing activities			
Purchase of property, plant and equipment		**(5,127)**	(8,239)
Proceeds from sale of property, plant and equipment		**451**	2,498
Dividends received from for sale investments		**–**	285
Dividends received from associates and subsidiaries		**2,275**	16,801
Net cash generated from investing activities		**(2,401)**	11,345
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**224**	1,372
Increase in assets held to maturity		**(1)**	(1)
Dividends paid to owners of the Parent	9	**(31,873)**	(26,478)
Net cash utilised in financing activities		**(31,650)**	(25,107)
Net increase in cash and cash equivalents		**(8,338)**	(35)
Cash and cash equivalents at beginning of year		**11,500**	11,535
Cash and cash equivalents at end of year	18	**3,162**	11,500

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2019

	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 2017	1,882	8,999	1,781	11,468	103,831	127,961	1,341	129,302
Profit for year	–	–	–	–	40,134	40,134	152	40,286
Other comprehensive income/(expense)								
Exchange differences	–	–	–	158	–	158	60	218
Tax on exchange	–	–	–	(12)	–	(12)	–	(12)
Translation reserve taken to income statement on disposal of subsidiaries	–	–	–	(202)	–	(202)	–	(202)
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	–	–	–	–	150	150	–	150
Deferred tax on remeasurement gains	–	–	–	–	(23)	(23)	–	(23)
Total other comprehensive (expense)/income	–	–	–	(56)	127	71	60	131
Total comprehensive (expense)/income	–	–	–	(56)	40,261	40,205	212	40,417
Transactions with owners of the Parent								
Shares issued	5	1,367	–	–	–	1,372	–	1,372
Share options	–	–	–	–	197	197	–	197
Dividends	–	–	–	–	(26,478)	(26,478)	–	(26,478)
Total transactions with owners of the Parent	5	1,367	–	–	(26,281)	(24,909)	–	(24,909)
At 30 April 2018	1,887	10,366	1,781	11,412	117,811	143,257	1,553	144,810
At 1 May 2018	**1,887**	**10,366**	**1,781**	**11,412**	**117,811**	**143,257**	**1,553**	**144,810**
Profit for year	**–**	**–**	**–**	**–**	**31,226**	**31,226**	**53**	**31,279**
Other comprehensive income/(expense)								
Exchange differences	**–**	**–**	**–**	**(827)**	**–**	**(827)**	**(33)**	**(860)**
Tax on exchange	**–**	**–**	**–**	**3**	**–**	**3**	**–**	**3**
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**–**	**–**	**–**	**–**	**(216)**	**(216)**	**–**	**(216)**
Deferred tax on remeasurement gains	**–**	**–**	**–**	**–**	**42**	**42**	**–**	**42**
Total other comprehensive (expense)/income	**–**	**–**	**–**	**(824)**	**(174)**	**(998)**	**(33)**	**(1,031)**
Total comprehensive (expense)/income	**–**	**–**	**–**	**(824)**	**31,052**	**30,228**	**20**	**30,248**
Transactions with owners of the Parent								
Shares issued	**2**	**222**	**–**	**–**	**–**	**224**	**–**	**224**
Share options	**–**	**–**	**–**	**–**	**141**	**141**	**–**	**141**
Dividends	**–**	**–**	**–**	**–**	**(31,873)**	**(31,873)**	**–**	**(31,873)**
Acquisition of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**297**	**297**
Total transactions with owners of the Parent	**2**	**222**	**–**	**–**	**(31,732)**	**(31,508)**	**297**	**(31,211)**
At 30 April 2019	**1,889**	**10,588**	**1,781**	**10,588**	**117,131**	**141,977**	**1,870**	**143,847**

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 and the interests not acquired following the Group's acquisition of a 96% interest in Sempa SARL as described in note 30.

The notes on pages 80 to 142 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 2019

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At May 1 2017	1,882	8,999	1,887	72,101	84,869
Profit for year	–	–	–	22,155	22,155
Other comprehensive income					
Total comprehensive income for year	–	–	–	22,155	22,155
Transactions with owners of the Parent					
Shares issued	5	1,367	–	–	1,372
Share options	–	–	–	20	20
Capital contributions relating to share-based payments (net of disposals)	–	–	177	–	177
Dividends	–	–	–	(26,478)	(26,478)
Total transactions with owners of the Parent	5	1,367	177	(26,458)	(24,909)
At 30 April 2018	1,887	10,366	2,064	67,798	82,115
At May 1 2018	**1,887**	**10,366**	**2,064**	**67,798**	**82,115**
Loss for year	**–**	**–**	**–**	**(141)**	**(141)**
Other comprehensive income					
Total comprehensive income for year	**–**	**–**	**–**	**(141)**	**(141)**
Transactions with owners of the Parent					
Shares issued	**2**	**222**	**–**	**–**	**224**
Share options	**–**	**–**	**–**	**7**	**7**
Capital contributions relating to share-based payments (net of disposals)	**–**	**–**	**133**	**–**	**133**
Dividends	**–**	**–**	**–**	**(31,873)**	**(31,873)**
Total transactions with owners of the Parent	**2**	**222**	**133**	**(31,866)**	**(31,509)**
At 30 April 2019	**1,889**	**10,588**	**2,197**	**35,791**	**50,465**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019

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 2019 were authorised for issue by the directors on 17 July 2019 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 the symbol PHTM. The registered number of the Company is 735438 and its registered office is at Unit 3B, Blenheim Rd, Epsom, KT19 9AP. The principal activities of the Group are shown on page 45.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretation Committee interpretations as endorsed by the European Union ("EU"), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 87.

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, financial instruments held at FVTPL and available-for-sale financial assets that are measured at fair value.

Going concern

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

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

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

Critical accounting estimates and key judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1) Development costs – notes 1.4 and 11
   Management determine when the criteria for capitalisation of development costs have been met including commercial viability and ability to reliably measure costs as an intangible asset based on discounted expected cash flows and the costs can be reliably measured. Judgement is required in determining the practice for capitalising development costs and is required in assessing whether the development costs meet the criteria for capitalisation. This judgement has been applied consistently year to year.

2) Taxation – note 7
   During the previous year, the Group implemented a new transfer pricing policy with the help of specialist external advisers. In conjunction with the external advisers, Management has determined that the transfer pricing policy will be deductible as implemented.

The Group recognises deferred tax assets and liabilities based upon management's judgement of the expected recoverability of the balance. The estimate will include assumptions regarding future income streams of the Group and the future movement in corporation tax rates in the respective jurisdictions. The estimation of provisions in respect of current taxation depends on management's judgements in respect of taxation enquiries and the uncertainty surrounding resolution.

Group and Company

The following are areas of estimation uncertainty:

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) 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. The carrying value for significant asset classes of operating equipment is tested annually for impairment based on a value in use calculation. Key sensitivities in the value in use calculation include revenue, volumes, selling prices operating costs and discount rates. Other key factors in determining value in use include technological developments and regulatory changes.

3) Taxation – notes 1.17, 7 and 24
The Group recognises deferred tax assets and liabilities based upon management's judgement of the expected recoverability of the balance. The estimate will include assumptions regarding future income streams of the Group and the future movement in corporation tax rates in the respective jurisdictions. The estimation of provisions in respect of current taxation depends on management's judgements in respect of taxation enquiries and the uncertainty surrounding resolution.

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 carrying value of the acquirer'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.

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

Non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

1 ACCOUNTING POLICIES CONTINUED
1.3 FOREIGN CURRENCY TRANSLATION
The consolidated financial statements and the Company's own financial statements are presented in Sterling being the functional and presentational currency of the Parent Company and all values are shown in £'000 except where indicated.

Transactions in foreign currencies are translated into the respective functional currencies of the Group's subsidiaries at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates ruling at 30 April. Exchange gains and losses resulting from the above translation are reflected in the income statement, except where they qualify as cash flow hedges and are reflected in equity. There were no qualifying cash flow hedges in 2019 or 2018.

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 and Development costs are accounted for in line with all relevant criteria as mandated by IAS 38. 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**	**Droit au Bail**
Useful lives	Finite	Finite	Finite	Finite	Indefinite
	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	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 assets held under finance lease are depreciated over the shorter of the life of the asset or the life of the lease

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

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

1.6 INVESTMENT PROPERTY

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

1.7 LEASES

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

All other leases, including any fixed element of site agreements are classified as operating leases and rentals are expensed over the period of the lease on a straight-line basis.

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

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

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

1.8 IMPAIRMENT

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

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

Group

Policy applicable from 1 May 2018

(i) Trade receivables

Trade receivables are initially measured at fair value, and subsequently at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

(ii) Financial assets held at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

1 ACCOUNTING POLICIES CONTINUED

(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) 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.

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

Recognition and measurement
For investments designated as financial assets at fair value through profit or loss are based on current bid prices. For unlisted investments the Group uses various valuation techniques to determine fair values.

Classification of financial assets
Financial instruments are designated in accordance with the business model under which the instrument is held. Changes to the classification of financial instruments on transition are shown in note 32.

Impairment of financial assets
The Group calculates the expected credit loss (ECL) as mandated by IFRS 9 on the Group's trade and other receivable balances outstanding at the reporting date. This includes receivables arising from equipment sales and the Group's B2B laundry business but excludes vending revenue. The ECL is based on the 5 year average historic credit losses as a proportion of trade and other debtors compared to the total provision for bad doubtful debts at the reporting date, with business units bearing a similar credit risk profile segmented together.

No ECL was required at 1 May 2018 or 30 April 2019.

Policy applicable until 30 April 2018

(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) 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.

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

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.

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 includes 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.

Inventories are stated net of provisions for slow moving and obsolete inventory based on expected future usage.

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 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 with defined benefits being based upon the employee's length of service and final pensionable salary. The Company also operates a defined contribution pension scheme.

Defined benefit 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.

Defined contribution scheme

Contributions to defined contribution schemes are expensed as incurred.

Other post-employment benefits

In addition to the pension schemes noted above, contracts of employment in certain Group companies require provision to be made 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 fair value is expensed on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

1 ACCOUNTING POLICIES CONTINUED
1.15 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.

1.16 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 year end.

1.17 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.

1.18 REVENUE RECOGNITION
Revenue is is recognised at the point in time when value and control is transferred to the customer to the extent that the Group fulfils its contractual obligations and is recognised when it is probable that the Group will collect the related consideration. Revenue is the fair value of consideration received or receivable and is measured net of discounts, VAT and other sales-related taxes.

Vending revenue from the operation of photo booths, laundries, kiddy rides and kiosks is recognised when the services are provided which is when payment is received. Vending revenue is total consideration received during the period including that held in machines at the balance sheet date. There are no vending transactions requiring unbundling of components.

Revenue from the sale of equipment, spare parts and consumables is recognised upon delivery of products and acceptance, if applicable, by the customer. Equipment, spare parts and consumables are sold on their own and on unbundling required for accounting purposes.

Revenue from the provision of services, principally maintenance contracts, is recognised evenly over the period in which the service is available to the customer. Services are sold on their own as stand alone products with no unbundling required.

1.19 OWN WORK CAPITALISED
Some of the Group's subsidiaries manufacture vending equipment, which is then sold to the Group's operating 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.

1.20 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.

1.21 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.

1.22 COMPANY INVESTMENTS
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.

1.23 SPECIFIC ITEMS

The presentation and use of Specific items is a non-GAAP measure and the use of this measure may not be comparable to similarly titled measures used by other companies. Specific items are those that in management's judgement need to be disclosed separately by virtue of their size, nature and frequency. 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 providing a clear understanding of the Group's performance, as Specific items are by definition material, unusual and rare. Management consider their exclusion necessary to provide a more clear understanding of the Group's underlying performance.

For those years where Specific items are shown in the Group statement of Comprehensive Income an alternative earnings 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.

Underlying results are reported results adjusted to exclude the effect of Specific items.

2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

New accounting standards

Adopted by the Group

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

IFRS 9 Financial Instruments

IFRS 15 Revenue from contracts with Customers.

IFRS 9 Financial instruments

The Group adopted IFRS 9 Financial Instruments on 1 May 2018. Adoption of IFRS 9 did not have a material impact on the Group's financial position or performance; therefore, no restatement of the comparative figures has been required.

Classification

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their intrinsic cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL and eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 Financial Instruments has not had a material impact on the accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At 30 April 2018, the Group had equity investments with a carrying value of £4,286,000 classified as available for sale that are held to maximise cash flows through sale. On 1 May 2018, Under IFRS 9, the Group has designated these investments as measured at FVTPL, consequently, all fair value gains and losses will be reported in the income statement.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

88.1% (2018: 88.0 %) of the Group's revenue consists of prepaid vending activities with no inherent credit risk.

The ECL was calculated with reference to the Group's current provision for doubtful debts as a proportion of trade receivables at year end compared to the 5 year average profit and loss charge in respect of bad debts as a proportion of average debtors. Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables of which the current state of the economy (such as Brexit, market interest rates or growth rates) and particular industry issues in the countries in which it sells its goods are judged to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The ECL calculation was prepared on a segmented basis with business units with a similar credit risk profile segmented together.

Based on the above calculation, the Company and the Group's existing provisions were sufficient to cover the ECL 1 May 2018 and 30 April 2019.

Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities, however, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. Adoption of IFRS 9 did not indicate any material impact on the classification of financial liabilities at 1 May 2018.

Changes to the classification of financial assets on transition are shown in note 32.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 APRIL 2019

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers was adopted on 1 May 2018. Adoption of IFRS 15 Revenue from contracts with customers did not have a material impact on the Group's financial position or performance; and therefore, no restatement of the comparative figures has been required.

No other new standards, amendments or interpretations to standards effective for the first time for the financial year beginning on 1 May 2019 have had a material impact on our financial position or performance, nor the disclosures in these consolidated financial statements.

Not adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 April 2019 and have not been early adopted.

With the exception of IFRS 16 Leases, none of the accounting standards issued but not yet effective are expected to have a significant impact on our annual financial statements, including IFRIC 23 Uncertainty over Income Tax Treatments.

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 Taxes when there is uncertainty over income tax treatments. In particular, the interpretation addresses whether uncertain tax treatments should be considered separately or together with one or more other uncertain tax treatments, and addresses the assumptions an entity makes about the examination of tax treatments by taxation authorities. IFRIC 23 is effective from 1 January 2019.

IFRS 16 Leases

The Group adopted IFRS 16 on 1 May 2019.

IFRS 16 mandates the recognition of a right-of-use asset and a corresponding liability for all arrangements that meet the criteria of a lease and do not qualify for an exemption. The right-of-use (ROU) asset is depreciated over the term of the lease with the liability amortising over the life of the lease with a resulting interest charge.

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use and enjoy substantially all the economic benefits of an identified asset, for a period of time in exchange for a consideration.

The Group has arrangements across a number of categories that may meet the definition of a lease under IFRS 16. These include:

Site agreements: The Group operates approximately 47,000 vending units. These units are deployed under a fee paying agreement with the site occupier. These agreements vary widely in their terms and conditions. The Group is examining, on an individual basis, the degree to which these agreements meet the definition of a lease under IFRS 16, with particular regard to the presence of an identified asset with no substitution rights. While the standard sets out the definition of a lease, judgement is required in assessing the degree to which those criteria are met, particularly with regard to the presence of an identified asset with no substitution rights.

Property and motor vehicles: The Group occupies a number of buildings and utilises a number of motor vehicles under rental agreements. Following an examination of the agreements, the Group has determined that these arrangements qualify as leases under IFRS 16.

IFRS 16 will be adopted on the modified retrospective basis, meaning that the carrying amount of the initial right-of-use assets will equal the respective lease liabilities for all leases entered into before 1 May 2019; with no restatement of prior year comparatives required. The impact of the change in accounting standard on each line item in the financial statements will be provided.

The following practical expedients will be applied:

- the Company will apply a single discount rate to lease arrangements for assets with similar characteristics;
- the Company will exclude other initial direct costs from the measurement of the ROU asset for all asset classes (Site agreements, Property and Motor vehicles);
- the Company will apply the use of hindsight to determine the lease term;
- the Company will conduct impairment testing immediately before the date of initial application; and
- the Company will elect to not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

For arrangements meeting the definition of a lease, costs will be recognised in the form of depreciation of the right-of-use asset and interest on the lease liability, which may impact the phasing of operating profit and profit before tax, compared to the cost profiles and presentation in the income statement under IAS 17. This will also impact the classification of associated cash flows in the Consolidated Cash Flow Statement.

Except for IFRS 16 as noted above, the Directors do not currently anticipate that the adoption of any other standard or interpretation that has been issued but is not yet effective will have a material impact on the financial statements of the Group in future periods.

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 & 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, being the CODM, believe that the economic characteristics of the European operations, together with the fact that they are similar in terms of operations, use common systems and the nature of the regulatory environment allow them to be aggregated into one reporting segment.

The CODM monitors performance of the segments at the underlying operating profit level before Specific items, interest and taxation.

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

The segment results are as follows:

	Asia £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Corporate costs £'000	Total £'000
2019					
Total revenue	44,538	138,935	54,962	–	238,435
Inter segment sales	–	(8,274)	(2,043)	–	(10,317)
Revenue from external customers	**44,538**	**130,661**	**52,919**	**–**	**228,118**
EBITDA	9,350	49,267	13,167	(2,079)	69,705
Depreciation and amortisation	(4,673)	(15,727)	(6,119)	(497)	(27,016)
Underlying operating profit	6,502	33,540	7,048	(2,576)	44,514
Specific items (see note 4)	(1,825)	–	–	–	(1,825)
Operating profit excluding associates	**4,677**	**33,540**	**7,048**	**(2,576)**	**42,689**
Share of post-tax profits from associates					50
Operating profit					**42,739**
Other gains					361
Finance revenue					20
Finance costs					(527)
Profit before tax					**42,593**
Tax					**(11,314)**
Profit for year					**31,279**
Capital expenditure	2,755	19,893	7,493	379	30,520

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

3 SEGMENTAL ANALYSIS CONTINUED

	Asia £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Corporate costs £'000	Total £'000
2018					
Total revenue	44,979	131,064	65,432	–	241,475
Inter segment sales	(6)	(9,930)	(1,725)	–	(11,661)
Revenue from external customers	44,973	121,134	63,707	–	229,814
EBITDA	10,289	45,967	16,194	(1,469)	70,981
Depreciation and amortisation	(4,879)	(14,027)	(5,794)	(369)	(25,069)
Underlying operating profit	5,410	31,940	13,030	(4,158)	46,222
Specific items (see note 4)	–	–	(2,630)	2,320	(310)
Operating profit excluding associates	5,410	31,940	10,400	(1,838)	45,912
Share of post-tax profits from associates					194
Operating profit					46,106
Other gains					3,708
Finance revenue					658
Finance costs					(297)
Profit before tax					50,175
Tax					(9,889)
Profit for year					40,286
Capital expenditure	5,248	26,429	11,410	590	43,677

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	
	2019 £'000	2018 £'000
Total revenue from external customers		
Asia and rest of the world	**44,538**	44,975
Europe	**130,601**	127,050
UK	**52,979**	57,789
	228,118	229,814

	2019 £'000	2018 £'000
Total revenue from external customers		
Sales of equipment, spare parts & consumables	**22,347**	22,964
Sales of services	**4,595**	4,366
Other sales	**244**	285
	27,186	27,615
Vending revenue	**200,932**	202,199
Total revenue	**228,118**	229,814

There were no key customers in the year ended 30 April 2019 (2018: none).

4 PROFIT FOR THE YEAR

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

	2019 £'000	2018 £'000
Amortisation, depreciation and impairment		
Amortisation of previously capitalised research and development expenditure	**1,959**	1,824
Amortisation of intangible assets other than research and development	**1,033**	944
	2,992	2,768
Depreciation of property, plant and equipment and investment property		
– owned	**23,865**	22,150
– leased	**159**	151
	24,024	22,301
Amortisation and impairment of capitalised research and development expenditure is reflected in income statement in cost of sales		
Amortisation of intangible assets other than research and development		
– reflected in income statement in cost of sales	**787**	700
– reflected in income statement in administrative expenses	**246**	244
	1,033	944

	2019 £'000	2018 £'000
Operating lease rentals		
– land and buildings	**506**	686
– other	**1,126**	1,225
	1,632	1,911
Inventory cost		
Cost of inventories recognised as an expense	**20,760**	24,299
Inventory provision reversed	**(1,220)**	(694)
	19,540	23,605

Inventory provision reversed relates to provisions made in previous years.

During the year the Group provided £215,000 in respect of obsolete stock (2018: £1,661,000).

	2019 £'000	2018 £'000
Other items		
Research and development current year expenditure, not capitalised	**392**	302
Own work capitalised	**–**	(311)
Trade receivables impairment (note 15)	**128**	(137)
Net foreign exchange gains	**(550)**	(664)
Loss/(gains) on sale of property, plant and equipment	**165**	(2,361)
Direct expenses for investment properties generating rental income	**26**	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

4 PROFIT FOR THE YEAR CONTINUED

Audit and non-audit services

The following fees for audit and non-audit services were paid or are payable to the Company's auditor, Grant Thornton UK LLP (2018: KPMG LLP) and its associates.

	2019 £'000	2018 £'000
Audit fee of the company	**95**	86
Audit fees of the subsidiaries	**194**	243
Total audit fees	**289**	329
Audit related services – interim review	**20**	26
	309	355

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 the Group's auditor 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 the Group's auditor and its associates, certain Group subsidiaries are audited by other firms. The following shows the fees payable to those firms:

	2019 £'000	2018 £'000
Audit fees	**74**	105
Other services	**75**	101
	149	206

Summary

	2019 £'000	2018 £'000
Total fees paid or payable to all of the Groups' auditors for audit and other services were	**–**	561

Other operating income

	2019 £'000	2018 £'000
Other operating income	**1,601**	1,686

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

Other gains and losses

Other gains and losses in the current year comprises profits arising on financial instruments held at FVTPL and profit on disposal of associate; and in the prior year on financial assets classified as available for sale. They have been disclosed separately in order to improve a reader's understanding of the financial statements and are not disclosed within operating profit as they are non-trading in nature.

	Group	
	2019 £'000	2018 £'000
Other gains and losses		
Gain on disposal of Stilla Technologies SA	**3,258**	–
Fair value loss on financial instrument held at FVTPL	**(2,897)**	–
Gains on available for sale financial instruments	**–**	3,708
	361	3,708

Year ended 30 April 2019

The gain of £3,258,000 in the current year relates to the disposal of the Group's interest in Stilla Technologies SA, previously an associated undertaking (see note 14).

The fair value loss of £2,897,000 on the financial instrument held at FVTPL relates to the mark to market adjustment on the Group's interest in Max Sight Group Holdings Limited (see note 14).

Year ended 30 April 2018

The gain of £3,708,000 relates to the gain on the deemed disposal of the Group's interest in Max Sight Limited and Fullwise Limited as described in note 14.

Specific items

	Group	
	2019 £'000	2018 £'000
Specific items		
Profit on sale of land & buildings	**–**	2,320
Restructuring costs	**(1,825)**	(2,630)
	(1,825)	(310)

Year ended 30 April 2019

Restructuring costs relate to the re-alignment the Group's Japanese operations to current market conditions which included streamlining of administrative functions, relocation and removal of low revenue and unprofitable units to better locations.

Year ended 30 April 2018

Profit on sale of land in relates to the profit realised following the sale of the former head office building in Bookham. Restructuring costs relate to the refocusing of Photo-Me Retail Limited operations to unattended digital printing kiosk activities and the closure of manned retail outlets.

Reconciliation of profit before tax to underlying profit before tax

	Group	
	2019 £'000	2018 £'000
Underlying profit before tax		
Profit before tax	**42,593**	50,175
Adjustments to exclude:		
Gain on disposal of Stilla Technologies SA	**(3,258)**	–
Fair value loss on financial instrument held at FVTPL	**2,897**	–
Gains on available for sale financial instruments	**–**	(3,708)
Profit on sale of land & buildings	**–**	(2,320)
Restructuring costs	**1,825**	2,630
	44,057	46,777

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

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	
	2019 £'000	2018 £'000
Wages and salaries	**39,888**	42,372
Social security costs	**8,361**	8,596
Share options granted to directors and employees	**141**	197
Post-employment benefit costs		
– defined benefit schemes	**212**	212
– defined contribution schemes	**297**	293
	48,899	51,670

Directors' emoluments
Full details of directors' remuneration and share options are given in the Remuneration Report on pages 52 to 64.

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

	Group	
	2019 number	2018 number
Full – time	**957**	1,167
Part – time	**149**	204
	1,106	1,371
UK: Full – time	**229**	474
UK: Part – time	**9**	49
Continental Europe: Full – time	**567**	522
Continental Europe: Part – time	**33**	28
Asia and rest of the world: Full – time	**161**	171
Asia and rest of the world: Part – time	**107**	127
	1,106	1,371

6 FINANCE REVENUE AND COSTS

	2019 £'000	2018 £'000
Finance income		
Bank interest	**1**	5
Other interest	**19**	138
Dividends received from investments	**–**	285
Other financial income	**–**	230
	20	658
Finance costs		
Bank loans and overdrafts at amortised cost	**481**	286
Other loans at amortised cost and finance leases	**46**	11
	527	297

7 TAXATION EXPENSE

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

	2019 £'000	2018 £'000
Taxation		
Current taxation		
UK Corporation tax		
– current year	**5,274**	5,517
– prior years	**186**	(1,198)
	5,460	4,319
Overseas taxation		
– current year	**2,512**	3,230
– prior years	**193**	1,302
	2,705	4,532
Total current taxation	**8,165**	8,851
Deferred taxation		
Origination and reversal of temporary differences		
– current year – UK	**505**	934
– current year – overseas	**2,570**	19
Impact of change in rate	**74**	85
Total deferred tax	**3,149**	1,038
Tax charge in the statement of comprehensive income	**11,314**	9,889

Tax relating to items (credited)/charged to other components of comprehensive income

	2019 £'000	2018 £'000
Corporation tax	**(3)**	–
Deferred tax	**(42)**	12
Tax (credit)/charge in other comprehensive income	**(45)**	12

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

Reconciliation of total tax charge
The difference between the Group tax charge and the standard UK corporation tax rate of 19% (2018: 19%) is explained below:

	2019 £'000	2018 £'000
Profit before tax	**42,593**	50,175
Tax using the UK corporation tax rate of 19% (2018: 19.9%)	**8,093**	9,533
Effect of:		
– non-taxable items	**(396)**	33
– change in UK tax rates	**75**	28
– overseas tax rates	**2,369**	367
– income not assessable	**(624)**	(711)
– losses not recognised in deferred tax (relieved)/incurred	**–**	537
– adjust deferred tax opening/closing balances to average current tax rate	**1,175**	–
– adjustments to tax in respect of prior years	**652**	102
– Foreign exchange movements	**(30)**	–
Total tax charge	**11,314**	9,889
Effective tax rate	**26.6%**	19.7%

The Group tax charge of £11.3m (2018: £9.9m) corresponds to an effective tax rate of 26.6% (2018: 19.7%).

The Group undertakes business in 18 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 in accordance with local regulations; and ensures compliance with the Group's tax policy and guidelines.

8 PROFITS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY
The loss for the year, after tax, dealt with in the financial statements of the Parent Company is £141,000 (2018: profit after tax £22,155,000), including dividends received from subsidiaries.

9 DIVIDENDS PAID AND PROPOSED

	Pence per share	2019 £'000	Pence per share	2018 £'000
Interim				
2018 paid on 11 May 2018	**3.710**	**14,005**		
2017 paid on 11 May 2017			3.090	11,633
Final				
2018 approved at AGM held on 24 October 2018	**4.730**	**17,868**		
2017 approved at AGM held on 25 October 2017			3.940	14,845
	8.440	**31,873**	7.030	26,478

Year ended 30 April 2019 – Proposed dividends not yet paid
The Board declared an interim dividend of 3.71p per share for the year ended 30 April 2019, which was paid on 11 May 2019. The Board proposes a final dividend for the year ended 30 April 2019 of 4.73p per share which is subject to shareholder approval at the Annual General Meeting to be held on 3 October 2019.

Year ended 30 April 2018 – Paid after 30 April 2018
The Board declared an interim dividend of 3.71p per share for the year ended 30 April 2018, amounting to £14,005,000 which was paid on 11 May 2018. The Board proposed a final dividend for the year ended 30 April 2018 of 4.73p per share, amounting to £17,868,000 which was approved by shareholders at the Annual General Meeting held on 24 October 2018 and paid on 9 November 2018.

10 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of £31,226,000 (2018: £40,134,000) by the weighted average number of shares in issue during the year.

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 being 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:

	2019			2018		
	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	**31,266**	**377,662**	**8.27**	40,134	377,190	10.64
Effect of dilutive share options		**190**	**(0.01)**		1,555	(0.04)
Diluted earnings per share	**31,266**	**377,852**	**8.26**	40,134	378,745	10.60

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.

	2019			2018		
Alternative earnings per share	**£'000**	**Earnings per share pence**	**Diluted earnings per share pence**	£'000	Earnings per share pence	Diluted earnings per share pence
Profit for the year attributable to owners of the Parent	**31,226**	**8.27**	**8.26**	40,134	10.64	10.60
Specific items net of tax	**1,825**	**0.48**	**0.48**	(190)	(0.05)	(0.05)
Gains on financial instruments classified as available for sale	**(361)**	**(0.10)**	**(0.10)**	(3,708)	(0.98)	(0.98)
Earnings after specific items	**32,690**	**8.65**	**8.64**	36,236	9.61	9.57

Details of Specific items are set out in note 4.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

11 GOODWILL AND OTHER INTANGIBLE ASSETS
Goodwill
Group

	£'000
Cost:	
At 1 May 2017	12,110
Exchange differences	69
Additions	1,554
At 30 April 2018	13,733
At 1 May 2018	**13,733**
Exchange differences	**(71)**
Additions (see note 30)	**13,230**
At 30 April 2019	**26,892**
Impairment charges:	
At 1 May 2017	298
At 30 April 2018	298
At 1 May 2018	**298**
At 30 April 2019	**298**
Net book value:	
At 30 April 2019	**26,594**
At 30 April 2018	13,435
At 30 April 2017	11,812

The addition to goodwill in 2019 relates to acquisitions in Spain and France and in 2018 to acquisitions in the United Kingdom.

Company
The Company has no goodwill.

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

Goodwill has been allocated for impairment testing purposes to eleven (2018: nine) cash-generating units (CGUs); allocated between geographical areas and activity in accordance with impairment testing in the prior year:

	Total	
	2019 £'000	2018 £'000
Carrying amount		
UK & Ireland		
CGU 1 – Photo-Me Ireland Limited	**154**	154
CGU 2 – Photo-Me Northern Ireland	**14**	14
CGU 3 – Jolly Roger (Amusement Rides) Limited	**317**	317
CGU 4 – Fowler UK.com Limited	**1,273**	1,273
CGU 5 – Inox Equip Limited and Tersus Equip Limited	**1,554**	1,554
Total UK & Ireland	**3,312**	3,312
Continental Europe		
CGU 1 – Photomaton SAS	**309**	315
CGU 2 – Fotofix-Schnellphotoautomaten G.m.b.H.	**1,982**	2,021
CGU 3 – Copyphot SA	**558**	542
CGU 4 – LaWash Group	**2,528**	–
CGU 5 – Sempa SARL	**10,660**	–
Total Continental Europe	**16,037**	2,878
Asia		
CGU 1 – Nippon Auto-Photo Kabushiki Kaisha	**7,245**	7,245
Total Asia	**7,245**	7,245
Total	**26,594**	13,435

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. Cash flows include a forecast period of five years, based on actual operating results, budgets and economic market research with a terminal value based on a long term growth rate applied thereafter.

Key assumptions
Growth rate 1%-3% (2018: 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 6.5%–7.5% (2018: 6.9%–8.3%)
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 7.2%, (2018:8.3%), Ireland 7.7% (2018: 7.9%), France 7.7% (2018: 7.8%), Germany 6.5% (2018:7.5%), Spain 6.95% (2018: n/a), Switzerland 7.1% (2018: 6.9%) and Japan 7.5% (2018: 6.9%). The Board is confident, overall, that these discount rates reflect the circumstances in each region, and are in accordance with IAS 36.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

11 GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED

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 2019 (2018: none).

Other intangible assets

Group

	Capitalised development costs £'000	Other intangible assets £'000	Total £'000
Cost:			
At 1 May 2017	7,883	12,657	20,540
Exchange differences	142	174	316
Additions			
– Internally generated	2,510	–	2,510
– External	–	708	708
Disposals	(493)	(476)	(969)
At 30 April 2018	10,042	13,063	23,105
At 1 May 2018	**10,042**	**13,063**	**23,105**
Exchange differences	**(51)**	**(53)**	**(104)**
Additions			
– Subsidiaries acquired	**–**	**2,555**	**2,555**
– Internally generated	**1,631**	**–**	**1,631**
– External	**–**	**536**	**536**
Disposals	**(774)**	**(2,681)**	**(3,455)**
At 30 April 2019	**10,848**	**13,420**	**24,268**
Amortisation:			
At 1 May 2017	2,200	4,889	7,089
Exchange differences	45	11	56
Provided during year	1,824	944	2,768
Disposals	(493)	(275)	(768)
At 30 April 2018	3,576	5,569	9,145
At 1 May 2018	**3,576**	**5,569**	**9,145**
Exchange differences	**(48)**	**7**	**(41)**
Subsidiaries acquired	**–**	**12**	**12**
Provided during year	**1,959**	**1,033**	**2,992**
Disposals	**(774)**	**(2,288)**	**(3,062)**
At 30 April 2019	**4,713**	**4,333**	**9,046**
Net book value:			
At 30 April 2019	**6,135**	**9,087**	**15,222**
At 30 April 2018	6,466	7,494	13,960
At 30 April 2017	5,683	7,768	13,451

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 £3,447,000 corresponding to droit au bail (2018: £3,478,000).

Droit au 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 carried at 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 the fair value is less than their carrying value, an impairment loss is recognised and charged to cost of sales. Management believes that no reasonably possible change in the basis of this assessment would cause the carrying value of these rights to exceed their recoverable value.

Also included in other intangible assets is £2,212,000 (2018: £2,549,500) relating to the licence which grants the right to use space in Asda stores following the acquisition of the Photo Division of Asda Stores Limited in the financial year ending 30 April 2017. The useful life of this intangible asset is finite and is being amortised over the term of the licence agreement (10 years) to October 2026. The amortisation charge is included within cost of sales. The Group tests the carrying value of the Asda licence annually for impairment, or more frequently if there are indications of impairment.

For the purpose of impairment testing, the recoverable amount of the cash generating unit was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts covering the period to October 2026. The key assumptions for the value in use calculation were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. The estimated growth rates were based on past performance and expectation of future changes in the market. The growth rate used was 2% (2018: 2%) and the pre-tax rate used to discount the forecast cash flows was 10% (2018: 5.93%).

Company

	Other intangible assets £'000	**Total £'000**
Cost:		
At 1 May 2017	780	780
Disposals		
– External	(4)	(4)
At 30 April 2018	776	776
At 1 May 2018	**776**	**776**
At 30 April 2019	**776**	**776**
Amortisation:		
At 1 May 2017	550	550
Provided during year	163	163
Disposals		
– External	(4)	(4)
At 30 April 2018	709	709
At 1 May 2018	**709**	**709**
Provided during year	**67**	**67**
At 30 April 2019	**776**	**776**
Net book value:		
At 30 April 2019	**–**	**–**
At 30 April 2018	67	67
At 30 April 2017	230	230

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

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 2017	5,621	218,283	28,137	252,041
Exchange difference	66	2,569	1,067	3,702
Additions				
– new subsidiaries	–	–	49	49
– internal	–	1,424	–	1,424
– external	814	34,164	4,057	39,035
Disposals	(180)	(14,765)	(627)	(15,572)
At 30 April 2018	**6,321**	**241,675**	**32,683**	**280,679**
Exchange difference	**(8)**	**(610)**	**(513)**	**(1,131)**
Additions				
– new subsidiaries	**1,002**	**40**	**274**	**1,316**
– internal	**–**	**1,383**	**93**	**1,476**
– external	**466**	**23,555**	**2,856**	**26,877**
Disposals	**(231)**	**(13,935)**	**(1,465)**	**(15,631)**
At 30 April 2019	**7,550**	**252,108**	**33,928**	**293,586**
Depreciation				
At 1 May 2017	3,999	151,698	21,355	177,052
Exchange difference	43	1,243	820	2,106
New subsidiary	–	–	20	20
Provided during year	165	20,693	1,427	22,285
Disposals	(138)	(12,731)	(471)	(13,340)
At 30 April 2018	**4,069**	**160,903**	**23,151**	**188,123**
Exchange difference	**(1)**	**(370)**	**(402)**	**(773)**
New subsidiary	**127**	**23**	**147**	**297**
Provided during year	**203**	**22,081**	**1,724**	**24,008**
Disposals	**(35)**	**(12,333)**	**(1,054)**	**(13,422)**
At 30 April 2019	**4,363**	**170,304**	**23,566**	**198,233**
Net book value:				
At 30 April 2019	**3,187**	**81,804**	**10,362**	**95,353**
At 30 April 2018	2,252	80,772	9,532	92,556
At 30 April 2017	1,622	66,585	6,782	74,989

Internal additions for photobooths and vending machines of £1,383,000 (2018: £1,424,000) 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:

	2019	2018
	Plant, machinery, furniture, fixtures and motor vehicles £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000
Net book value	**401**	392
Additions/reclassifications	**184**	81
Depreciation charge	**159**	151

The Group tests all significant operating equipment asset classes for impairment annually, or more frequently if there are indications of impairment. Impairment reviews on operating equipment are all conducted on a value in use basis.

For the purpose of impairment testing, the recoverable amount of the CGUs was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts covering a period of up to eight years, in line with the useful economic life of the asset class. The key assumptions for the value in use calculation were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. The estimated growth rates were based on historic performance trends and budgets. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts ranged from 0% to 3% (2018: 0%- 3%). A conservative pre-tax discount rate of 8.3% (2018: 10%) was applied to the cash flows. No impairment losses were identified and consequently no impairment losses were recognised in 2019 (2018: none).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

12 PROPERTY, PLANT AND EQUIPMENT CONTINUED
Company

	Land & Buildings £'000	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 1 May 2017	8	38,322	415	38,745
Additions				
– internal	–	6,120	–	6,120
– external	–	1,502	617	2,119
Disposals				
– external	–	(3,412)	(92)	(3,504)
At 30 April 2018	**8**	**42,532**	**940**	**43,480**
Additions				
– internal	**–**	**3,374**	**–**	**3,374**
– external	**–**	**1,421**	**332**	**1,753**
Disposals				
– external	**(8)**	**(4,371)**	**(157)**	**(4,536)**
At 30 April 2019	**–**	**42,956**	**1,115**	**44,071**
Depreciation				
At 1 May 2017	8	29,181	226	29,415
Provided during year	–	3,643	68	3,711
Disposals				
– external	–	(3,296)	(41)	(3,337)
At 30 April 2018	**8**	**29,528**	**253**	**29,789**
Provided during year	**–**	**3,807**	**90**	**3,897**
Disposals				
– external	**(8)**	**(4,012)**	**(88)**	**(4,108)**
At 30 April 2019	**–**	**29,323**	**255**	**29,578**
Net book value:				
At 30 April 2019	**–**	**13,633**	**860**	**14,493**
At 30 April 2018	–	13,004	687	13,691
At 30 April 2017	–	9,141	189	9,330

Internal additions for photobooths and vending machines of £3,374,000 (2018: £6,120,000) relate to new equipment produced by subsidiaries and equipment previously capitalised by the Group's subsidiaries and sold to the parent.

13 INVESTMENT PROPERTY

Group

	£'000
Cost:	
At 1 May 2017	12,774
Exchange differences	573
At 30 April 2018	**13,347**
Exchange differences	**(259)**
At 30 April 2019	**13,088**
Depreciation	
At 1 May 2017	12,112
Exchange difference	543
Provided during year	16
At 30 April 2018	**12,671**
Exchange differences	**(247)**
Provided during year	**16**
At 30 April 2019	**12,440**
Net book value:	
At 30 April 2019	**648**
At 30 April 2018	676
At 30 April 2017	662

The investment property is freehold and is stated at cost.

The property was valued by an independent professional valuer in April 2018, with a value of €7.7m based on a market value for similar properties.

The Group sold the rights to the future rental stream on the property for the period up to April 2019 in the year ended 30 April 2011, receiving €9.2m (£8.2m) in respect of this.

Rental income from the investment property was £1,106,000 (2018: £1,093,000) (note 4) and finance costs were £2,000 (2018: £7,000).

Company

The Company has no investment property.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 APRIL 2019

14 INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Investment in associates

Group

	£'000
Cost:	
At 30 April 2017	2,095
Exchange differences	(2)
Deemed disposal of Max Sight Limited and Fullwise Limited	(400)
Share of profits	194
Dividends	(304)
At 30 April 2018	**1,583**
Exchange differences	**(4)**
Disposal of Stilla Technologies SA (see note 4)	**(1,178)**
Share of profits	**50**
Dividends	**(36)**
At 30 April 2019	**415**

On 1 August 2018, the Group disposed of its interest in Stilla Technologies SA, a French company specialising in universal and flexible digital PCR (dPCR) genetic testing, for €5,000,000, resulting in a gain of £3,258,000 (see note 4). The Group's interest in Stilla Technologies SA was held by MGInvest Investments Limited, a subsidiary of Photo-Me International.

On 28 February 2018, Max Sight Group Holdings Limited was listed on the Hong Kong Growth Enterprise Market. In preparation for the listing, Max Sight Limited and Fullwise Limited (included in 'Other' below) were merged with certain other companies to form an enlarged group (Max Sight Group Holdings Limited), resulting in a dilution of Photo-Me's shareholding. Following the listing, Photo-Me's interest in Max Sight Group Holdings Limited was approximately 13.75% of the total issued share capital and voting rights. As a result, Max Sight Limited and Fullwise Limited ceased to be associates and accordingly, Max Sight Limited and Fullwise Limited were de-recognised as associated entities resulting in a deemed disposal. The amounts shown below in respect of Max Sight Limited for the year ended 30 April 2018 are the Group's share of revenue and profit for the period in which Max Sight Limited and Fullwise Limited were associates.

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

Name	Country of incorporation	Assets £'000	Liabilities £'000	Revenue £'000	Share of profit £'000	Dividends received	Interest %
At 30 April 2018							
Max Sight Ltd	Hong Kong	–	–	394	94	269	–
Photo Direct Pty Ltd	Australia	445	83	943	96	35	26.95
Stilla Technologies SA	France	1,178	–	–	–	–-	50.00
Other associates		62	19	107	4	–	
		1,685	102	1,444	194	304	
At 30 April 2019							
Photo Direct Pty Ltd	Australia	**446**	**72**	**782**	**49**	**36**	**26.95**
Other associates		**69**	**28**	**8**	**1**	**–**	
		515	**100**	**790**	**50**	**36**	

There were no items of other comprehensive income in the year ended 30 April 2019 (2018: nil).

Company

	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
Costs:			
At 1 May 2017	407	47,830	48,237
Capital increase relating to share-based payment (net)	–	177	177
Disposals	(369)	(21)	(390)
At 30 April 2018	**38**	**47,986**	**48,024**
Capital increase relating to share-based payment (net)	**–**	**133**	**133**
At 30 April 2019	**38**	**48,119**	**48,157**
Provision:			
At 1 May 2017	7	393	400
Decrease	(4)	(21)	(25)
At 30 April 2018	**3**	**372**	**375**
At 30 April 2019	**3**	**372**	**375**
Net book value:			
At 30 April 2019	**35**	**47,747**	**47,782**
At 30 April 2018	35	47,614	47,649
At 30 April 2017	400	47,437	47,837

The net capital increase relating to share-based payments relates to share options in the parent company, Photo-Me International plc, granted to employees of subsidiary undertakings of the Group. Refer to note 20 for further details on the Group's share option schemes.

Included in the Company's investment in subsidiary undertakings is £33,843,000 (2018: £33,843,000) relating to the Company's investment in Nippon Auto-Photo Kabushiki Kaisha.

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

15 FINANCIAL INSTRUMENTS

Group Treasury

The Group has a centralised treasury function. 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 Group's Treasury Company. The Board has defined an investment strategy, amounts and types of products to which the surplus cash may be invested.

The Board monitors the performance of the Treasury function and is 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). The key objectives for Group Treasury are 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

15 FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk
Liquidity risk is the risk that the Group will face in meeting its 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 satisfactory net cash position throughout the year and preceding year as a result of cash generation from the business.

During the current year and prior 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 the Treasury Company bank accounts which are interest bearing.

The strong cash generation and retention from the business together with available credit resources, 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, 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. No derivatives or swaps have been used in the year ending 30 April 2019 (30 April 2018: none). With a satisfactory net cash position, the Group largely finances its working capital and capital expenditure programmes from its own resources. 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 at fair value through profit and loss (FVTPL), amortised cost, to maturity, available-for-sale financial assets and derivatives
The fair value is based on quoted prices at the reporting 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 reporting 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 reporting 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 reporting 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 reporting 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 reporting date if the effect is material.

IFRS 13 requires an analysis of financial instruments carried at fair value, which are classified as financial instruments held at FVTPL (2018: Other financial assets – available for sale) 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 liabilities that are not based on observable market data

At 30 April 2019, the Group held financial instruments amounting to £1,387,000 (2018: £4,286,000). These amounts included the Group's interest in Max Sight Group Holdings Limited of £1,176,000 (2018: £4,074,000) which is a listed investment valued at level 1. Other financial instruments of £211,000 (2018: £212,000) are valued at level 3.

Financial instruments by category

The tables below show financial instruments by category

Group

At 30 April 2019

	Loans and receivables £'000	Financial instruments £'000	Total £'000
Assets per statement of financial position			
Financial instruments held at amortised cost	**982**	**–**	**982**
Financial instruments held at FVTPL	**–**	**1,387**	**1,387**
Trade and other receivables	**17,800**	**–**	**17,800**
Cash and cash equivalents	**84,591**	**–**	**84,591**
	103,373	**1,387**	**104,760**

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Borrowings	**67,393**	**67,393**
Leases	**1,842**	**1,842**
Trade and other payables excluding non – financial liabilities	**37,366**	**37,366**
	106,601	**106,601**

At 30 April 2018

	Loans and receivables £'000	Available for sale £'000	Total £'000
Assets per statement of financial position			
Other financial assets – held to maturity	1,710	–	1,710
Other financial assets – available for sale	–	4,286	4,286
Trade and other receivables	17,676	–	17,676
Cash and cash equivalents	58,657	–	58,657
	78,043	4,286	82,329

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 APRIL 2019

15(A) FAIR VALUES OF FINANCIAL INSTRUMENTS BY CLASS CONTINUED

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Borrowings	33,325	33,325
Leases	354	354
Trade and other payables excluding non – financial liabilities	40,736	40,736
	74,415	74,415

Company

At 30 April 2019

	Loans and receivables £'000	**Financial instruments £'000**	**Total £'000**
Assets per statement of financial position			
Financial instruments – held at amortised cost	**–**	**982**	**982**
Financial instruments – held at FVTPL	**–**	**1,176**	**1,176**
Trade and other receivables	**19,394**	**–**	**19,394**
Cash and cash equivalents	**3,202**	**–**	**3,202**
	22,596	**2,158**	**24,754**

	Other financial liabilities at amortised cost £'000	**Total £'000**
Liabilities per statement of financial position		
Trade and other payables excluding non - financial liabilities	**41,608**	**41,608**
	41,608	**41,608**

At 30 April 2018

	Loans and receivables £'000	Available for sale £'000	Total £'000
Assets per statement of financial position			
Other financial assets - held to maturity	974	–	974
Other financial assets - available for sale	–	4,074	4,074
Trade and other receivables	27,386	–	27,386
Cash and cash equivalents	11,500	–	11,500
	39,860	4,074	43,934

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Trade and other payables excluding non - financial liabilities	26,819	26,819
	26,819	26,819

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

15(B) FINANCIAL STATEMENT RISK MANAGEMENT CONTINUED

(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 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.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due or an impairment amount being required under the ECL model mandated by IFRS 9.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The Directors have concluded that the credit risk of trade and other receivables has not increased significantly since initial recognition. The Directors have come to this conclusion having considered micro and macro economic factors including Brexit, the Group's knowledge of its customers, payment history of the customers and industry trends.

Details of how the ECL is calculated are set out in note 2. No ECL was required following the adoption of IFRS 9 on 1 May 2018 or 30 April 2019.

The movements in provisions are as follows:

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
At 1 May	**144**	282	**607**	607
Exchange differences	**(1)**	7	**–**	–
Charged/(Credited) to income statement	**128**	(137)	**645**	–
Utilised and other movements	**(14)**	(8)	**–**	–
At 30 April	**257**	144	**1,252**	607

At 30 April 2019, trade receivables of £3,935,000 (2018: £3,391,000) were past due and relate to a number of individual customers for whom there is no recent evidence of default and therefore are not impaired.

The ageing of net trade current receivables is as follows:

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Current	**6,377**	7,085	**65**	642
Past due				
– overdue 1-30 days	**778**	1,399	**–**	64
– overdue 31-60 days	**1,313**	433	**–**	10
– overdue 61 days	**1,844**	1,559	**90**	101
Total past due	**3,935**	3,391	**90**	175
Total trade receivables	**10,312**	10,476	**155**	817

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 £16,503,000 (2018: £26,164,000) 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 2019 and 30 April 2018 has reduced liquidity risk for the Group.

The Group has adequate undrawn facilities and, 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 2019 and 30 April 2018, the Group and the Company have comfortably complied with such requirements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

15(B) FINANCIAL STATEMENT RISK MANAGEMENT CONTINUED
The table below summarises the maturity profile of the Group's and Company's financial liabilities (including trade and other payables) at 30 April 2019 and 30 April 2018 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 2019							
Interest bearing loans and borrowings and interest free loans	**15,471**	**14,864**	**15,019**	**12,896**	**7,955**	**2,464**	**68,669**
Finance leases	**133**	**139**	**55**	**22**	**4**	**–**	**353**
Trade and other payables	**47,412**	**–**	**–**	**–**	**–**	**–**	**37,412**
	63,016	**15,003**	**15,074**	**12,918**	**7,959**	**2,464**	**116,434**
At 30 April 2018							
Interest bearing loans and borrowings and interest free loans	6,406	6,363	6,321	6,278	4,207	5,025	34,600
Finance leases	133	139	55	22	4	–	353
Trade and other payables	39,945	–	–	–	–	–	39,945
	46,484	6,502	6,376	6,300	4,211	5,025	74,898

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 2019							
Trade and other payables	**41,549**	**–**	**–**	**–**	**–**	**–**	**41,549**
At 30 April 2018							
Trade and other payables	27,001	–	–	–	–	–	27,001

Financial instruments held at amortised cost and held to maturity
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
2019			
Profit for the year	**31,279**	**29,046**	**33,106**
Total equity	**143,847**	**141,614**	**145,674**
2018			
Profit for the year	40,286	40,601	40,028
Total equity	144,810	145,125	144,552

Borrowings

At 30 April 2019 and 30 April 2018 the Group had no borrowings which were not denominated in the functional currency of the Group company concerned.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

15(B) FINANCIAL STATEMENT RISK MANAGEMENT CONTINUED
Analysis of net cash by currency

Group	Bank £'000	Financial assets £'000	Loans £'000	Leases £'000	Total £'000
2019					
Sterling	**26,270**	**974**	**–**	**(5)**	**27,239**
Euro	**48,426**	**–**	**(67,393)**	**(1,490)**	**(20,457)**
Swiss Franc	**2,278**	**8**	**–**	**–**	**2,286**
US Dollar	**29**	**–**	**–**	**–**	**29**
Japanese yen	**5,409**	**–**	**–**	**(347)**	**5,062**
Other currencies	**2,179**	**–**	**–**	**–**	**2,179**
	84,591	**982**	**(67,393)**	**(1,842)**	**16,338**
2018					
Sterling	13,573	974	–	(28)	14,519
Euro	35,006	728	(33,325)	(21)	2,388
Swiss Franc	2,820	8	–	–	2,828
US Dollar	139	–	–	–	139
Japanese yen	4,669	–	–	(305)	4,364
Other currencies	2,450	–	–	–	2,450
	58,657	1,710	(33,325)	(354)	26,688

Interest rate risk

	2019 £'000	2018 £'000
Net cash		
Mainly non-interest bearing current accounts:		
– Cash at bank and in hand	**83,646**	58,050
Deposit accounts – generally interest bearing:		
– Bank deposit accounts	**945**	607
– Financial asset held at amortised cost/held to maturity	**982**	1,710
Other items		
Interest free and interest bearing loans	**(67,393)**	(33,325)
Interest bearing finance leases	**(1,842)**	(354)
	16,338	26,688

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.

IFRS 7 sensitivity analysis

With current low interest rates and the Group's 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 2019 of £67,393,000 (30 April 2018 of £33,325,000), of which £67,393,000 (30 April 2018 of £33,325,000) is subject to fixed interest rates between 0.49% and 1.2%. An increase of 1% in the fixed rate of interest would result in an extra £600,000 (30 April 2018: £400,000) of interest expense.

Terms and debt repayment schedule

The table below shows the maturity profile and interest rates of the Groups borrowings at 30 April 2019 and 30 April 2018. Floating rate interest borrowings (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 2019 (2018: none).

Group	Status	Currency	Interest rate	Year of maturity	**2019 Carrying amount £'000**	2018 Carrying amount £'000
Finance leases	Fixed rate	Various	0.0% –7.2%	2023	**1,842**	354
Loans	Fixed rate	Euro	0.49%-1.20%	2022-2025	**67,393**	33,325
					69,235	33,679

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's and Company's investment in Max Sight Group Holdings Limited, which at 30 April 2019 amounted to £1,176,000 (30 April 2018: £4,074,000) and is listed and is thus subject to variations in the quoted price. The Group's other investments in equity securities are not listed, and are not material thus the Group does not have any significant exposure to price risk on these 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; supplemented by external borrowing as required. The Group has had a strong net cash position throughout the current and comparative year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

15(C) FINANCIAL STATEMENT RISK MANAGEMENT CONTINUED

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.

	2019 £'000	2018 £'000
Cash and cash equivalents	**84,591**	58,657
Borrowings	**(69,235)**	(33,679)
Net cash (excluding restricted deposits)	**15,356**	24,978
Equity	**143,847**	144,810

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.

During the year ended 30 April 2019 the Group increased its net borrowings by £35,556,000 (30 April 2018: £22,997,000) in order to take advantage of historically low interest rates in order to reduce the Group's weighted average cost of capital and to increase the Group's capacity to invest in product offerings as it continues to evaluate potential acquisitions.

15(D) OTHER FINANCIAL ASSETS HELD AT AMORTISED COST, AT FVTPL, TO MATURITY AND AVAILABLE FOR SALE

Group	**Financial assets held at amortised cost 2019 £'000**	**Financial instruments held at FVTPL 2019 £'000**	Assets held to maturity 2018 £'000	Assets available for sale 2018 £'000
Non-current	**982**	**1,387**	1,710	4,286
	982	**1,387**	1,710	4,286

Financial assets held to maturity reclassified as Financial assets held at amortised cost following adoption of IFRS 9 consist of restricted bank deposit accounts – see note 19.

Included in financial instruments held at FVTPL for the Group and the Company at 30 April 2019 is the Group's interest in Max Sight Group Holdings Limited of £1,176,000, which was previously classified as a financial asset available for sale with a a carrying value of £4,074,000 at 30 April 2018 (see note 14 and note 32).

Company	**Financial assets held at amortised cost 2019 £'000**	**Financial instruments held at FVTPL 2019 £'000**	Assets held to maturity 2018 £'000	Assets available for sale 2018 £'000
Non-current	**975**	**1,176**	974	4,074
	975	**1,176**	974	4,074

Financial assets held at amortised cost and assets held to maturity consist of restricted bank deposit accounts – see note 19.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Non-current assets				
Trade receivables – external	**1,607**	1,599	**–**	–
Other receivables	**135**	472	**–**	–
Prepayments and accrued income	**22**	45	**–**	–
	1,764	2,116	**–**	–
Current assets				
Trade receivables	**10,312**	10,476	**155**	817
– related parties	**–**	492	**–**	–
Amounts due from subsidiaries	**–**	–	**16,503**	26,164
Amounts due from associated undertakings	**–**	1,120	**–**	–
Other receivables	**5,747**	3,516	**1,851**	406
Prepayments and accrued income	**4,858**	5,009	**3,104**	2,761
	20,917	20,613	**21,613**	30,148

All trade receivables arise from contracts with customers.

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

17 INVENTORIES

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Raw materials and consumables	**14,157**	15,399	**1,858**	1,426
Work-in-progress	**346**	347	**–**	–
Finished goods	**7,836**	7,156	**1,999**	744
	22,339	22,902	**3,857**	2,170

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

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Cash at bank and in hand	**83,646**	58,050	**3,162**	11,500
Deposit accounts (excluding restricted deposits)	**945**	607	**–**	–
Cash and cash equivalents per statement of financial position	**84,591**	58,657	**3,162**	11,500
Cash and cash equivalents per cash flow	**84,591**	58,657	**3,162**	11,500

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 APRIL 2019

19 NET CASH

	Notes	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Cash and cash equivalents per statement of financial position	18	**84,591**	58,657	**3,162**	11,500
Financial instruments held at amortised cost / held to maturity	15	**982**	1,710	**975**	974
Non-current borrowings	21	**(52,322)**	(27,319)	**–**	–
Current borrowings	21	**(15,071)**	(6,006)	**–**	–
Non-current finance leases	21	**(1,063)**	(221)	**–**	–
Current finance leases	21	**(779)**	(133)	**–**	–
		16,338	26,688	**4,137**	12,474

At 30 April 2019, £982,000 of the total net cash (2018: £1,710,000) 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 instruments held at amortised cost / 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 current and non-current borrowings outstanding.

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
2018/19					
Cash and cash equivalents per statement of financial position and cash flow	**58,657**	**22**	**–**	**25,912**	**84,591**
Financial asset held at amortised cost	**1,710**	**13**	**–**	**(741)**	**982**
Financial assets - available for sale	**–**	**–**	**–**	**–**	**–**
Non-current loans	**(27,319)**	**532**	**18,213**	**(43,748)**	**(52,322)**
Current loans	**(6,006)**	**117**	**(17,579)**	**8,397**	**(15,071)**
Leases	**(354)**	**(28)**	**(1,627)**	**167**	**(1,842)**
	26,688	**656**	**(993)**	**(10,013)**	**16,338**
2017/18					
Cash and cash equivalents per statement of financial position and cash flow	47,505	165	–	10,987	58,657
Financial asset held to maturity	2,389	8	–	(687)	1,710
Non-current loans	(7,894)	(354)	7,311	(26,382)	(27,319)
Current loans	(2,344)	(46)	(7,311)	3,695	(6,006)
Leases	(444)	47	(75)	118	(354)
	39,212	(180)	(75)	(12,269)	26,688

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

Company

	1 May £'000	Cash flow £'000	30 April £'000
2018/19			
Cash and cash equivalents per statement of financial position and cash flow	**11,500**	**(8,338)**	**3,162**
Financial asset held at amortised cost	**974**	**1**	**975**
	12,474	**(8,337)**	**4,137**
2017/18			
Cash and cash equivalents per statement of financial position and cash flow	11,535	(35)	11,500
Financial asset held to maturity	973	1	974
	12,508	(34)	12,474

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

20 SHARE CAPITAL AND RESERVES
Share capital
Company and Group

	2019 Number	2018 Number	2019 £'000	2018 £'000
Allotted, issued and fully paid:				
Ordinary shares of 0.5p each				
At 1 May	**377,499,637**	376,474,871	**1,887**	1,882
Issued in year – share options exercised	**482,000**	1,024,766	**2**	5
At 30 April	**377,981,637**	377,499,637	**1,889**	1,887

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 2018**	**Granted during year**	**Lapsed or forfeited during year**	**Exercised during year**	**At 30 April 2019**	**Exercise price**	**Date from which exercisable**	**Last date on which exercisable**
4 Jul 2011	45,000	–	(45,000)	–	–	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	262,000	–	–	(232,000)	30,000	39.17p	4 Jul 2015	3 Jul 2019
9 Jul 2013	998,000	–	–	–	998,000	90.63p	9 Jul 2016	8 Jul 2020
11 Jul 2014	485,000	–	(40,000)	–	445,000	145.33p	11 Jul 2017	10 Jul 2021
9 Jul 2015	1,187,600	–	(50,000)	–	1,137,600	133.33p	9 Jul 2018	8 Jul 2022
15 Dec 2015	57,400	–	–	–	57,400	153.25p	15 Dec 2018	14 Dec 2022
13 Jul 2016	903,300	–	(50,000)	–	853,300	141.50p	13 July 2019	12 July 2023
21 Jul 2017	705,200	–	–	–	705,200	157.00p	21 Jul 2020	21 Jul 2024
	4,893,500	–	(185,000)	(482,000)	4,226,500			

Date options granted	At 30 April 2017	Granted during year	Lapsed or forfeited during year	Exercised during year	At 30 April 2018	Exercise price	Date from which exercisable	Last date on which exercisable
12 Jul 2010	15,000	–	–	(15,000)	–	36.33p	12 Jul 2013	11 Jul 2017
4 Jul 2011	105,000	–	–	(60,000)	45,000	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	262,000	–	–	–	262,000	39.17p	4 Jul 2015	3 Jul 2019
9 Jul 2013	1,098,000	–	–	(100,000)	998,000	90.63p	9 Jul 2016	8 Jul 2020
11 Jul 2014	1,331,700	–	–	(846,700)	485,000	145.33p	11 Jul 2017	10 Jul 2021
9 Jul 2015	1,347,600	–	(156,934)	(3,066)	1,187,600	133.33p	9 Jul 2018	8 Jul 2022
15 Dec 2015	57,400	–	–	–	57,400	153.25p	15 Dec 2018	14 Dec 2022
13 Jul 2016	1,123,300	–	(220,000)	–	903,300	141.50p	13 July 2019	12 July 2023
21 Jul 2017	–	985,200	(280,000)	–	705,200	157.00p	21 Jul 2020	21 Jul 2024
	5,590,000	985,200	(656,934)	(1,024,766)	4,893,500			

Full details of directors' share options are given in the Remuneration report on pages 52 to 64.

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 2019 is 129.0p (2018: 121.2p) and the weighted average exercise price of options exercisable at 30 April 2019 is 118.5p (2018: 91.9p).

The weighted average share price for options exercised during the year ended 30 April 2019 was 46.6p (30 April 2018: 133.7p).

The weighted average remaining years for options outstanding at the year end date is 3.2 years (2018: 4 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 2019 and 30 April 2018:

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	3.25 years
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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

20 SHARE CAPITAL AND RESERVES CONTINUED

Date of grant	15 December 2015	13 July 2016	21 July 2017
Vesting period	3 years	3 years	3 years
Share price volatility	26.16%	26.35%	36.00%
Share price on date of grant	154.00p	146.75p	159.00p
Option price	153.25p	141.50p	157.00p
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	3.32%	3.99%	4.00%
Risk free interest rate	0.90%	0.11%	0.62%
Fair value	21.78p	19.72p	30.61p

The charge for share-based payments is £141,000 (2018: £197,000) and for the Company the charge is £7,000 (2018: £20,000).

Share price volatility is based on historical data.

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 2019 and 30 April 2018 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 (2018: £201,000) arising on the redemption of the deferred shares and £1,997,000 (2018: £1,864,000) relating to the fair value of options granted to employees of Group undertakings (note 14).

21 FINANCIAL LIABILITIES

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Non-current liabilities				
Non-current instalments due on bank loans	**52,322**	27,319	**–**	–
Finance lease creditors	**1,063**	221	**–**	–
	53,385	27,540	**–**	–
Current liabilities				
Current instalments due on loans	**15,071**	6,006	**–**	–
Finance lease creditors	**779**	133	**–**	–
	15,850	6,139	**–**	–

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 (2018: four) years (note 12). The total finance lease creditor at 30 April 2019 was £1,842,000 of which £779,000 was due within one year and the remaining £1,063,000 due between two and five years, (2018: total finance lease creditor £354,000, £133,000 due within one year and £221,000 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.

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

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

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

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

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

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Overseas employment benefit obligations	**4,578**	4,592	**–**	–
Overseas defined benefit scheme	**1,057**	932	**–**	–
	5,635	5,524	**–**	–

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 then employee's length of service and final pensionable salary.

The actuarial valuation of the UK Pension scheme has revealed a surplus at 30 April 2019, 30 April 2018, 30 April 2017 and 30 April 2016. This surplus has not been recognised as an asset, in accordance with IFRIC 14, as in the 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The Fund is administered by a corporate Trustee, with Trustee Directors, which is legally separate from the Company. The Trustee Directors include representatives of both the Company and Fund members. The Trustee Directors are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

The level of benefits provided by the Fund depends on a member's length of service and salary at date of leaving or retiring from the Fund. Annual pension increases between leaving the Fund and retirement are linked to increases in the Retail Prices Index (RPI). After retirement, annual pension increases are at 3.0% pa for pension accrued before April 1997 and in line with increases in the RPI, up to a maximum of 5.0% pa, for pension accrued from April 1997.

The benefit payments are from a trustee administered fund containing assets held in trust and governed by UK regulations and practice. The amount of Company contributions is decided jointly by the Trustee Directors and the Company.

The Fund's investment strategy is decided by the Trustee Directors, in consultation with the Company. The Trustee Directors exercise their powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across asset classes. The assets are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund. Day to day selection of stocks is delegated to fund managers appointed by the Trustee Directors. As regards the review and selection of their fund managers, the Trustee Directors take expert advice.

UK legislation requires that pension schemes are funded prudently. The most recent triennial funding valuation of the Fund was carried out by a qualified actuary with an effective date of 1 June 2015. At this date the Fund had a funding level of 104% and a surplus of approximately £0.3 million on a technical provisions basis, consistent with the projected unit basis required under IAS 19. This basis uses actuarial assumptions adopted by the Trustee Directors of the Fund that are consistent with the Fund continuing on an ongoing basis with support from the Company.

Risks associated with the Fund
The fund exposes the Company to a number of risks, the most significant of which are described below.

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit.
Changes in bond yields	A decrease in corporate bond yields will increase the value placed on the Fund's liabilities for IAS 19, although this will be partially offset by an increase in the value of the Fund's bond holdings and insurance policies backing pensions in payment.
Inflation risk	Some of the Fund's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the Fund's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

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

	2019 £'000	2018 £'000
Present value of defined benefit obligation at beginning of year	**5,947**	6,639
Current service cost	**7**	8
Interest cost	**156**	162
Actuarial gains on fund liabilities arising in demographic assumptions	**(80)**	(296)
Actuarial losses/(gains) from changes in financial assumptions	**242**	(139)
Actuarial (gains)/losses on liabilities from experience	**(9)**	(87)
Benefits paid	**(323)**	(340)
	5,940	5,947

Reconciliation of the movement in the fair value of plan assets

	2019 £'000	2018 £'000
Fair value of plan assets at beginning of year	**6,657**	7,223
Interest income on fund assets	**175**	176
Remeasurement (losses)/gains on assets	**160**	(409)
Contributions by the Company	**6**	7
Benefits paid	**(323)**	(340)
Fair value of plan assets at end of year	**6,675**	6,657

Amount to be recognised in the statement of financial position

	2019 £'000	2018 £'000
Present value of funded obligations	**5,940**	5,947
Fair value of scheme assets	**(6,675)**	(6,657)
Net surplus	**(735)**	(710)
Effect of limit of recognition of an asset	**735**	710
Amount recognised in statement of financial position	**–**	–

The cumulative amount of remeasurement gains and losses recognised since 1 May 2004 in the Group and Company statements of comprehensive income, within other comprehensive income, is a loss of £1,375,000 (2018: loss of £1,375,000) in respect of the Company's defined benefit scheme. This has been charged to retained earnings.

Amount recognised in profit and loss

	2019 £'000	2018 £'000
Amount recognised in profit and loss		
Current service cost	**7**	8
Interest on net defined liability/(asset)	**–**	–
Total charge	**7**	8
Pension expense recognised in profit and loss	**7**	8
Remeasurement in Other Comprehensive Income		
Return on Scheme assets (in excess of)/below that recognised in net interest	**(160)**	409
Actuarial (gains)/losses due to changes in financial assumptions	**242**	(139)
Actuarial (gains)/losses due to changes in demographic assumptions	**(80)**	(296)
Actuarial (gains)/losses on liabilities arising from experience	**(9)**	(87)
Adjustment due to the asset ceiling	**6**	112
Total (income)/expense amount recognised in Other Comprehensive Income	**(1)**	(1)
Total (income)/expense amount recognised in Comprehensive Income	**6**	7

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 APRIL 2019

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

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

	2019		2018	
	£'000	**%**	£'000	%
Bonds	**3,988**	**60**	3,914	59
Insurance policies	**2,650**	**40**	2,730	41
Other	**37**	**–**	13	–
	6,675	**100**	6,657	100

There were no financial instruments of the Company included in the plan assets (2018: none) and there were no property assets occupied by the Company (2018: none).

Principal actuarial assumptions

	30 April 2019	30 April 2018
Discount rate for scheme liabilities	**2.40**	2.70
Rate for increase in salaries	**1.50**	1.50
Price inflation	**3.40**	3.20
Pension increases	**3.30**	3.00

The mortality tables used for 2019 are SAPS S2N Light tables for males and S2N all lives for females, with CMI 2014 projections and a long term rate of improvement of 1.5% pa. The mortality tables used for 2018 are S2NXA Light tables with CMI 2014 projections and a long term rate of improvement of 1.5% pa. The mortality assumptions allow for expected future improvements in mortality rates.

	2019	2018
Male currently aged 65	**23.2 years (age 88.2)**	23.4 years (age 88.4)
Female currently aged 65	**24.4 years (age 89.4)**	24.3 years (age 89.3)
Male currently aged 45	**24.4 years (age 89.6)**	25.0 years (age 90.0)
Female current aged 45	**25.8 years (age 90.8)**	26.1 years (age 91.1)

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Fair value of defined benefit obligation	**5,940**	5,947	6,639	6,303	6,562
Fair value of assets	**6,675**	6,657	7,223	6,716	6,938
Surplus/(deficit)	**735**	710	584	413	376

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Experience (losses)/gains on fund assets	**160**	(409)	653	(75)	581
Experience gains/(losses)on plan liabilities	**(9)**	(87)	49	76	(40)

Liabilities for 2019, 2018, 2016, 2015 and 2014 relate to gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

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 2019	Service cost £'000	Net Interest £'000	Total profit and loss charge £'000	Plan assets £'000	Defined benefit obligation £'000	Surplus £'000
As reported	7	–	7	6,675	5,940	735
Following a 0.1% decrease in the discount rate	7	–	7	6,697	6,007	690
Following a 0.1% increase pa in the inflation assumption	7	–	7	6,678	5,959	719
Following an increase in the life expectancy of one year	7	–	7	6,823	6,217	606

The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest valuation to the reporting date. 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 2019 and 30 April 2018. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

	2019	2018
Discount rate	**1.20%**	1.45%
Rate of increase in salaries	**1.75%**	1.75%
Retirement age	**61-63 years**	61-63 years
Inflation rate	**1.75%**	1.75%
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 2019 and 30 April 2018.

The movement on these schemes is as follows:

	2019 £'000	2018 £'000
At 1 May	**4,592**	4,441
Exchange differences	**26**	59
Utilised and other movements	**(40)**	92
At 30 April	**4,578**	4,592

Utilised and other movements for 2019 include amounts reflected in other comprehensive income, amounts charged to profit and loss and amounts paid to employees.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Overseas pension schemes

The Group's Swiss subsidiary, Prontophot (Schweiz) A.G. participates in funded multi-employer pension schemes. A guaranteed return for such employees' schemes is mandated by the Swiss state. An actuarial valuation was performed at 30 April 2019 and 30 April 2018 by independent actuaries.

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

	2019 £'000	2018 £'000
Present value of defined benefit obligation at 1 May	**3,826**	4,062
Exchange difference	**105**	(218)
Contribution by members	**38**	45
Current service cost	**196**	196
Interest cost	**28**	25
Remeasurement losses on plan liabilities	**144**	(131)
Prepaid risk premiums	**(38)**	(56)
Benefits deposited/(paid)	**(157)**	(99)
Administration costs	**2**	2
Present value of defined benefit obligation at 30 April	**4,144**	3,826

	2019 £'000	2018 £'000
Fair value of plan assets at 1 May	**2,894**	3,047
Exchange difference	**81**	(165)
Contributions by company and members	**190**	226
Expected return on plan assets	**21**	19
Remeasurement gain on plan assets	**96**	(78)
Benefits (paid)/deposited	**(157)**	(99)
Prepaid risk premiums	**(38)**	(56)
Fair value of plan assets at 30 April	**3,087**	2,894

	2019 £'000	2018 £'000
Net liability at 1 May	**932**	1,015
Exchange difference	**24**	(53)
Increase/(decrease) in liability	**101**	(30)
Net liability at 30 April	**1,057**	932

Amounts recognised in comprehensive income

	2019 £'000	2018 £'000
Amount recognised in profit and loss		
Amounts recognised in comprehensive income		
Current service cost	**196**	196
Administrative expenses	**2**	2
Net pension interest	**7**	6
Total charge	**205**	204
Amount recognised in other comprehensive income		
Return on scheme assets	**(96)**	78
Actuarial losses on defined benefit obligation	**144**	(131)
Total amount recognised in other comprehensive income	**48**	(53)
Total amount recognised in profit and loss and other comprehensive income	**253**	151

	2019		2018	
	£'000	**%**	£'000	%
Cash	**164**	**5**	69	2
Equities & debt instruments	**2,016**	**65**	1,955	68
Other	**908**	**30**	870	30
Total plan assets	**3,088**	**100**	2,894	100

Principal actuarial assumptions

	30 April 2019 %	30 April 2018 %
Discount rate	**0.60**	0.70
Expected return on plan assets at end of year	**n/a**	n/a
Rate of increase in salaries	**1.20**	1.20
Price inflation	**0.00**	0.00

The normal retirement age for males is between 60 – 65 years and for females between 59 – 64 years for both 2019 and 2018.

The mortality tables used in 2019 and 2018 were the BVG 2015 GT tables; 2017, 2016 and 2015 used the BVG 2010 GT tables.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 APRIL 2019

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

History of assets, liabilities and actuarial gains and losses

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Present value of defined benefit obligation	**4,144**	3,826	4,062	3,526	3,381
Fair value of assets	**3,087**	2,894	3,047	2,604	2,491
Deficit	**(1,057)**	(932)	(1,015)	(922)	(890)

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Experience (losses)/gains on plan liabilities	**(144)**	131	(186)	(107)	(571)
– as a percentage of the present value of plan liabilities	**3%**	3%	(5%)	3%	(17%)
Difference between expected and actual return on plan assets	**96**	(78)	218	168	94
– as a percentage of the present value of plan assets	**3%**	(3%)	7%	6%	3%

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		4,144	–
Defined benefit obligation	– with discount rate – 0.25%	4,336	192
	– with discount rate + 0.25%	3,965	(179)
	– with salary decrease – 0.25%	4,110	(34)
	– with salary increase + 0.25%	4,175	31
	– with life expectancy + 1 year	4,206	62
	– with life expectancy – 1 year	4,080	(64)

The Group's best estimate for contributions to be paid by the company next year to the scheme is £189,000 (2018: £204,000).

The amount recognised in the income statement for this scheme was £211,000 (30 April 2018: £211,000).

23 PROVISIONS

Group

	Employee related claims £'000	Product warranties £'000	Other £'000	Total £'000
At 30 April 2017	49	44	1,979	2,072
Exchange differences	10	2	70	82
Utilised and other movements	(52)	–	(1,992)	(2,044)
Charged to income statement	4	82	–	86
At 30 April 2018	11	128	57	196
Amount shown as current liability	11	128	57	196
At 30 April 2018	**11**	**128**	**57**	**196**
Exchange differences	**–**	**(5)**	**–**	**(5)**
Utilised and other movements	**13**	**(38)**	**(300)**	**(325)**
Charged to income statement	**86**	**23**	**243**	**352**
At 30 April 2019	**110**	**108**	**–**	**218**
Amount shown as current liability	**110**	**108**	**–**	**218**

Employee related claims

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

Other provisions

Other provisions include provisions for potential legal claims against certain Group companies. During the year, Management determined that certain provisions were no longer required and were therefore released.

24 DEFERRED TAXATION

Deferred tax comprises:

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Timing differences relating to property, plant and equipment	**3,279**	3,605	**(656)**	(701)
Other timing differences in recognising revenue and expense items in other periods for taxation purposes:				
– Capitalised development costs	**101**	344	**–**	–
– post-employment benefit provisions	**(645)**	(645)	**–**	–
– losses	**(209)**	(209)	**–**	–
– acquisition related intangibles	**581**	–	**–**	–
– other short term temporary differences	**1,411**	(2,359)	**(14)**	(244)
	4,518	736	**(670)**	(945)
The closing balance comprises:				
Deferred tax assets	**(912)**	(1,935)	**(670)**	(945)
Deferred tax liabilities	**5,430**	2,671	**–**	–
	4,518	736	**(670)**	(945)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

24 DEFERRED TAXATION CONTINUED
Deferred tax movements

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Opening balance	**736**	(554)	**(945)**	(1,835)
Exchange differences	**42**	238	**–**	–
Arising on acquisition of subsidiary	**633**	2	**–**	–
Charge for the year in income statement	**3,149**	1,038	**275**	890
Amounts (credited)/charged to other comprehensive income	**(42)**	12	**–**	–
Closing balance	**4,518**	736	**(670)**	(945)

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 remittance of earnings and it is possible that such earnings will not be remitted in the foreseeable future.

Unrecognised deferred tax assets
Deferred tax assets amounting to £1,220,000 (2018: £1,249,000) arising on temporary differences of £5,052,000 (2018: £5,114,000), 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	
	2019 £'000	2018 £'000
Expiring in less than one year	**–**	–
Expiring between two and 20 years	**228**	251
No expiry date	**992**	998
	1220	1,249

In addition, the Group has an unrecognised deferred tax asset on gross capital losses of £3,756,000 (2018: £3,756,000), of which £3,627,000 (2018: £3,627,000) relate to the Company, which have not been recognised as their future economic benefit is not certain.

Factors that may affect future tax charges
There will be a reduction in the corporation tax rates in two of the major jurisdictions in which the Group operates, in the UK to 17% from 2020 and in France to 25% from 2022 respectively. The deferred tax assets and liabilities have been recognised based on the respective corporation tax rates at which they are anticipated to unwind in each jurisdiction.

25 TRADE AND OTHER PAYABLES

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts shown as non-current liabilities				
Other payables	**–**	224	**–**	–
Accruals and deferred income	**–**	–	**–**	–
	–	224	**–**	–
Amounts shown as current liabilities				
Trade payables	**24,699**	27,309	**4,038**	4,256
Amounts owed to subsidiaries	**–**	–	**36,373**	21,463
Other taxes and social security costs	**3,517**	2,988	**517**	596
Other payables	**6,880**	6,883	**442**	504
Accruals and deferred income	**5,786**	6,318	**696**	778
	40,882	43,498	**42,066**	27,597

26 OPERATING LEASES AND SITE AGREEMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Land and buildings				
Not later than one year	**1,872**	1,032	**305**	208
After one year but not more than five years	**3,548**	2,060	**648**	684
After five years	**1,025**	709	**711**	709
	6,445	3,801	**1,664**	1,601
Other				
Not later than one year	**1,641**	1,769	**566**	738
After one year but not more than five years	**1,210**	2,002	**186**	789
After five years	**–**	–	**–**	–
	2,851	3,771	**752**	1,527
Total				
Not later than one year	**3,513**	2,801	**871**	946
After one year but not more than five years	**4,758**	4,062	**834**	1,473
After five years	**1,025**	709	**711**	709
	9,296	7,572	**2,416**	3,128
Site owner agreements				
Not later than one year	**6,609**	10,383	**1,303**	1,635
After one year but not more than five years	**6,002**	21,196	**27**	1,158
After five years	**–**	3,067	**–**	58
	12,611	34,646	**1,330**	2,851

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 APRIL 2019

26 OPERATING LEASES AND SITE AGREEMENTS CONTINUED

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.

In January 2016 the IASB issued IFRS16 Leases which is effective for annual reporting periods beginning on or after 1 January 2019. Under this standard all leases, both finance and operating will be included in the statement of financial position. The Group is currently studying the impact of IFRS 16 on its operating leases and examining the extent to which commission arrangements meet the definition of a lease under IFRS 16.

27 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

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

	Group		Company	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Amounts with third parties				
For supply of property, plant & equipment – mainly vending equipment	**–**	–	**–**	–
Amounts with Group companies				
Amount of vending equipment contracted by the Group's operating Companies with the Group's procurement companies	**–**	–	**–**	–

Contingent liabilities

The Company and subsidiary undertakings have given guarantees in the normal course of business to third parties, including to the Group's bankers. 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 therefore consider that no contingent liability for litigation exists.

The Group has no contingent liabilities with regard to its interest in the associated undertakings (2018: none).

28 RELATED PARTIES

The Group's related parties are its associated undertakings, subsidiary undertakings and its key management personnel, which comprises the Board of Directors as set out on page 44.

The following transactions were carried out with related parties:

Directors' compensation

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Salaries and other short-term employee benefits excluding long-term incentives and pension contributions	**1,433**	682	**–**	–
Share-based payments – charge	**61**	–	**–**	
	1,494	682	**–**	

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 52 to 64● 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 in respect of this was £nil (2018: £nil). No director who served during the year was a member of the Company's defined benefit pension scheme (2018: none).

Directors of the Company control 22.45% of the Ordinary shares of the Company. The interests of the directors are shown on page 61 of the Remuneration report.

	2019 £'000	2018 £'000
Transactions with subsidiaries		
Sales	**17**	101
Purchases	**6,646**	7,887
Amounts owed by subsidiaries	**16,503**	26,164
Amounts owed to subsidiaries	**36,373**	21,462
Other items		
Intercompany fees charged by subsidiaries	**3,049**	6,716
Property, plant and equipment		
- acquired from subsidiaries	**3,374**	6,120
Dividend income		
- from subsidiaries	**2,239**	16,497
Transactions with Associates		
Dividends received from associates	**36**	304

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

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 2019 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 90% of the Group's revenue and operating profit.

Company name	Principal Activity	Group interest	Registered office address	Country of incorporation
UK & Ireland				
Fowler UK.Com Limited	Operations	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Jolly Roger (Amusement Rides) Limited	Production	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
MgInvest Investments Limited	Investment	100%*	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me (2016) Limited	Dormant	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me (Retail) Limited	Operations	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me Limited	Corporate	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me Trustees Limited	Dormant	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Xpand Investments Limited	Investment	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Power-Me Limited	Dormant	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Inox Equip Limited	Operations	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Tersus Equip Limited	Operations	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Impact (Web Services) Limited	Dormant	100%	Unit A4, Alexander House, Tallaght Cross East, Tallaght, Dublin 24	Republic of Ireland
Photo-Me Ireland Limited	Operations	100%	Unit A4, Alexander House, Tallaght Cross East, Tallaght, Dublin 24	Republic of Ireland
Continental Europe				
Prontophot Austria G.m.b.H.	Operations	100%	Viktor Kaplan Strasse 9B, 2201 Gerasdorf bei Wien	Austria
Prontophot Belgium NV	Operations	100%	Boulevard Paepsem 8a, 1070 Anderlecht	Belgium
Photo-Me Czech Republic s.p.o.l. s.r.o.	Dormant	100%*	Husova 2117, 256 01 Benešov	Czech Republic
KIS SAS	Trading	100%*	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
Photomaton SAS	Operations	100%*	4 Rue de la Croix Faron, 93217 La Plaine Saint-Denis	France
Sempa SARL	Operations	96%*	73 D rue du Général Mangin, 38000, Grenoble	France
Photo-Me France SAS	Investment	100%	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
SCI du Lotissement d'Echirolles	Property	61%*	2110 Avenue Du Général De Gaulle, 38130 Echirolles	France
SCI Immobilière du 21	Property	100%*	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
Fotofix-Schnellphotoautomaten G.m.b.H.	Operations	100%	Medienstrasse 4, 47807 Krefeld	Germany
Kis Italia Srl	Dormant	100%	Via Tiziano 32, 20145 Milano	Italy
Prontophot Holland B.V	Operations	100%	Loonseweg 14, 5527 AC Hapert	Netherlands
KIS Poland s.p.z.o.o.	Operations	100%	ul. Targowa 46/5, 03-733 Warszawa	Poland

Company name	Principal Activity	Group interest	Registered office address	Country of incorporation
Animate Fotofixe Limitada	Operations	100%	Rua Sto António do Zaire, n°138, 2685-492 Camarate	Portugal
KIS Automatic Services SL	Operations	100%	Calle Freixa 26-28, Planta Bj, 08021 Barcelona	Spain
Global Network Investment SL	Operations	100%	Provença 385, entrelo. 2º, 08025 Barcelona	Spain
Smart Real Estate & Refurbishment SL	Operations	100%	Provença 385, entrelo. 2º, 08025 Barcelona	Spain
Prontophot (Schweiz) AG	Operations	100%	Sonnentalstrasse 5, 8600 Dübendorf	Switzerland
Asia & ROW				
Photo Direct Pty Ltd (associated)	Sales & Servicing	26.95%	Unit 4, 109 Whitehorse Rd, Blackburn, Victoria 3130	Australia
Photo-Me (Shanghai) Co Limited	Operations	100%*	Room 1102 Tongyong Tower, No. 1346 Gong he Xin Road, Zha bei District, Shanghai 200070	China
Photo-Me Beijing Co Limited	Operations	100%*	Room 1124, Ocean Natural Xintiandi, No.106 East Majiapu Road, Fengtai District, Beijing 100000	China
Photomaton Maroc SARL (associated)	Operations	50%	131, Bd d'Anfa, Casablanca, 20250	Morocco
Nippon Auto-Photo Kabushiki Kaisha	Operations	100%	Room 1302, Atlas Tower Roppongi, Roppongi 7-7-13, Minato-Ku, 106 0032	Japan
Photo-Me Korea Company Limited	Operations	100%*	Room #203-1, Daeryung techno town 1st, Gasan Digital 2 ro 18, Geumcheon-gu, Seoul, 08592	Korea
Photomatico (Singapore) Pte Limited	Operations	100%	26 Sin Ming Lane, Singapore 573971	Singapore
KIS (Thailand) Limited	Dormant	49%	53/3, 4th Floor, Unit 4, Goldenland Bldg, Soi Mahardlekluang 1, Badmiri Rd, Lumpini Phathumwan, 10330 Bangkok	Thailand

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

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 is 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:

SCI du Lotissement d'Echirolles	31 December
Photo-Me Beijing Co Limited	31 December
Photo-Me Shanghai Co Limited	31 December
KIS Technolgy Company Limited	31 March
Photo Direct Pty Ltd	30 June

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

30 BUSINESS COMBINATIONS

La Wash Group

On 23 May 2018, the Group acquired the entire issued share capital of La Wash Group, consisting of Global Network Investment SL and Smart Real Estate & Refurbishment SL, for a consideration of €5 million, obtaining control of the group on that date. Based in Barcelona, the La Wash Group is a leader in the Spanish business-to-business laundry services market.

The acquisition was funded from the Group's cash resources.

Deferred consideration

A further £220,000 of consideration is payable to the vendor of the acquired businesses based on earnings in the year ended 30 April 2019.

Goodwill

The goodwill acquired of £2,570,000 arising from the acquisition is attributable to the value of the assembled workforce and the ability of the senior staff to generate future business.

Acquired receivables

The contractual and fair value of trade receivables acquired was £284,000.

The following amounts have been included in the Group's post acquisition results in respect of the acquired businesses:

The fair values of the assets and liabilities acquired, cash outlay on acquisition and results of the acquired business included in Group results in the year ended 30 April 2019 are shown in the table below.

Sempa

On 24 April 2019, the Group acquired 96% of the issued share capital of Sempa SARL for a consideration of €20,640,000 million, obtaining control of the Company on that date. Sempa SARL is the French market leading provider of fresh fruit juice equipment. This acquisition is in line with Photo-Me's strategy to diversify its vending operations and will develop a new product offering alongside its Identification, Laundry and Kiosk businesses.

The acquisition was financed with borrowings from the Group's bankers.

Due to the proximity of the transaction to the reporting date, the purchase price allocation, including determination of the fair value of intangible assets recognised on consolidation has not been finalised.

Goodwill

The goodwill of £10,660,000 arising from the acquisition is attributable to the anticipated operational benefits and improvements to the Group's commercial offering, the value of the assembled workforce and the ability of the senior staff to generate future business.

Acquired receivables

The provisional fair value of trade receivables acquired was £512,000. The gross contractual amounts receivable were £559,000 which £47,000 were not expected to be received.

No amounts have been included in the Group's post acquisition results in respect of the acquired business.

The fair values of the assets and liabilities acquired with La Wash and the provisional fair values of assets and liabilities acquired with Sempa are shown below:

	La Wash Group £'000	Sempa SARL £'000	Total £'000
Intangible assets - Customer relationships	2,369	–	2,369
Intangible assets - Brand value	218	–	218
Intangible assets - Software	21	1	22
Property, plant and equipment	31	1,001	1,032
Total fixed assets	**2,639**	**1,002**	**3,641**
Inventory	61	120	181
Trade and other receivables	458	580	1,038
Cash and cash equivalents	57	8,497	8,554
Total current assets	**576**	**9,197**	**9,773**
Total assets	**3,215**	**10,199**	**13,414**
Trade and other payables	(595)	(1,234)	(1,829)
Deferred tax	(633)	–	(633)
Current tax	(167)	(49)	(216)
Total current liabilities	**(1,395)**	**(1,283)**	**(2,678)**
Borrowings	–	(1,481)	(1,481)
Total liabilities	**(1,395)**	**(2,764)**	**(4,159)**
Total identifiable net assets acquired excluding goodwill	**1,820**	**7,435**	**9,255**
Goodwill	2,570	10,660	13,230
Non-controlling interest	–	(297)	(297)
Total identifiable net assets acquired	**4,390**	**17,798**	**22,188**
Satisfied by			
Cash	4,170	17,798	21,968
Deferred consideration to be paid	220	–	220
Total consideration	**4,390**	**17,798**	**22,188**
Cash consideration per cash flow			
Cash consideration	4,170	17,798	21,968
Net cash acquired with subsidiaries	(57)	(8,497)	(8,554)
Initial cash outlay on purchase of subsidiaries	**4,227**	**9,301**	**13,528**

The following results were included in the Group's results for the year ended 30 April 2019

	£'000	£'000	£'000
Revenue	3,784	–	3,784
Profit before tax	943	–	943

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 APRIL 2019

31 EVENTS AFTER BALANCE SHEET DATE
On 4 May 2019 the Group acquired the 4% non-controlling interest in Sempa SARL for €860,000, taking its interest in Sempa SARL to 100%.

32 TRANSITION TO IFRS 9 FINANCIAL INSTRUMENTS
The table below shows reclassification of assets and liabilities on transition to IFRS 9 and the initial effect on equity at 1 May 2018.

	IAS 39 Classification at 30 April 2018	IFRS 9 Classification at 1 May 2018	IAS 39 Carrying amount 30 April 2018	IFRS 9 Carrying amount 1 May 2018	Effect on equity 1 May 2018	Of which Remeasurement due to new rules for classification and measurement
Financial assets						
Equity investments	Available for sale	Fair value through profit and loss	4,286	4,286	–	–
Cash restricted in its use	Held to maturity	Amortised cost	1,710	1,710	–	–
Trade and other receivables (non current)	Loans and receivables	Amortised cost	2,116	2,116	–	–
Trade and other receivables (current)	Loans and receivables	Amortised cost	20,613	20,613	–	–
Cash and cash equivalents	Loans and receivables	Amortised cost	58,657	58,657	–	–
Total financial assets			87,382	87,382	–	–
Non-financial assets			151,527	151,527	–	–
Total assets			**238,909**	**238,909**	**–**	**–**
Financial liabilities						
Loans and borrowings (non current)	Amortised cost	Amortised cost	(27,540)	(27,540)	–	–
Trade and other payables (non current)	Amortised cost	Amortised cost	(224)	(224)	–	–
Loans and borrowings (current)	Amortised cost	Amortised cost	(6,139)	(6,139)	–	–
Trade and other payables (current)	Amortised cost	Amortised cost	(43,498)	(43,498)	–	–
Total financial liabilities			(77,401)	(77,401)	–	–
Non-financial liabilities			(16,698)	(16,698)	–	–
Total liabilities			**(94,099)**	**(94,099)**	**–**	**–**

5 YEAR SUMMARY

INCOME STATEMENT (UNAUDITED)

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Revenue					
UK & Ireland	**52,919**	63,707	53,639	45,783	44,652
Continental Europe	**130,661**	121,134	111,670	93,712	94,345
Asia	**44,538**	44,973	49,344	44,499	38,205
Total revenue	**228,118**	229,814	214,653	183,994	177,202
Operating profit after special items before finance costs	**42,739**	46,106	46,807	39,734	38,370
Net finance (cost)/income & Other gains	**(146)**	4,069	1,232	372	126
Profit before taxation	**42,593**	50,175	48,039	40,106	38,496
Taxation	**(11,314)**	(9,889)	(12,901)	(10,907)	(10,452)
Profit after taxation	**31,279**	40,286	35,138	29,199	28,044
Attributable to:					
– equity owners of the Parent	**31,226**	40,134	34,991	29,066	27,900
– Non-controlling interests	**53**	152	147	133	144
	31,279	40,286	35,138	29,199	28,044
Earnings per share - Basic	**8.27p**	10.64p	9.30p	7.77p	7.49p
Earnings per share - Diluted	**8.26p**	10.60p	9.27p	7.72p	7.43p
Dividends - interim	**3.71p**	3.71p	3.09p	2.575p	2.34p
Dividends - final	**4.73p**	4.73p	3.94p	3.285p	2.54p
Dividends - special	**–**	–	–	2.815p	–
Total dividends	**8.44p**	8.44p	7.03p	8.675p	4.88p

5 YEAR SUMMARY CONTINUED

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Intangible assets	**41,816**	27,395	25,263	20,312	16,687
Property,plant and equipment	**96,001**	93,232	75,651	56,723	48,721
Other non-current investments	**415**	1,583	2,095	1,713	848
Other non-current assets	**5,045**	10,047	8,136	8,092	7,486
Current assets	**128,723**	106,652	85,753	103,382	82,474
Assets held for sale	**–**	–	96	96	–
Total assets	**272,000**	238,909	196,994	190,318	156,216
Share capital	**1,889**	1,887	1,882	1,877	1,866
Share premium	**10,588**	10,366	8,999	8,156	7,131
Reserves	**129,500**	131,004	117,080	111,608	94,510
Equity of the Parent	**141,977**	143,257	127,961	121,641	103,507
Non-controlling interests	**1,870**	1,553	1,341	1,109	904
Total equity	**143,847**	144,810	129,302	122,750	104,411
Total non-current liabilities	**64,450**	35,959	19,045	17,656	7,549
Total current liabilities	**63,703**	58,140	48,647	49,912	44,256
Total equity and liabilities	**272,000**	238,909	196,994	190,318	156,216
Net cash	**16,338**	26,688	39,212	62,415	60,669

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

	2019	2018	2017	2016	2015
Capital expenditure – photobooth & vending machines £'000	**24,938**	35,588	33,787	19,402	18,287
Capital expenditure – research & development £'000	**1,631**	2,510	2,390	2,935	2,560
EBITDA £'000	**69,705**	70,981	69,034	56,530	55,087
EBITDA % of revenue	**30.6**	30.9	32.2	30.7	31.1
Number of vending sites	**47,000**	47,000	48,000	45,500	44,600

COMPANY INFORMATION & ADVISORS

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Number 735438

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2 Triton Square
Regent's Place
London
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FINANCIAL PUBLIC RELATIONS
Hudson Sandler LLP
29 Cloth Fair
London
EC1A 7NN

REGISTRARS
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

SHAREHOLDER INFORMATION

ANALYSIS OF REGISTERED SHAREHOLDINGS AT 5 JULY 2018

	Number of Holdings	Number of Ordinary Shares	% of Issued Share Capital
Category:			
Individuals	1,822	7,393,779	1.96
Nominees	396	366,921,563	97.06
Other corporate bodies	39	3,696,295	0.98
Total	**2,257**	**378,011,637**	**100.00**
Size of holding:			
1-1,000	1,096	532,542	0.14
1,001-10,000	806	2,505,164	0.66
10,001 - 100,000	205	6,952,117	1.83
100,001 - 500,000	89	22,729,293	6.01
500,001 - 1,000,000	27	19,540,091	5.16
1,000,000 and above	34	325,752,430	86.18
Total	**2,257**	**378,011,637**	**100.00**

CAPITAL GAINS TAX

For shareholders wishing to calculate United Kingdom capital gains tax, the example below shows the effect on 100 shares at 31 March 1982 after all subsequent capitalisations and subdivisions:

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

TRANSFER OFFICE AND REGISTRATION SERVICES

Link Asset Services act on behalf of the Company. All shareholder enquiries, notifications of change of address, dividend mandates, etc. should be referred to them at:

Link 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

The Register of directors' interests is maintained at the Registered Office at Bookham.

Copies of the Annual Report should be requested from:

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FINANCIAL CALENDAR

Annual General Meeting		3 October 2019
Half year results		
(to 31 October 2019)		Announcement in December 2019
Full year results		
(to 30 April 2020)		Announcement in July 2020
Dividend		
Final (year to 30 April 2019)	– ex dividend date	17 October 2019
	– record date	18 October 2019
	– payment date	8 November 2019

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