Photo-Me

Half-year Report

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PHOTO-ME INTERNATIONAL PLC
Interim Results

Record first half performance
Strategy delivering sustainable growth

Photo-Me International plc ('Photo-Me" or "the Group"), the instant service equipment group, announces its results for the six-month period ended 31 October 2016.

Results highlights:

	2016	2015	Change	2016†	Change
Revenue	£110.6m	£92.8m	19.2%	£96.5m	+4.0%
EBITDA	£40.3m	£33.4m	20.7%	£34.9m	+4.5%
Pre-tax Profit	£31.0m	£25.8m	20.2%	£26.9m	+4.3%
Net Cash *	£68.0m	£63.3m	+7.4%		
EPS (diluted)	5.84p	4.98p	+17.3%		
Ordinary Dividend per share	3.09p	2.575p	+20%		

† At constant currency
Average rates of exchange used: £/€ 1.20 (2015: 1.38) £/Yen 139 (2015: 189)
* As defined in note 8 to the accounts

Financial Highlights

- First half results ahead of the Board's expectations
- Revenue growth of 19.2% (up 4.0% at constant currency), driven primarily

by the rollout of our laundry product, Revolution
- Pre-tax profits increased by 20.2% to £31.0m; (up 4.3% at constant currency)
- Net cash position remains very strong at £68.0m, £5.6m higher than at 30 April 2016, after investments, including the acquisition of Asda's photo division, and substantially higher dividend payments
- Interim dividend increased by 20%, in line with guidance

Operational Highlights

- Investments and new products reinforcing growth momentum
- Acquisition of the UK photo division of Asda Stores Limited completed
- Investment in technology upgrades in French Photobooth estate following ANTS (Agence Nationale des Titres Sécurisés linked to the French Ministry of Transport) contract
- Memorandum of Understanding agreed with Ministry of Foreign Affairs and Trade in the Republic of Ireland for photobooth secure online passport applications
- New launderette shops producing good returns
- Production of reduced footprint "Revolution 2" laundry units now underway and expected to accelerate laundry roll-out

John Lewis, Non-executive Chairman, said:

"Photo-Me has made excellent progress in the first half with strong growth in revenues and profits reflecting the success of our strategy of investing in new products, the acceleration in the growth of our laundry business and currency benefit.

We are strongly positioned to be a leader in security based operations. During the first half we focused on technology upgrades to our photobooth estate in France that allow digitised photos and e-signatures for driving licenses to be securely uploaded. The expansion of our laundry business continues to drive our growth and the introduction of our smaller Revolution units are expected to help maintain that progress.

Our cash flow and net cash position both remain extremely strong after investments and the interim ordinary dividend has increased by 20% in line with previous guidance.

The Group's performance for the first half was ahead of the Board expectations and the Board therefore now expects the Group's profits will significantly exceed current market expectations for the financial period ending 30 April 2017. The Board continues to be optimistic about the Group's future prospects."

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CHAIRMAN'S STATEMENT

Results

Headline revenue increased by 19.2%, benefiting from excellent operational progress and the sharp decline in the value of sterling against the euro and yen. Revenue at constant currency rose by 4%, driven by good growth in Continental Europe and the Republic of Ireland and, in particular, the accelerated expansion of the laundry business.

Headline pre-tax profits rose by 20.2% to £31.0m and at constant currency pre-tax profits increased by 4.3%.

The cash performance of the business remained strong and at 31 October 2016 net cash was £68.0m, an increase of £5.6m since 30 April 2016.

Strategy

Our strategy is to continue to diversify Photo-Me's operations through investment in the development of new products and technologies with multiple applications, funded by the strength of cash flows from the established photobooth business. The Group's photo ID business is now exclusively focusing its product development on new technologies enabling secure integrated solutions for governments such as the ANTS (Agence Nationale des Titres Sécurisés, a national agency linked to the French Ministry of Transport and issuing secured official personal documents) and the 3D enrolment booth, showcased last month at TRUSTECH in Cannes, a large event dedicated to the Trust Based Technology. In addition to ID secure systems, the Group has developed solutions for the transmission of secure payments (Moneygram), and the automated distribution of high-value prepaid gift cards. These initiatives strongly position the Group to become a leader in security based applications.

The Group remains focused on the rapid expansion of its laundry division in Continental Europe, expanding in all segments of the laundry market, in line with its plan to deploy 6,000 owned and operated laundry units by 2020.

Dividends

In line with the commitment that we made at the time of our preliminary results in June 2016, the Board is declaring an interim dividend of 3.09 pence per share, an increase of 20% over the interim dividend of 2.575 pence per share paid last year.

The interim dividend will be paid on 11 May 2017 to shareholders on the register on 7 April 2017, with an ex-dividend date of 6 April 2017.

Outlook

The Group's performance for the first half was ahead of the Board expectations and the Board therefore now expects the Group's profits will significantly exceed current market expectations for the financial period ending 30 April 2017. The Board continues to be optimistic about the Group's future prospects.

John Lewis
Non-executive Chairman

CHIEF EXECUTIVE'S BUSINESS AND FINANCIAL REVIEW

BUSINESS REVIEW

Photo-Me's principal activity is the operation of unattended vending equipment, primarily photo booths and laundry units, and also new digital printing kiosks and amusement machines.

At the end of October 2016, the Group's estate comprised 46,760 units (2015: 45,241) of which photobooths comprised 60%. Overall, the number of vending units increased by 3.4% year on year, driven by good growth in Continental Europe and Asia & the Rest of the World, particularly China. The photobooth estate also grew by 2.5%.

Leveraging the strong cashflows generated by its operations, the Group has invested £24m during the period (2015: £11.3m) in a programme of investments which will generate high returns in the future: acquisition of the UK photo division of Asda Stores Limited, roll-out of new Revolution units especially in France, Ireland and Portugal, new digital printing Kiosks deployed in UK supermarkets, new launderettes acquired in Europe.

The business is focused on three main geographic regions at present: Continental Europe, UK & Republic of Ireland, and Asia & the Rest of World.

	Vending units		
	2016	2015	Change
Continental Europe	**23,605**	22,687	+4.0%
UK & Republic of Ireland	**12,602**	12,573	+0.2%
Asia & ROW	**10,553**	9,981	+5.7%
Total	**46,760**	45,241	+3.4%

Geographical analysis of revenue and profit (by origin)

	Revenue			Operating Profit		
Six months to 31 October	**2016**	2016 CC	2015	**2016**	2016 CC	2015

	£m	£m	£m	**£m**	£m	£m
Continental Europe	**61.1**	53.0	51.6	**22.0**	18.8	17.6
UK & ROI (inc. Corporate)	**25.4**	25.2	23.0	**4.4**	4.2	4.4
Asia & ROW	**24.1**	18.3	18.2	**3.7**	2.9	3.4
	110.6	96.5	92.8	**30.1**	25.9	25.4

CONTINENTAL EUROPE

Continental Europe in total contributed 55% of Group revenue (2015: 55%) and 73% of the profit (2015: 69%). The Group operates in ten countries.

At constant currency revenue increased by 2.7%, driven by a 78% increase in takings from laundry machines operated. Photobooth revenue contracted by 1% at constant currency. Operating profits rose by 6.8% on a constant currency basis, again driven primarily by the laundry division.

The Group took the decision this year to slow down the roll-out of the European photobooth estate in order to focus on upgrading its photobooths both in terms of payment systems as well as new digital security features, particularly in France. In February 2016, the Group announced that it had obtained the first agreement with ANTS (National Agency of Secure Documents in France) to allow the delivery of a digitised e-photo and e-signature for the purposes of driving licence applications enabling these documents to be sent from Photo-Me's booths via a secure server. The Group has invested in the upgrade of all its 7,800 units in France.

The Group has taken a cautious attitude to price increases in its photobooth estate in recent years, but increases from €5 to €6 in Holland and from CHF8 to CHF10 in Switzerland were implemented towards the end of the first half.

The roll-out of the Group's laundry product - branded Revolution - predominantly utilising the same sites as the photobooth estate, continues to progress well and the Group now has laundry units in ten countries. At the end of the half-year, across the Group, the total number of laundry operated units increased by 51% compared with the half year in 2015. The results from the units in operation in France, the Republic of Ireland and Portugal remain extremely encouraging with monthly sales per unit of the more established machines within the estate of €1,400 during the period. In the six-month period ended 31 October 2016, laundry business takings across the Group increased by 79% to £9.9m (2015: £5.5m).

The Group now also has 34 launderettes in towns across France, Belgium and Spain, and is targeting towns where there is no large supermarket nearby and limited competition. A new design for the shops, modern and more attractive to customers, has been created and it is now being progressively rolled out starting with new locations. Results from these launderettes are solid and encouraging. The Group's ambition remains to expand this concept rapidly and reach a sizeable base of locations by 2020.

Total sales of laundry equipment across the Group increased by 77% to £2.3m compared with the same period last year (2015: £1.3m).

Production of the Group's reduced footprint "Revolution 2" unit has recently commenced. Like the current unit, Revolution 2 comprises two machines and a dryer but it has a footprint of only 5sqm^2 compared with 10sqm^2 for the current model. This smaller unit is expected to enable more rapid deployment for the product in its core markets and is likely to be more attractive in Far Eastern markets.

The Group operates nearly 5,000 digital printing kiosks in Europe, primarily in France and Switzerland, an increase of 3.5% compared with the prior year period. In response to growing consumer demand, the Group last year introduced a new kiosk designed by Starck which is fully integrated with major social media networks and enable easy photo printing from smartphones. Initial results from the Speedlab Cube and Speedlab Bio have been promising and these have been gradually rolled out during the first half.

UK & REPUBLIC OF IRELAND (Including Corporate)

This division contributed 23% of Group revenue (2015: 25%) and 15% of operating profit (2015: 17%).

The operating profit in the UK & Republic of Ireland (Including Corporate) declined by 4.5% due to Photo-Me Retail (acquired Asda's UK photo division) start-up costs, increased depreciation and slightly higher machines management costs in the core photobooth estate. The laundry business in the Republic of Ireland continued to perform well and commentary on this is included in the European section, above. Fowler (UK), the Group's commercial laundry and catering equipment business, has made good progress in the last 12 months and contributed almost £2m to Group revenue in the first half.

Photobooth unit numbers were stable year-on-year while in line with the strategy there was a continued reduction in bouly/amusement machines and kiddie rides which generate minimal revenue and perform below the Group profitability standards due to increasing maintenance costs. However, the Group more than doubled the number of digital printing kiosks it operates by replacing 265 existing units within Morrisons with its own units.

The Group completed the acquisition of the UK photo division of Asda Stores Limited on 31 October 2016 as announced on 7 November 2016. The Group has already commenced the reconfiguration of layouts and equipment upgrades that are necessary to increase the appeal for customers and expand the profit performance going forward.

Leveraging the secure technology developed for the ANTS solution, photobooths are being rolled out in the Republic of Ireland in conjunction with the Ministry of Foreign Affairs and Trade in order to enable secure online passport applications. Initial results and testing have been very positive, underscoring the Group's technological and security credentials. On 30 November 2016, a Memorandum of Understanding was concluded between both parties sealing the five-year arrangement.

ASIA & REST OF THE WORLD

Asia and R.O.W contributed 22% of Group revenue (2015: 20%) and 12% of operating profit (2015: 13%).

At constant currency, revenues in Asia and R.O.W increased by 0.5% over the period with lower revenue in Japan offset by growth in China and South Korea.

Japan, the largest territory in the region, was weaker in comparison to a strong first half in 2015. This was primarily due to the delay to the My Number programme, Japan's new ID card programme, and the Group currently considers it prudent not to expect any contribution from this programme in the current financial year. Photobooth numbers have increased by some 7% in preparation for the launch of the programme which is expected to recommence at some stage in 2017.

Good progress continues to be made in China where both revenues and profits increased by over 30% on a constant currency basis.

STATEMENT OF FINANCIAL POSITION

Shareholders' equity as at 31 October 2016 totaled £134.9m (30 April 2016: £121.6m), equivalent to 36 pence (30 April 2016: 33 pence) per share.

The Group's net financial position continued to improve, with a net cash balance of £68.0m as at the 31 October 2016 (30 April 2016: £62.4m).

PRINCIPAL RISKS

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

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

Nature of the risk	Description and impact	Mitigation
Economic		
• Global economic conditions	Economic growth is a major influence on consumer spending. A sustained period of economic recession could lead to a decrease in consumer expenditure in discretionary areas.	The Group focuses on maintaining the characteristics and affordability of its needs-driven products.
• Volatility of foreign exchange rates	The majority of the Group's revenue and profit is generated outside of the UK, and the Group results could be adversely impacted by an increase in the value of sterling relative to those currencies.	The Group hedges its exposure to currency fluctuations on transactions, as relevant. However, by its nature, in the Board's opinion, it is very difficult to hedge against currency fluctuation arising from

		translation in consolidation in a cost-effective manner.
Regulations		
• Centralisation of production of ID photos	In many European countries where the Group operates, if governments were to implement centralised image capture for biometric passport and other applications, the Group's revenues and profits could be seriously affected.	The Group has developed new systems that respond to this situation, leveraging 3D technology in ID security standards, and linking securely our booths to the administration repositories (solutions in place in France, Ireland, Germany and Switzerland, discussions in the UK, Belgium and Holland). Besides, the Group also ensures that its ID product remains affordable and of high quality. The Group is also conducting lobbying activities.
Strategic		
• Identification of new business opportunities	Failure to identify new business areas may impact the ability of the Group to grow in the long term.	The Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research for new products and technologies.
• Inability to deliver anticipated benefits from the launch of new products	The realisation of long-term anticipated benefits depends mainly upon the continued growth of the laundry business and the successful development of the integrated secure ID solutions.	The Group regularly monitors the performance of the entire estate of machines. New technology enabled secure ID solutions are heavily trialled before launch and the performance of operating machines is monitored consistently.
Market		
• Commercial relationships	The Group has well-established long-term relationships with a number of site-owners. The	The Group's major key relationships are supported by medium-term contracts. We actively

	deterioration in the relationship with, or ultimately the loss of, a key account would have an adverse albeit contained, impact on the Group's results, considering how the Group's turnover is spread over a large client base and none of the accounts representing more than 1% of the Group turnover	manage our site-owner relationships at all levels to ensure a high quality of service.
Operational		
• Reliance on foreign manufacturers	The Group sources most of its products from outside the UK. Consequently, the Group is subject to risks associated with international trade.	Extensive research is conducted into quality and ethics before the Group procures products from any new country or supplier. The Group also maintains very close relationships with both its suppliers and shippers to ensure that risks of disruption to production and supply are managed appropriately.
• Reliance on one single supplier of consumables	The Group currently buys all its paper for photobooths from one single supplier. The failure of this supplier could have a dramatic effect.	The Board has decided to hold a strategic stock of paper, allowing for 6 to 10 months' worth of paper consumption, to give enough time to put in place alternative solutions.
• Reputation	The Group's 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 the 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. Besides, the reputational risk is diluted as the Group operates under different brands in most countries.
• Product and service quality	The Board recognises that the quality and safety of both its	The Group continues to invest in its existing estate, to ensure that it

	products and services is of critical importance and that any major failure will affect consumer confidence.	remains contemporary, and in constant product innovation to meet customer needs. The Group also has a programme to regularly train its technicians.
Technological		
• Failure to keep up with the advances in technology	The Group operates in fields particularly in relation to photography where upgrades to new technologies are mission critical.	The Group mitigates this risk by continual focus on R&D.

Serge Crasnianski
Chief Executive Officer

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 October 2016

	Notes	**Unaudited 6 months to 31 October 2016 £ '000**	Unaudited 6 months to 31 October 2015 £ '000	Audited Year to 30 April 2016 £ '000
Revenue	3	110,608	92,762	183,994
Cost of Sales		(73,530)	(61,763)	(131,546)
Gross Profit		**37,078**	30,999	52,448
Other Operating Income		698	624	1,306
Administrative Expenses		(7,800)	(6,280)	(14,185)
Share of Post-Tax Profits from Associates		94	92	165
Operating Profit	3	**30,070**	25,435	39,734
Finance Revenue		1,092	453	538
Finance Cost		(137)	(68)	(166)
Profit before Tax	3	31,025	25,820	40,106
Total Tax Charge	4	(8,932)	(6,986)	(10,907)
Profit for Year		**22,093**	18,834	29,199
Other Comprehensive Income				
Items that are or may subsequently be classified to Profit and Loss:				
Exchange Differences Arising on Translation of Foreign Operations		11,511	(2,450)	5,328
Taxation on exchange differences		918	-	485
Total Items that are or may subsequently be classified to profit and loss		12,429	(2,450)	5,813

Items that will not be classified to profit and loss:			
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations	-	-	43
Deferred tax on remeasurement (losses)/gains	-	-	(9)
Total Items that will not be classified to Profit and Loss	-	-	34
Other Comprehensive Income / (Expense) (Net of Tax)	**12,429**	(2,450)	5,847
Total Comprehensive Income for the Year	**34,522**	16,384	35,046
Profit for the Year Attributable to:			
Owners of the Parent	22,020	18,768	29,066
Non-controlling interests	73	66	133
	22,093	18,834	29,199
Total comprehensive income attributable to:			
Owners of the Parent	34,278	16,336	34,841
Non-controlling interests	244	48	205
	34,522	16,384	35,046

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the six months ended 31 October 2016

	Notes	**Unaudited 6 months to 31 October 2016**	Unaudited 6 months to 31 October 2015	Audited Year to 30 April 2016
Earnings per Share				
Basic Earnings per Share	6	5.86p	5.03p	7.77p
Diluted Earnings per Share	6	5.84p	4.98p	7.72p

The accompanying notes form an integral part of these condensed consolidated financial statements.

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 October 2016

	Notes	**Unaudited 31 October 2016 £'000**	Unaudited 31 October 2015 £'000	Audited 30 April 2016 £'000
Assets				

Non-current assets				
Goodwill	7	**12,000**	11,686	11,606
Other intangible assets	7	**14,061**	7,221	8,706
Property,plant & equipment	7	**72,366**	50,150	56,094
Investment property	7	**715**	450	629
Investment in - associates		**2,211**	1,471	1,713
Other financial assets - held to maturity	8	**2,440**	2,160	2,253
Other financial assets - available for sale		**87**	69	75
Deferred tax assets		**4,246**	2,991	4,216
Trade and other receivables		**1,844**	1,624	1,548
		109,970	77,822	86,840
Current assets				
Inventories		**20,724**	13,788	17,094
Trade and other receivables		**19,594**	11,607	13,010
Current tax		**310**	287	2,273
Cash and cash equivalents	8	**77,182**	66,446	71,005
		117,810	92,128	103,382
Assets held for sale		**96**	-	96
Total assets		**227,876**	169,950	190,318
Equity				
Share capital		**1,882**	1,870	1,877
Share premium		**8,967**	7,406	8,156
Translation and other reserves		**22,672**	2,334	10,507
Retained earnings		**101,332**	90,594	101,101
Equity attributable to owners of the Parent		**134,853**	102,204	121,641
Non-controlling interests		**1,353**	952	1,109
Total equity		**136,206**	103,156	122,750
Liabilities				
Non-current liabilities				
Financial liabilities	8	**9,656**	4,437	9,183
Post-employment benefit obligations		**5,597**	4,182	4,755
Provisions		**10**	10	10
Deferred tax liabilities		**2,279**	834	1,887
Trade and other payables		**3,010**	1,773	1,821
		20,552	11,236	17,656
Current liabilities				
Financial liabilities	8	**1,921**	827	1,660
Provisions		**2,356**	4,024	4,103
Current tax		**5,708**	6,853	8,341
Trade and other payables		**61,133**	43,854	35,808
		71,118	55,558	49,912
Total equity and liabilities		**227,876**	169,950	190,318

The accompanying notes form an integral part of these condensed consolidated financial statements.

GROUP CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 31 October 2016

	Notes	Unaudited 6 months to 31 October 2016 £'000	Unaudited 6 months to 31 October 2015 £'000	Audited Year to 30 April 2016 £'000
Cash flow from operating activities				
Profit before tax		**31,025**	25,820	40,106
Finance cost		**137**	68	166
Finance revenue		**(1,092)**	(453)	(538)
Operating profit		**30,070**	25,435	39,734
Share of post tax profit from associates		**(94)**	(92)	(165)
Amortisation of intangible assets		**891**	651	1,548
Depreciation of property, plant and equipment		**9,345**	7,330	15,413
Profit on sale of property, plant and equipment		**(173)**	(138)	(236)
Exchange differences		**961**	(425)	2,031
Other items		**(2,309)**	(722)	(1,615)
Changes in working capital:				
Inventories		**(1,086)**	(1,652)	(3,665)
Trade and other receivables		**3,302**	(5)	52
Trade and other payables		**6,484**	(575)	108
Provisions		**(2,337)**	(1,418)	(1,775)
Cash generated from operations		**45,054**	28,389	51,430
Interest paid		**(137)**	(68)	(166)
Taxation paid		**(9,698)**	(5,174)	(10,816)
Net cash generated from operating activities		**35,219**	23,147	40,448
Cash flows from investing activities				
Acquisition of subsidiaries net of cash acquired		**-**	-	(1,642)
Investment in associates		**(361)**	(563)	(671)
Investment in intangible assets		**(5,218)**	(1,546)	(3,221)
Proceeds from sale of intangible assets		**7**	103	-
Purchase of property, plant and equipment		**(18,779)**	(9,846)	(21,276)
Proceeds from sale of property, plant and equipment		**644**	482	1,521
Interest received		**68**	452	538
Dividends received from associates		**133**	-	-
Net cash generated from investing activities		**(23,506)**	(10,918)	(24,751)

GROUP CONDENSED STATEMENT OF CASH FLOWS (continued)
for the six months ended 31 October 2016

	Notes	Unaudited 6 months to 31 October 2016 £'000	Unaudited 6 months to 31 October 2015 £'000	Audited Year to 30 April 2016 £'000
Cash flows from financing activities				
Issue of Ordinary shares to equity shareholders		**816**	279	1,036
Repayment of capital element of finance leases		**(103)**	(41)	(147)
Borrowings		**-**	5,007	10,946
Repayment of borrowings		**(867)**	(172)	(665)
Decrease in assets held to maturity		**11**	15	29
Dividends paid to owners of the Parent		**(9,669)**	(8,734)	(18,217)
Net cash utilised in financing activities		**(9,812)**	(3,646)	(7,018)
Net increase in cash and cash equivalents		**1,901**	8,583	8,679
Cash and cash equivalents at beginning of year		**71,005**	58,632	58,632
Exchange profit / (loss) on cash and cash equivalents		**4,276**	(769)	3,694
Cash and cash equivalents at end of year	8	**77,182**	66,446	71,005

The accompanying notes form an integral part of these condensed consolidated financial statements.

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 October 2016

	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 2015	1,866	7,131	1,874	2,892	89,744	103,507	904	104,411
Profit for year	-	-	-	-	18,768	18,768	66	18,834
Other comprehensive (expense)/income								
Exchange differences	-	-	-	(2,432)	-	(2,432)	(18)	(2,450)
Total other comprehensive (expense)/income	-	-	-	(2,432)	-	(2,432)	(18)	(2,450)
Total comprehensive (expense)/income	-	-	-	(2,432)	18,768	16,336	48	16,384
Transactions with owners of the Parent								
Shares issued in the period	4	275	-	-	-	279	-	279
Share options	-	-	-	-	203	203	-	203

Deferred tax on share options	-	-	-	-	97	97	-	97
Dividends	-	-	-	-	(18,218)	(18,218)	-	(18,218)
Total transactions with the Parent	4	275	-	-	(17,918)	(17,639)	-	(17,639)
At 31 October 2015	1,870	7,406	1,874	460	90,594	102,204	952	103,156
At 1 May 2015	1,866	7,131	1,874	2,892	89,744	103,507	904	104,411
Profit for year	-	-	-	-	29,066	29,066	133	29,199
Other comprehensive (expense)/income	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	5,256	-	5,256	72	5,328
Tax on exchange	-	-	-	485	-	485	-	485
Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations	-	-	-	-	43	43	-	43
Deferred tax on remeasurement gains	-	-	-	-	(9)	(9)	-	(9)
Total other comprehensive (expense)/income	-	-	-	5,741	34	5,775	72	5,847
Total comprehensive (expense)/income	-	-	-	5,741	29,100	34,841	205	35,046
Transactions with owners of the Parent								
Shares issued in the period	11	1,025	-	-	-	1,036	-	1,036
Share options	-	-	-	-	413	413	-	413
Deferred tax on share options	-	-	-	-	61	61	-	61
Dividends	-	-	-	-	(18,217)	(18,217)	-	(18,217)
Total transactions with the Parent	11	1,025	-	-	(17,743)	(16,707)	-	(16,707)
At 30 April 2016	1,877	8,156	1,874	8,633	101,101	121,641	1,109	122,750

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 October 2016 continued

	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 2016	**1,877**	**8,156**	**1,874**	**8,633**	**101,101**	**121,641**	**1,109**	**122,750**
Profit for year	**-**	**-**	**-**	**-**	**22,020**	**22,020**	**73**	**22,093**
Other comprehensive (expense)/income								
Exchange differences	**-**	**-**	**-**	**12,780**	**-**	**12,780**	**171**	**12,951**
Tax on exchange	**-**	**-**	**-**	**918**	**-**	**918**	**-**	**918**
Translation reserve taken to income statement on disposal of subsidiaries	**-**	**-**	**-**	**(1,440)**	**-**	**(1,440)**	-	**(1,440)**
Transfers between reserves	-	-	**(93)**	-	**93**	**-**	-	**-**
Total other comprehensive (expense)/income	**-**	-	**(93)**	**12,258**	**93**	**12,258**	**171**	**12,429**
Total comprehensive (expense)/income	-	-	**(93)**	**12,258**	**22,113**	**34,278**	**244**	**34,522**
Transactions with owners of the Parent								
Shares issued in the period	**5**	**811**	**-**	-	**-**	**816**	-	**816**
Share options	**-**	**-**	**-**	-	**151**	**151**	-	**151**

Dividends	-	-	-	-	**(22,033)**	**(22,033)**	-	**(22,033)**
Total transactions with the Parent	**5**	**811**	-	-	**(21,882)**	**(21,066)**	-	**(21,066)**
At 31 October 2016	**1,882**	**8,967**	**1,781**	**20,891**	**101,332**	**134,853**	**1,353**	**136,206**

The accompanying notes form an integral part of these condensed consolidated financial statements.

1 Corporate information

The condensed consolidated interim financial statements of Photo-Me International plc (the "Company") for the six months ended 31 October 2016 ("the Interim Report") were approved and authorised for issue by the Board of Directors on 8 December 2016. These condensed consolidated interim financial statements comprise the Company and its subsidiaries (together the "Group") and are presented in pounds sterling, rounded to the nearest thousand.

The Company is a public limited company, incorporated and domiciled in England, whose shares are quoted on the London Stock Exchange, under symbol PHTM. Its registered number is 735438 and its registered office is at Church Road, Bookham, Surrey KT23 3EU.

Photo-Me's principal activity is the operation of non-food unattended vending equipment aimed primarily at the consumer market. The largest part of the estate comprises photobooths and digital printing kiosks, with the remainder including laundry units, amusement machines and business service equipment. The Group manages these on a geographical basis with the principal operations of the Group in the United Kingdom and Ireland, Continental Europe, and Asia.

2 Basis of preparation and accounting policies

The condensed consolidated interim financial statements for the six months ended 31 October 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and in accordance with the Disclosure and Transparency Rules of the UK Financial Conduct Authority. The condensed consolidated interim financial statements comprise the unaudited financial information for the six months ended 31 October 2016 and 31 October 2015, together with the audited results to 30 April 2016. They do not include all of the information and disclosures required for full annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 30 April 2016. The condensed financial statements do not constitute statutory accounts within the meaning of section 434 of the UK Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 30 April 2016 are available at www.photo-me.com or upon request from the Company's registered office at Church Road, Bookham, Surrey KT23 3EU.

The Interim Report is unaudited but has been reviewed by the auditors and their report to the Company is included in the Interim Report. The comparative figures for the financial year ended 30 April 2016 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors (i) was unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Accounting policies and estimates

The accounting policies applied by the Group in this Interim Report are the same as those applied in the Group's financial statements for the year ended 30 April 2016, except as indicated below.

New standards adopted in the period

There are a number of new and revised standards and interpretations, not all of which are applicable to the Group, which have been issued and are effective for the year ending 30 April 2017 and future reporting periods. The most significant standards and interpretations which are likely to have a more material impact on the Group's financial statements were listed in the Group's 2016 Annual Report. The effect of adopting new standards for the 2017 year end has not had a material impact on this Interim Report.

Estimates and significant judgements

The preparation of the condensed consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the condensed consolidated financial information. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. In future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the period in which the circumstances change.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were in the same areas as those that applied in the consolidated financial statements as at and for the year ended 30 April

2016**.**

Use of non-GAAP profit measures

The Group measures performance using earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA is a common measure used by a number of companies, but is not defined in IFRS.

The Group measures cash on a net cash basis as explained in note 8.

The presentation of specific items, as described above is also a non-GAAP measure.

Risks and uncertainties and cautionary statement regarding forward looking statements

The principal risks and uncertainties affecting the business activities of the Group are set out in the "Risks and Uncertainties" section of the Interim Management Report, contained within this Interim Report. The cautionary statement regarding forward looking statements is shown below.

Going Concern

The Annual Report for the year ended 30 April 2016 provided a full description of the Group's business activities, its financial position, cash flows, funding position and available facilities together with the factors likely to affect its future development, performance and position. It also detailed risks associated with the Group's business. This interim report provides updated information on these subjects for the six months to 31 October 2016.

The Group has at the date of this Interim Report, sufficient financing available for its estimated requirements for at least the next twelve months. Together with the proven ability to generate cash from its trading performance, this provides the Directors with confidence that the Group is well placed to manage its business risks successfully in the context of the current financial conditions and the general outlook in the global economy.

After reviewing the Group's annual budgets, plans and financing arrangements, the Directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing this Interim Report.

3 Segmental analysis

IFRS8 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 monitors performance at the adjusted operating profit level before special items, interest and taxation.
In accordance with IFRS8, 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.

Seasonality of operations

Historically, the first half of the financial year is seasonally the strongest for the Group in terms of profits, and this is expected to be the case again for the current year ending 30 April 2017.

	Asia	Europe	United Kingdom & Ireland	Total
	£'000	£'000	£'000	£'000
6 months to 31 October 2016				
Total revenue	24,259	68,243	25,546	118,048
Inter segment sales	(127)	(7,175)	(138)	(7,440)
Revenue from external customers	24,132	61,068	25,408	110,608
EBITDA	5,592	28,012	6,904	40,508
Depreciation and amortisation	(1,890)	(6,016)	(2,190)	(10,096)
Operating profit excluding associates	3,702	21,996	4,714	30,412
Share of post-tax profits from associates				94
Corporate costs excluding depreciation and amortisation				(296)
Corporate depreciation and amortisation				(140)
Operating profit				30,070
Finance Revenue				1,092
Finance costs				(137)
Profit before tax				31,025
Tax				(8,932)
Profit for period				22,093
Capital expenditure	3,783	9,686	9,838	23,307
Corporate capital expenditure				774
Total capital expenditure				24,081

Finance income includes a profit of 1,092 related to the liquidation of Prontophot Holdings SA.

Reconciliation of operating profit

	Asia	Europe	United Kingdom & Ireland	Total
	£'000	£'000	£'000	£'000
Operating profit before associates	3,702	21,996	4,714	30,412
Share of past tax profits from associates	94	-	-	94

Corporate operating profit	**-**	**474**	**(910)**	**(436)**
Total operating profit	**3,796**	**22,470**	**3,804**	**30,070**

	Asia £'000	Europe £'000	United Kingdom & Ireland £'000	Total £'000
6 months to 31 October 2015				
Total revenue	18,282	54,872	23,032	96,186
Inter segment sales	(42)	(3,261)	(121)	(3,424)
Revenue from external customers	18,240	51,611	22,911	92,762
EBITDA	4,894	22,304	7,184	34,382
Depreciation and amortisation	(1,482)	(4,704)	(1,734)	(7,920)
Operating profit excluding associates	3,412	17,600	5,450	26,462
Share of post-tax profits from associates				92
Corporate costs excluding depreciation and amortisation				(1,058)
Corporate depreciation and amortisation				(61)
Operating profit				25,435
Finance Revenue				453
Finance costs				(68)
Profit before tax				25,820
Tax				(6,986)
Profit for period				18,834
Capital expenditure	1,867	6,102	2,371	10,340
Corporate capital expenditure				1,163
Total capital expenditure				11,503

Reconciliation of operating profit

	Asia £'000	Europe £'000	United Kingdom & Ireland £'000	Total £'000
Operating profit before associates	3,412	17,600	5,450	26,462
Share of past tax profits from associates	92	-	-	92
Corporate operating profit	-	365	(1,484)	(1,119)
Total operating profit	3,504	17,965	3,966	25,435

	Asia £'000	Europe £'000	United Kingdom & Ireland £'000	Total £'000
Year ended 30 April 2016				
Total revenue	45,364	100,816	46,066	192,246
Inter segment sales	(865)	(7,104)	(283)	(8,252)
Revenue from external customers	44,499	93,712	45,783	183,994

EBITDA	13,633	33,881	11,934	59,448
Depreciation and amortisation	(3,134)	(9,718)	(3,973)	(16,825)
Operating profit excluding associates	10,499	24,163	7,961	42,623
Share of post-tax profits from associates				165
Corporate costs excluding depreciation and amortisation				(2,918)
Corporate depreciation and amortisation				(136)
Operating profit				39,734
Finance Revenue				538
Finance costs				(166)
Profit before tax				40,106
Tax				(10,907)
Profit for year				29,199
Capital expenditure	4,623	13,221	4,669	22,513
Corporate capital expenditure				2,303
Total capital expenditure				24,816

Reconciliation of operating profit

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

4 Taxation

	6 months to 31 October 2016	6 months to 31 October 2015	Year to 30 April 2016
	£'000	£'000	£'000
Profit before tax	**31,025**	25,820	40,106
Total taxation charge	**8,932**	6,986	10,907
Effective tax rate	**28.80%**	27.10%	27.20%

The tax charge in the Group Income Statement is based on management's best estimate of the full year effective tax rate based on expected full year profits to 30 April 2017

The UK 2016 Finance Act was enacted in September 2016 and confirmed the basic rate of UK Corporation tax at 19% for the financial years 2018 and 2019 and 17% for the financial year 2020.

5 Dividends

Dividends paid and proposed

	31 October 2016		31 October 2015		30 April 2016	
	pence per share	**£'000**	pence per share	£'000	pence per share	£'000
Interim						
2015 paid on 14 May 2015			2.34	8,734	2.34	8,733
2016 paid on 12 May 2016	**2.575**	**9,669**				
Final						
2015 paid 12 November 2015					2.54	9,484
	2.575	**9,669**	2.34	8,734	4.88	18,217

Year ending 30 April 2017

The Board has declared an interim dividend of 3.09p per share for the year ending 30 April 2017, to be paid on 11 May 2017 to shareholders on the register at 7 April 2017.The ex- dividend date is 6 April 2017. These consolidated financial statements do not reflect this proposed dividend.

Six months to 31 October 2016

The interim dividend for 2016 of 2.575p per share was paid on 12 May 2016. The final dividend for 2016 of 3.285p per share amounting to £12,365,000 was approved by the shareholders at the Annual General Meeting on 20 October 2016. It is included in the amount shown as dividend in transactions with owners of the parent in the Group Statement of Changes in Equity and in current liabilities -trade and other payables in the Group Statement of Financial Position. This dividend was paid on 10 November 2016.
In addition the Board proposed a special dividend of 2.816p per share, £10,596,000 which was paid on 10 November 2016. This dividend is not shown in these consolidated financial statements.

Six months to 31 October 2015

The final dividend for 2015 of 2.54p per share amounting to £9,484,000 was approved by the shareholders at the Annual General Meeting on 21 October 2015. It is included in the amount shown as dividend in transactions with owners of the parent in the Group Statement of Changes in Equity and in current liabilities -trade and other payables in the Group Statement of Financial Position. This dividend was paid on 12 November 2015.

6 Earnings per share

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

	Six months to 31 October 2016	**Six months to 31 October 2015**	**Year to 30 April 2016**
Basic earnings per share	**5.86p**	5.03p	7.77p

Diluted earnings per share	**5.84p**	4.98p	7.72p
Earnings available to shareholders (£'000)	**22,020**	18,768	29,066
Weighted average number of shares in issue in the period			
- basic ('000)	**375,838**	373,338	374,121
- including dilutive share options ('000)	**377,312**	376,981	376,635

7 Non-current assets - intangibles, property, plant and equipment and investment property

	Goodwill	**Other Intangible assets**	**Property, plant & equipment**	**Investment property**
	£'000	**£'000**	**£'000**	**£'000**
Net book value at 1 May 2015	10,180	6,507	48,263	458
Exchange adjustment	(65)	(102)	(740)	(8)
Additions				
- photobooths & vending machines	-	-	9,059	-
- research & development	-	1,358	-	-
- other additions	1,571	188	898	-
New subsidiaries -net book value	-	4	428	-
Transfers	-	20	(20)	-
Depreciation provided in the period	-	(651)	(7,330)	-
Net book value of disposals	-	(103)	(408)	-
Net book value at 31 October 2015	11,686	7,221	50,150	450
Net book value at 1 May 2015	10,180	6,507	48,263	458
Exchange adjustment	153	327	2,619	33
Additions				
- photobooths & vending machines	-	-	19,402	-
- research & development	-	2,935	-	-
- other additions	1,273	286	2,053	140
New subsidiaries- net book value	-	254	549	-
Transfers	-	13	-	-
Depreciation provided in the period	-	(1,548)	(15,411)	(2)
Transfer to asset sheld for sale	-	-	(96)	-
Net book value of disposals	-	(68)	(1,285)	-
Net book value at 30 April 2016	11,606	8,706	56,094	629
Net book value at 1 May 2016	**11,606**	**8,706**	**56,094**	**629**
Exchange adjustment	**394**	**1,035**	**7,217**	**94**
Additions				

- photobooths & vending machines	**-**	**-**	**17,229**	**-**
- research & development	**-**	**1,637**	**-**	**-**
- other additions	**-**	**616**	**1,286**	**-**
New subsidiaries- net book value	**-**	**2,965**	**348**	**-**
Depreciation provided in the period	**-**	**(891)**	**(9,337)**	**(8)**
Net book value of disposals	**-**	**(7)**	**(471)**	**-**
Net book value at 31 October 2016	**12,000**	**14,061**	**72,366**	**715**

Included in additions for property, plant & equipment are the following amounts under finance leases.

	31 October 2016	**31 October 2015**	**30 April 2016**
	£'000	**£'000**	**£'000**
Property, plant & equipment additions - finance leases	**84**	111	319

8 Net Cash

	31 October 2016	31 October 2015	30 April 2016
	£'000	£'000	£'000
Cash and cash equivalents per statement of financial position	**77,182**	66,446	71,005
Financial assets - held to maturity	**2,440**	2,160	2,253
Non-current instalments due on bank loans	**(9,304)**	(4,220)	(8,866)
Current instalments due on bank loans	**(1,750)**	(716)	(1,515)
Non-current finance leases	**(352)**	(217)	(317)
Current finance leases	**(171)**	(111)	(145)
Net cash	**68,045**	63,342	62,415

At 31 October 2016, £2,440,000 (31 October 2015: £2,160,000, 30 April 2016: £2,253,000) of the total net cash comprised bank deposit accounts that are subject to restrictions and are not freely available for use by the Group.

Cash and cash equivalents per the 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.

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

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.

Other movements for loans and finance leases for the period ended 31 October 2016 include transfers between non-current and current and new finance leases taken out in the period. In previous periods other movements include cash at bank, loans and leases acquired with acquisition made during the period, as shown in note 11.

	1 May 2015 £'000	**Exchange difference £'000**	**Other movements £'000**	**Cash flow £'000**	**31 October 2015 £'000**
Cash and cash equivalents per statement of financial position	58,632	(769)	-	8,583	66,446
Financial assets - held to maturity	2,220	(45)	-	(15)	2,160
Non-current loans	-	-	615	(4,835)	(4,220)
Current loans	-	-	(716)	-	(716)
Non-current leases	(124)	1	(94)	-	(217)
Current leases	(59)	1	(94)	41	(111)
Net cash	60,669	(812)	(289)	3,774	63,342

	1 May 2015 £'000	**Exchange difference £'000**	**Other movements £'000**	**Cash flow £'000**	**30 April 2016 £'000**
Cash and cash equivalents per statement of financial position	58,632	3,694	-	8,679	71,005
Financial assets - held to maturity	2,220	62	-	(29)	2,253
Non-current loans	-	-	(76)	(8,790)	(8,866)
Current loans	-	-	(24)	(1,491)	(1,515)
Non-current leases	(124)	(20)	(244)	71	(317)
Current leases	(59)	(10)	(152)	76	(145)
Net cash	60,669	3,726	(496)	(1,484)	62,415

	1 May 2016 £'000	**Exchange difference £'000**	**Other movements £'000**	**Cash flow £'000**	**31 October 2016 £'000**
Cash and cash equivalents per statement of financial position	**71,005**	**4,276**	-	**1,901**	**77,182**
Financial assets - held to maturity	**2,253**	**198**	-	**(11)**	**2,440**

Non-current loans	**(8,866)**	**(1,316)**	**878**	**-**	**(9,304)**
Current loans	**(1,515)**	**(224)**	**(878)**	**867**	**(1,750)**
Non-current leases	**(317)**	**(57)**	**22**	**-**	**(352)**
Current leases	**(145)**	**(23)**	**(106)**	**103**	**(171)**
Net cash	**62,415**	**2,854**	**(84)**	**2,860**	**68,045**

9 Fair Values

Fair values of financial instruments by class

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Interest bearing borrowings

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

Trade and other payables

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

FRS13 requires an analysis of financial instruments carried at fair value by valuation method as follows.

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

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

Financial Instruments by category

The tables below show financial instruments by category

31 October 2016	**Loans and receivables £'000**	**Available for sale £'000**	**Total £'000**
Assets as per statement of financial position			
Other financial assets - held to maturity	**2,440**	**-**	**2,440**
Other financial assets - available for sale	**-**	**87**	**87**
Trade and other receivables	**18,276**	**-**	**18,276**
Cash and cash equivalents	**77,182**	**-**	**77,182**
Total	**97,898**	**87**	**97,985**

	Other financial liabilities at amortised cost £'000	**Total £'000**
Liabilities as per statement of financial position		
Borrowings	**11,054**	**11,054**
Leases	**523**	**523**
Trade and other payables excluding non-financial liabilities	**48,648**	**48,648**
Total	**60,225**	**60,225**

31 October 2015	Loans and receivables £'000	Available for sale £'000	Total £'000
Assets as per statement of financial position			
Other financial assets - held to maturity	2,160	-	2,160
Other financial assets - available for sale	-	69	69
Trade and other receivables	9,616	-	9,616
Cash and cash equivalents	66,446	-	66,446
Total	78,222	69	78,291

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities as per statement of financial position		
Borrowings	4,936	4,936
Leases	328	328
Trade and other payables excluding non-financial liabilities	31,077	31,077

Total	36,341	36,341

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

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

Included in liabilities trade and other payables at 31 October 2016, 30 April 2015 and at 31 October 2015 is £400,000 contingent consideration relating to the acquisition of Fowler UK.Com Ltd, note 11.

10 Related parties

The Group's significant related parties are disclosed in the 2016 Annual Report and include its associates, its pension funds and the Company's Directors. During the 6 months ended 31 October 2016, there were no new related parties and no additional related party transactions have taken place that have materially affected the financial position or performance of the Group. In addition there were no material changes in the nature and relationship of transactions with related parties to those identified in the 2016 Annual Report.

11 Business combinations

Current period

The Group has completed its acquisition of the Photo Division of Asda Stores Limited "Asda" on 31 October 2016, as announced on 7 November 2016. Trading in this new activity, under the name Photo-Me Retail Limited commenced on 1 November 2016.

The table below shows assets acquired and the consideration paid and payable.

	£'000
Intangible assets	2,965
Property, plant & equipment	348
Inventory	500
Total assets	**3,813**
Satisfied by	
Cash paid	1,063
Deferred consideration	2,250
Trade and other payables	500
Total consideration paid and deferred consideration	**3,813**

Prior periods

The Group completed its acquisition of 100% of the share capital and voting interests in Fowler UK.com Ltd ("Fowler") in early November 2015. Fowler is a UK company which supplies and installs laundry and catering equipment. The acquisition was effective on 1 October 2015 and Fowler was consolidated in the Group's consolidated results and balance sheet from that date. Details of this transaction are shown in note 30 to the Annual Report for the year ended 2016.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

• The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

• The Interim Management Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

John Lewis (Non-executive Chairman)

Serge Crasnianski (Chief Executive Officer and Deputy Chairman)

8 December 2016

INDEPENDENT REVIEW REPORT TO PHOTO-ME INTERNATIONAL PLC

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2016 which comprises the Group condensed statement of comprehensive income, the Group condensed statement of financial position, the Group condensed statement of cash flows, the Group condensed statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an

audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Steve Masters
for and on behalf of KPMG LLP
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

8 December 2016

Note:

a) The maintenance and integrity of the Photo-Me International plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CAUTIONARY STATEMENT AND DISCLAIMERS

This Interim Financial Report is addressed to the shareholders of Photo-Me International plc and has been prepared solely to provide information to them. This report is intended to inform the shareholders of the Group's performance during the 6 months to 31 October 2016. It has been prepared to provide additional information to shareholders to enable them to access the Group's strategies, performance and the potential for those strategies to succeed. It should not be relied upon for any other purpose.

This Interim Financial Report contains certain forward-looking statements which are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in this report are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently expected. No assurances can be given that the forward looking statements in this Interim Financial Report will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation.

DISTRIBUTION OF REPORT

This Interim Report is released to the London Stock Exchange. It may be viewed and downloaded from the Company's Investor Relations section on the website www.photo-me.co.uk.

Shareholders and others who require a copy of the report may obtain a copy by contacting the Company Secretary at the Company's registered office.

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