10 December 2018

Photo-Me International plc
("Photo-Me" or "the Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2018

Continued strong Laundry performance

Photo-Me International plc (PHTM.L), the instant-service equipment group, announces its results for the six months ended 31 October 2018.

Results summary

	Reported			At constant currency	
	Six months ended 31 Oct 2018	**Six months ended 31 Oct 2017**	**Change**	**Six months ended 31 Oct 2017[1]**	**Change[1]**
Revenue	£119.8m	£122.2m	-2.0%	£121.9m	-1.7%
Underlying Revenue	£119.8m	£116.9m	+2.5%	£116.6m	+2.7%
EBITDA	£39.1m	£44.7m	-12.9%	£44.7m	-12.5%
Profit Before Tax[3]	£26.0m	£32.9m	-21.0%	£32.7m	-20.4%
Adjusted Profit Before Tax[3]	£26.7m	£29.0m	-7.9%	£28.9m	-7.6%
Cash Generated from Operations	£36.1m	39.9m	-9.5%		
Net Cash[2]	£32.4m	£47.1m	-31.2%		
EPS (diluted)	5.33p	6.40p	-16.7%		
Adjusted EPS	5.47p	5.64p	-3.0%		
Interim dividend per Ordinary share	3.71p	3.71p	-		

[1] For constant currency comparatives, average rates of exchange used were £/€ 1.139 (H1 2018: 1.129), £/Yen 146.057 (H1 2018: 145.173)

[2] Refer to the note 8 to the financial statements for the reconciliation of Net Cash to Cash and cash equivalents as per the financial statements

[3] The breakdown of profit before tax to adjusted profit before tax is presented in the table on page 4.

Financial summary

- Underlying revenue was up 2.5% to £119.8m, excluding the impact of restructuring Photo-Me Retail in the comparative period.
- Adjusted profit before tax was down 7.9%, when adjusted for one-off items in H1 2018 and H1 2019.
- The Group remains highly cash generative with £36.1 million of cash generated from operations in the period (2017: £39.9m).

- Net cash position of £32.4 million, (2017: £47.1m) following distribution of £28.8 million to shareholders in dividend payments and £33.4 million of investments made in the last 12 months.

- Interim dividend maintained at 3.71 pence per Ordinary share in line with stated dividend policy for 2019

Operational summary

- Operations in Japan have recovered faster than expected, with underlying Asia operating profit up 15%, excluding the cost of restructuring operations in Japan.

- Continued expansion of Laundry operations, with over 30% more Revolution units in operation at the period end and total revenue from Revolution up 28.5%.

- Identification revenue growth increased 2%, reflecting further diversification of services and successful deployment of secure photo ID upload technology.

Innovation update

- After the period end in November 2018, the first banking booths which provide front-end retail banking services to customers were launched in Paris.

Outlook

- The Group maintains its guidance for the FY2019 and expects to report profit before tax of £44 million, net of restructuring costs in Japan and excluding any movement in the value of Max Sight Holdings.

- The Group's ability to meet guidance will be reliant on normalised trading conditions in its key markets.

Serge Crasnianski, CEO, said:

"In the last six months, the expansion of Laundry operations and deployment of photobooth identification solutions continued in line with our plan. Revolution Laundry units in operation and revenue from these machines were up 30.4% and 28.5% respectively in H1 2019. In additional we continue to diversify our identification business offering.

"The Board expects to meet its previously stated guidance for FY 2019, with profit before tax of £44 million, net of restructuring costs in Japan and excluding movements in the value of the Group's investment in Max Sight Holdings. The Group's ability to meet guidance remains subject to the economic environment, foreign exchange movements and consumer sentiment, which could affect performance."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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An audio webcast of the analyst and investor conference call will be available to download later today at www.photo-me.com.

NOTES TO EDITORS

Photo-Me International plc (LSE: PHTM) operates, sells and services a wide range of instant-service vending equipment, primarily aimed at the consumer market.

The Group operates approximately 47,000 vending units across 18 countries and its technological innovation is focused on three principal areas:

- Identification: photobooths and integrated biometric identification solutions
- Laundry: unattended laundry services, launderettes, B2B services
- Kiosks: high-quality digital printing

In addition, the Group operates vending equipment such as children's rides, amusement machines and business service equipment.

Whilst the Group both sells and services this equipment, the vast majority of units are operated and maintained by Photo-Me. Photo-Me pays the site owner a commission based on turnover, which varies depending on the country and location of the machine.

The Group has built long-term relationships with major site owners and its equipment is generally sited in prime locations in areas of high footfall such as supermarkets, shopping malls (indoors and outdoors) and public transport venues. The equipment is maintained and serviced by an established network of 700 field engineers.

The Company's shares have been listed on the London Stock Exchange since 1962.

CHAIRMAN'S STATEMENT

Results

During the period, Group profit before tax has been impacted by reduced B2B revenue and machine sales activity, especially in the UK, where we have suffered from large order lags. Due to the extent of our B2B customer relationships, we expect this to recover in the second half of the year.

Our strong performance in Japan and the continued positive momentum of our high margin Laundry business gives the Board continued confidence in re-iterating its previously stated profit before tax guidance of £44 million for FY 2019, net of restructuring costs in Japan and any movement on the Group's investment in Max Sight Holdings.

Excluding the impact of the restructuring costs, investments adjustments, exchange gains and a favourable commercial litigation outcome, results for the first half year were down 7.5% compared with the corresponding period in the prior year (H1 2018).

Underlying revenue increased by 2.5% against the comparative period, excluding a £5.3 million reduction in revenue from Photo-Me Retail in H1 2018 due to the restructuring programme. On a reported basis, the restructuring of Photo-Me Retail in H2 2018 had a negative impact on total revenue (2.0% decline) when compared with the comparative period.

Expansion of laundry operations remained a key growth driver, with total revenue from Revolution machines up 28.5%. Revenue from Identification grew by 1% and revenue from Kiosks reduced by 27% to £6.6 million.

Reported EBITDA was £39.1 million, resulting in an EBITDA margin of 32.6% (H1 2018: 36.7%, but was 34.7% when excluding the impact of the one-off items listed below.

Adjusted profit before tax was down 7.9% when adjusted for one-off items in H1 2019 and H1 2018, reflecting the lag in B2B revenue and machines sales activity due which is expected to recover in the second half. A reconciliation of Reported profit before tax to adjusted profit before tax is noted in the below.

Reconciliation of Reported Profit Before Tax to Adjusted Profit Before Tax

	Six months to 31 October 2018	Six months to 31 October 2017
Profit before tax	**£26.0m**	**£32.9m**
Discontinued operations		
- Profit on disposal of Stilla Technologies SA	£(3.2)m	
- Loss of Max Sight Holding investment	£2.7m	
Property gain		£(2.3)m
Exceptional items - restructuring costs	£1.2m	£0.9m
Underlying profit before tax	**£26.7m**	**£31.5m**
H1 2018 one off gains:		
- Favourable commercial litigation		£(1.6)m
- Exchange gain		£(0.9)m
Adjusted profit before tax	**£26.7m**	**£29.0m**

In H1 2018, the Group reported two exceptional items - a property gain (£2.3 million) and the associated restructuring costs for Photo-Me Retail (£0.9 million). The Group also benefited from a one off favourable litigation outcome (£1.6 million) and a one-off exchange gain (£0.9 million).

In H1 2019, the Group recorded a gain on the sale of its investment holding in Stilla Holdings (£3.2 million) and a loss on its shareholding in Max Sight Group Holdings Limited (£2.7 million). During the period, the Group was also impacted by the cost of restructuring its Japanese operations (£1.2 million). On a reported basis, in H1 2019 Profit Before Tax declined by 21.0%, with the Group's Adjusted Profit Before Tax declining by 7.9%.

The Group remains highly cash generative, with £36.1 million of cash generated from operations in the period.

The Group's net cash position as at 31 October 2018 was £32.4 million, compared with £47.1 million as at 31 October 2017, following distribution of £28.8 million to shareholders via dividend payments and £33.4 million of investments in the last 12 months. Compared with 30 April 2018, net cash increased by £5.7 million, from £26.7 million. In H1 2019, the Group invested £14.1 million in future growth, made £4.2 million of acquisitions and paid out £14.0 million as dividends to the Group's shareholders.

Strategy update

The Group's strategy remains unchanged, and the Board continues its commitment to further diversifying its operations and developing new technologies with multiple applications, which can be deployed across new and existing geographies, and will be expected to provide a rapid return on investment.

In the last six months, the expansion of Laundry operations and deployment of photobooth identification solutions continued in line with our plan.

In addition, the Board rapidly addressed performance issues in Japan and realigned operations to the more challenging and competitive market conditions in the country. The benefit of the restructuring programme is already evident, and the Group remains confident that this business will return to growth in FY 2019.

Details of strategic progress by business area are set out in the Business Review.

Dividends

The Board is declaring a maintained interim dividend of 3.71 pence per Ordinary Share (H1 2018: 3.71 pence per share).

This is line with the Board's intention to maintain a total dividend of 8.44 pence per ordinary share for the current financial year ending 30 April 2019.

The interim dividend will be paid on 10 May 2019 to shareholders on the register on 5 April 2019. The ex-dividend date will be 4 April 2019.

Outlook

Expansion of the Group’s Laundry operations remains a key priority for the Group in the second half of the year, building on the growth in the number of Revolution laundry units in operation and revenue from Revolution machines which were up 30.4% and 28.5% respectively in H1 2019. In line with the Group’s strategy, Laundry operations will continue to make up an increasing proportion of the Group’s total revenue in the medium term. In addition, diversification of identification solutions will continue to be the driver of revenue growth in this business area

The Board expects to meet its previously stated guidance for the 2019 financial year, with profit before tax of £44 million, net of restructuring costs in Japan and excluding any movement in the value of the Group’s investment in Max Sight Holdings, This guidance remains subject to the economic environment, foreign exchange movements and consumer sentiment, which could affect performance.

CHIEF EXECUTIVE'S BUSINESS AND FINANCIAL REVIEW

BUSINESS REVIEW

The Group has three principal areas of business; Identification, Laundry and Kiosks.

In addition, the Group operates other vending equipment such as children's rides, photocopiers and amusement machines. Whilst 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.

In the first half, the Group remained focused on the expansion of its Laundry operations and deployment of secure photo ID upload technology in its identification business.

Identification

Photobooths and integrated biometric identification solutions

	31 October 2018	31 October 2017	Change
Number of units in operation	28,421	28,211	+1%
Percentage of total Group vending estate (number of units)	61%	60%	+1%
Revenue	£79.1m	£78.3m	+1%
Capex	£3.9m	£4.9	-19%

Identification revenue increased by 1%, with a 1% growth in the number of units in operation. This resilient performance gives us confidence for the future and reflects the successful diversification of photobooth services, including the extension of our encrypted photo ID upload for documents such as passports and driving licences.

In total, the Group has more than 10,000 photobooths connected to government organisations for the secure upload of photo ID. The Board anticipates that this number will continue to grow as discussion with governments progress.

New services have been introduced to a small number of photobooths in the UK & Republic of Ireland and France, enabling customers to scan and copy documents. We are monitoring customer response and, if successful, further photobooths will be enabled with these services during the second half.

Capex reduced in the period, following significant capex in H1 2018 as part of the ongoing maintenance and renewal cycle.

Laundry

Unattended Revolution laundry services, launderettes, business-to-business laundry services

	31 October 2018	31 October 2017	Change
Total laundry units deployed (owned, sold and acquisitions)	4,636	3,850	+20.0%
Total revenue from laundry operations	£21.9m	£17.3m	+26.0%
Revolution (excludes Launderettes and B2B):			
Number of Revolutions in operation	2,527	1,937	+30.4%*
Percentage of total Group vending estate (number of units)	5%	4%	
Total revenue from Revolutions	£13.9m	£10.8m	+28.5%
Revolution capex	£4.3m	£6.6m	-35.0%

**There were 2,232 full time units in operation during H1 2019 compared with 1,937 in H1 2018.*

Laundry operations continue to be the primary growth driver for the Group, with an average of 50 new machines installed each month, mainly in Continental Europe. In the second half, the Group expects that this will increase to an average of 80 machines per month.

Total revenue from Laundry operations increased by 26%. The rollout of Revolution machines continues apace, with the estate increased by 30.4% as at 31 October 2018. Total revenue from Revolution was up by 28.5%, which was achieved against a 15.2% increase in machines in full time operation throughout H1 2019.

Revolution machines have been redesigned to reduce the cost of manufacturer and provide a faster return on investment. The first Batch of the new machines is due to be delivered in December 2018. New functionality has been installed, including fabric softener, which will increase the yield per machine. When tested via existing machines, the softener has increased revenues by 15%.

The level of capex in the period reflects 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.

The UK, Ireland, Portugal, France and Spain remain key geographies for growth and the Group is looking to extend operations into Germany and Austria.

The Group is still on track to deploy its target of 6,000 units (owned and sold) by the end of the Group's 2020 financial year.

Kiosks

High-quality digital printing services

	31 October 2018	31 October 2017	Change %
Number of units in operation	5,533	5,918	-7%
Percentage of total Group vending estate (number of units)	12%	13%	
Revenue	£6.6m	£9.1m	-27%
Capex	£1.8m	£0.5m	243%

The number of kiosks in operation reduced primarily due to the restructuring of Photo-Me Retail, which resulted in the removal of machines located in shops which were closed. These Speedlab units were transferred to Photomaton in France and have been refurbished prior to being deployed to replace previous generation machines in the country. This explains the decline in revenue and significant increase in capex in the period whilst the machines have improved revenue following relocation in France, there was a period of time when the machines were not operational.

Investment in innovation

After the period end in November 2018, the first banking booth, which provides front-end retail banking services to customers, was launched in partnership with Anytime ("Anytime"), a Belgian Fintech company.

The first ten enabled booths were unveiled in Paris, allowing 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 will receive a credit card by post within two days of the account opening.

Photo-Me has an extensive network of booths throughout Europe. "Anytime" believe that Photo-Me's technology will enable it to address a new market and that in the future the booth will offer further banking services to its clients. 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.

REVIEW OF PERFORMANCE BY GEOGRAPHY

Commentary on the Group's financial performance are 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 process. Although the Group is not managed around product lines, some commentary below relates to the performance of specific products in the relevant geographies.

Key financials

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

Whilst reported revenue declined by 2.0%, primarily due to restructuring in the UK, underlying revenue grew by 2.5%.

	Revenue Six months ended 31 October				**Operating profit Six months ended 31 October**			
	2018 £m	**2017 £m**	2017[5] £m	**Change**	**2018 £m**	**2017 £m**	2017[5] £m	**Change**
Continental Europe	70.4	66.1	65.9	7%	20.7	22.5	22.6	-8%
UK & ROI	27.5	33.5	33.5	-18%	4.6	7.3	7.6	-37%
Asia	21.9	22.6	22.5	-3%	1.5	2.4	2.4	-37%
Corporate costs					(1.1)	0.6	0.3	
Total	119.8	122.2	121.9	-2%	25.7	32.8	32.9	-22%

[5] For constant currency comparatives, average rates of exchange used were £/€ 1.139 (H1 2018: 1.129), £/Yen 146.057 (H1 2018: 145.173)

Excluding the French commercial litigation outcome (H1 2018), the operating profit for Continental Europe is stable.

Excluding an exchange gain in H1 2018 (£0.9 million), the UK operating profit is down (-28%), due to large order lags in B2B and third-part sales activities which will be widely recovered in the second half.

Underlying Asian operating profit before restructuring is up 14.5% (H1 2019: £2.7 million compared with H1 2018: £2.4 million up 15%).

Vending units in operation

	As at 31 October 2018		As at 31 October 2017		Change year on year
	No of units	**% of total**	No of units	% of total	
Continental Europe	24,787	53%	24,229	51%	+2%
UK & Republic of Ireland	11,909	26%	12,951	27%	-8%
Asia	10,037	21%	10,145	22%	-1%
	46,733	**100%**	47,325	**100%**	-1%

As at 31 October 2018, the Group's estate comprised 46,733 units, broadly flat compared with the same period last year due to several factors.

In Continental Europe, units in operation increased by 2%, reflecting continued Laundry expansion and the installation of photobooths.

In the UK & Republic of Ireland, the number of Revolution machines increased significantly whilst the overall number of units in operation decreased due to the removal of Speedlab kiosks related to the restructuring of Photo-Me Retail in H2 2018. These machines will be relocated to other geographies, and unprofitable photobooths and children's rides have also been removed and sold to third parties. This decline in units was partially offset by an increase in the installation of Revolution machines at highly profitable sites.

In Asia, operated units declined slightly compared with same period last year, due to the removal of certain unprofitable machines during the restructuring programme in Japan.

Continental Europe

Continental Europe remains our main revenue growth territory, up 7% compared with the same period last year, driven by the expansion of Laundry services. Excluding the favourable litigation outcome in H1 2018, operating profit was stable at £20.7 million in H1 2019 compared with £20.9 million in H1 2018. EBITDA was up 1%.

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. Advanced discussions continued with the Dutch government regarding deployment of this technology for use in driving licences in the Netherlands.

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 £4.75 million. Expansion of Revolution laundry operations in Portugal, France and Spain has continued and the Group continues to assess the German market.

At 31 October 2018, 53% of the Group's total units in operation were situated in Continental Europe (H1 2018: 51%).

UK & Republic of Ireland (including Corporate)

As expected, the restructuring of Photo-Me Retail in H2 2018 had a negative impact on revenue in this geography, which declined by £5.3 million. In addition, there was some impact on revenue from the removal of unprofitable children's rides in H1 2018.

Excluding the one-off operations (£3.3 million), operating profit was up 8.2%.

In this geography, the Group has successfully diversified its photobooth services with the roll out of secure digital upload technology for Irish Online Passport renewal and British Passport renewals. In total, 2,950 photobooths are now enabled for UK passport renewals with a target of 4,000 enabled photobooths by the end of December 2018.

The Group continues to increase its Laundry presence in the Republic of Ireland, with Laundry revenues now accounting for 75% of the country's total revenue (H1 2018: 70%). In the UK, the group continue to install Revolutions on very profitable sites (187 units).

At 31 October 2018, 26% of the Group's total units in operation were situated in the UK & Republic of Ireland (H1 2018: 27%).

Asia

Revenue in Asia reduced by 3%, which was a good performance given that the extent of the challenges in the Japanese market was not evident until H2 2018. The Board took swift action in H2 2018 to address the highly competitive market conditions. In line with the previously announced restructuring plan, administrative functions were streamlined, low revenue machines were relocated, and unprofitable units removed. The business has recovered faster than initially expected and is now performing well. Trading in the other countries in Asia remains strong.

Excluding the £1.2 million one-off restructuring cost incurred in H1 2019, operating profit increased by 14.5% to £2.7 million. In the second half, the Group will see the full benefit of this restructuring programme. In FY 2019, the total restructuring cost for Japan is expected to be between £1.5 to £2.0 million.

Whilst the photo identification market in Japan remains highly competitive, the Board continues to believe 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% faster return on investment.

At 31 October 2018, 21% of the Group's total units in operation were situated in Asia (H1 2018: 22%).

Statement of Financial Position

Shareholders' equity as at 31 October 2018 totalled £133.2 million (30 April 2018: £143.3 million), equivalent to 35.3 pence (30 April 2018: 37.9 pence) per share.

The Group's net financial position remains strong, with a net cash balance of £32.4 million as at the 31 October 2018 (31 October 2017: £47.1 million, 30 April 2018: £26.7 million).

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 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 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		
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 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 in place in France, Ireland, Germany, Switzerland and the UK, discussions in Belgium and Holland). Furthermore, the Group also ensures that its ID products remain affordable and of high quality.
Brexit	The UK's referendum decision to leave the EU ("Brexit") will most probably lead to changes in regulations in the UK as well as 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 European Union. 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		
Identification of new business opportunities	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 upon the continued growth of the	The Group regularly monitors the performance of its entire estate of machines. New technology

	laundry business and the successful development of integrated secure ID solutions.	enabled secure ID solutions are heavily trialled before launch and the performance of operating machines is continually monitored.
Market		
Commercial relationships	The Group has well-established long-term relationships with a number of site-owners. The deterioration in the relationship with, or ultimately the loss of, a key account would have an adverse albeit contained impact on the Group's results, 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.	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.
	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 continues to monitor the situation in both the French and UK markets.
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 significant adverse impact on paper procurement.	The Board has decided to hold a strategic stock of paper, allowing for 6 to 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 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. 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		
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 our secure ID data transfer feeds	The Group operates an increasing number of photobooths capturing ID data and transferring these data it directly to governmental databases	The Group performs an ongoing assessment of the risks and ensures that the infrastructure meets the security requirements.

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 October 2018

	Notes	**Unaudited 6 months to 31 October 2018 Total £ '000**	Unaudited 6 months to 31 October 2017 Total £ '000	Audited Year to 30 April 2018 Total £ '000
Revenue	3	**119,761**	122,228	229,814
Cost of Sales		**(84,587)**	(84,387)	(168,070)
Gross Profit		**35,174**	37,841	61,744
Other Operating Income		**788**	748	1,686
Administrative Expenses		**(10,309)**	(5,822)	(17,518)
Share of Post-Tax Profits from Associates		**30**	136	194
Operating Profit	3	**25,683**	32,903	46,106
Analysed as:				
Operating profit before specific items		**26,890**	31,504	46,416
Profit on sale of land & buildings		**-**	2,320	2,320
Restructuring costs		**(1,207)**	(921)	(2,630)
Operating profit after specific items		**25,683**	32,903	46,106
Other net gains	3	**560**	-	3,708
Finance Revenue		**10**	126	658
Finance Cost		**(238)**	(147)	(297)
Profit before Tax	3	**26,015**	32,882	50,175
Total Tax Charge	4	**(5,808)**	(8,589)	(9,889)
Profit for the year		**20,207**	24,293	40,286

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME (continued)

for the six months ended 31 October 2018

		Unaudited 6 months to 31 October 2018	Unaudited 6 months to 31 October 2017	Audited Year to 30 April 2018
Other Comprehensive Income				
Items that are or may subsequently be classified to Profit and Loss:				
Exchange Differences Arising on Translation of Foreign Operations		**1,482**	629	16
Taxation on exchange differences		**(11)**	(2)	(12)
Total Items that are or may subsequently be classified to profit and loss		**1,471**	627	4
Items that will not be classified to profit and loss:				
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations		**-**	-	150
Deferred tax on remeasurement (losses)/gains		**-**	-	(23)
Total Items that will not be classified to Profit and Loss		**-**	-	127
Other comprehensive income for the year net of tax		**1,471**	627	131
Total Comprehensive Income for the Year		**21,678**	24,920	40,417
Profit for the Year Attributable to:				
Owners of the Parent		**20,140**	24,216	40,134
Non-controlling interests		**67**	77	152
		20,207	24,293	40,286
Total comprehensive income attributable to:				
Owners of the Parent		**21,593**	24,784	40,205
Non-controlling interests		**85**	136	212
		21,678	24,920	40,417
Earnings per Share				
Basic Earnings per Share	6	**5.33p**	6.43p	10.64p
Diluted Earnings per Share	6	**5.33p**	6.40p	10.60p

All results derive from continuing operations.

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

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 October 2018

	Notes	**Unaudited 31 October 2018 £'000**	Unaudited 31 October 2017 £'000	Audited 30 April 2018 £'000
Assets				
Non-current assets				
Goodwill	7	**17,962**	13,415	13,435
Other intangible assets	7	**13,815**	14,030	13,960
Property, plant & equipment	7	**93,895**	81,223	92,556
Investment property	7	**676**	684	676
Investment in - associates		**429**	1,927	1,583
Financial instruments held at FVTPL		**1,623**	-	-
Financial assets held at amortised cost		**982**	-	-
Other financial assets - held to maturity	8	**-**	1,829	1,710
Other financial assets - available for sale		**-**	219	4,286
Deferred tax assets		**1,706**	3,670	1,935
Trade and other receivables		**2,188**	2,061	2,116
		133,276	119,058	132,257
Current assets				
Inventories		**20,355**	22,684	22,902
Trade and other receivables		**16,809**	22,765	20,613
Current tax		**-**	3,691	4,480
Cash and cash equivalents	8	**88,573**	63,123	58,657
		125,737	112,263	106,652
Total assets		**259,013**	231,321	238,909
Equity				
Share capital		**1,888**	1,884	1,887
Share premium		**10,499**	9,384	10,366
Translation and other reserves		**14,646**	13,817	13,193
Retained earnings		**106,175**	101,701	117,811
Equity attributable to owners of the Parent		**133,208**	126,786	143,257
Non-controlling interests		**1,638**	1,477	1,553
Total equity		**134,846**	128,263	144,810
Liabilities				
Non-current liabilities				
Financial liabilities	8	**45,620**	14,248	27,540
Post-employment benefit obligations		**5,523**	5,478	5,524
Deferred tax liabilities		**2,741**	3,729	2,671
Trade and other payables		**-**	1,725	224
		53,884	25,180	35,959
Current liabilities				
Financial liabilities	8	**11,518**	3,620	6,139
Provisions		**92**	601	196
Current tax		**4,708**	10,634	8,307
Trade and other payables		**53,965**	63,023	43,498
		70,283	77,878	58,140
Total equity and liabilities		**259,013**	231,321	238,909

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 2018

	Not	Unaudited 6 months 31 October 2018 £'000	Unaudited 6 months 31 October 2017 £'000	Audited Year to 30 April 2018 £'000
Cash flow from operating activities				
Profit before tax		**26,015**	32,882	50,175
Finance cost		**238**	147	297
Finance revenue		**(10)**	(126)	(658)
Other gains		**(560)**	-	(3,708)
Operating profit		**25,683**	32,903	46,106
Share of post tax profit from associates		**(30)**	(136)	(194)
Amortisation of intangible assets		**1,372**	1,267	2,768
Depreciation of property, plant and equipment		**12,059**	10,698	22,301
Profit on sale of property, plant and equipment		**8**	(2,195)	(2,361)
Exchange differences		**508**	(689)	(836)
Other items		**(90)**	(34)	(318)
Changes in working capital:				
Inventories		**2,910**	(2,376)	(2,613)
Trade and other receivables		**2,714**	(3,033)	(927)
Trade and other payables		**(8,756)**	5,070	(1,064)
Provisions		**(267)**	(1,579)	(1,905)
Cash generated from operations		**36,111**	39,896	60,957
Interest paid		**(238)**	(147)	(297)
Taxation paid		**(4,808)**	(4,948)	(8,318)
Net cash generated from operating activities		**31,065**	34,801	52,342
Cash flows from investing activities				
Acquisition of subsidiaries net of cash acquired		**(4,019)**	(1,354)	(1,398)
Payment of deferred consideration		**(225)**	-	-
Cash received on disposal of associate		**4,437**	-	-
Repayment of loans advanced to associate		**1,612**	-	-
Investment in intangible assets		**(1,314)**	(1,581)	(3,218)
Proceeds from sale of intangible assets		**1**	-	201
Purchase of property, plant and equipment		**(12,811)**	(15,722)	(40,378)
Proceeds from sale of property, plant and equipment		**770**	2,799	4,689
Purchase of available for sale investments		**-**	(134)	(134)
Dividends received from investments held at FVTPL		**-**	-	285
Interest received		**10**	126	144
Dividends received from associates		**12**	304	304
Net cash generated from investing activities		**(11,527)**	(15,562)	(39,505)

GROUP CONDENSED STATEMENT OF CASH FLOWS (continued)
for the six months ended 31 October 2018

		Unaudited	Unaudited	Audited
		6 months to	6 months to	Year to
		31 October	31 October	30 April
		2018	2017	2018
	Notes	**£'000**	£'000	£'000
Cash flows from financing activities				
Issue of Ordinary shares to equity shareholders		**134**	387	1,372
Repayment of borrowings		**(3,617)**	(1,961)	(3,695)
Repayment of capital element of finance leases		**(86)**	(87)	(118)
Increase in borrowings		**26,679**	8,795	26,382
Decrease in assets held to maturity		**719**	573	687
Dividends paid to owners of the Parent		**(14,005)**	(11,633)	(26,478)
Net cash utilised in financing activities		**9,824**	(3,926)	(1,850)
Net increase in cash and cash equivalents		**29,362**	15,313	10,987
Cash and cash equivalents at beginning of year		**58,657**	47,505	47,505
Exchange loss on cash and cash equivalents		**554**	305	165
Cash and cash equivalents at end of year	8	**88,573**	63,123	58,657

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 2018

	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	-	-	-	-	24,216	24,216	77	24,293
Other comprehensive income/(expense)								
Exchange differences	-	-	-	570	-	570	59	629
Tax on exchange	-	-	-	(2)	-	(2)	-	(2)
Translation reserve taken to income statement on disposal of subsidiaries	-	-	-	-	-	-	-	-
Transfers between reserves	-	-	-	-	-	-	-	-
Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations	-	-	-	-	-	-	-	-
Deferred tax on remeasurement gains	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense)	-	-	-	568	-	568	59	627
Total comprehensive income/(expense)	-	-	-	568	24,216	24,784	136	24,920
Transactions with owners of the Parent								
Share options exercised in the period	2	385	-	-	-	387	-	387
Share options	-	-	-	-	132	132	-	132
Dividends	-	-	-	-	(26,478)	(26,478)	-	(26,478)
Total transactions with the Parent	2	385	-	-	(26,346)	(25,959)	-	(25,959)
At 31 October 2017	1,884	9,384	1,781	12,036	101,701	126,786	1,477	128,263

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 31 October 2018

	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)
Transfers between reserves	-	-	-	-	-	-	-	-
Remeasurement gains 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
Share options exercised in the year	5	1,367	-	-	-	1,372	-	1,372
Share options	-	-	-	-	197	197	-	197
Deferred tax on share options	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(26,478)	(26,478)	-	(26,478)
Total transactions with 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

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)
for the six months ended 31 October 2018 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 2018	**1,887**	**10,366**	**1,781**	**11,412**	**117,811**	**143,257**	**1,553**	**144,810**
Profit for year	-	-	-	-	**20,140**	**20,140**	**67**	**20,207**
Other comprehensive income/(expense)								
Exchange differences	-	-	-	**1,464**	-	**1,464**	**18**	**1,482**
Tax on exchange	-	-	-	**(11)**	-	**(11)**	-	**(11)**
Total other comprehensive income/(expense)	-	-	-	**1,453**	-	**1,453**	**18**	**1,471**
Total comprehensive income/(expense)	-	-	-	**1,453**	**20,140**	**21,593**	**85**	**21,678**
Transactions with owners of the Parent								
Share options exercised in the period	**1**	**133**	-	-	-	**134**	-	**134**
Share options	-	-	-	-	**85**	**85**	-	**85**
Dividends	-	-	-	-	**(31,861)**	**(31,861)**	-	**(31,861)**
Total transactions with the Parent	**1**	**133**	-	-	**(31,776)**	**(31,642)**	-	**(31,642)**
At 31 October 2018	**1,888**	**10,499**	**1,781**	**12,865**	**106,175**	**133,208**	**1,638**	**134,846**

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 2018 ("the Interim Report") were approved and authorised for issue by the Board of Directors on 7 December 2018. 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 Unit 3B, Blenheim Rd, Epsom, KT19 9AP, Surrey.

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

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 April 2018. The condensed consolidated interim financial statements comprise the unaudited financial information for the six months ended 31 October 2018 and 31 October 2017, together with the audited results to 30 April 2018. 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 2018. 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 2018 are available at www.photo-me.com or upon request from the Company's registered office at Unit 3B, Blenheim Rd, Epsom, KT19 9AP, Surrey.

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 2018 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 2018, except as indicated below.

New standards adopted in the period:

The Group has implemented, for the first time IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers for the financial year beginning on 1 May 2018. Neither standard had a material impact on the Group's financial position or performance, therefore no restatement of the comparative figures has been required.

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Changes to the classification of financial assets on transition is shown in note 12.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below:

The Group has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 May 2018.

The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

IFRS 15 Revenue from contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

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 2019 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 2018 Annual Report. The effect of adopting new standards for the 2019 year end has not had a material impact on this Interim Report. Accordingly, not transition note is included.

Significant new standards not yet effective

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 on the balance sheet. The Group is currently studying the impact of IFRS 16 on its operating leases, implementing software systems and examining the extent to which commission arrangements meet the definition of a lease under IFRS 16.

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 2018**.**

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 directors consider it necessary to present certain large and unusual items (Specific items) separately in the income statement in order to show the long-term performance trend of the group more clearly. The presentation of Specific items, as described above is also a non-GAAP measure.

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.

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 2018 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 2018.

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 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.

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 2019.

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
Six months to 31 October 2018					
Total revenue	**21,861**	**73,292**	**28,432**	**-**	**123,585**
Inter segment sales	**-**	**(2,868)**	**(956)**	**-**	**(3,824)**
Revenue from external customers	**21,861**	**70,424**	**27,476**	**-**	**119,761**
EBITDA	**3,879**	**28,401**	**7,600**	**(796)**	**39,084**
Depreciation and amortisation	**(2,354)**	**(7,733)**	**(3,067)**	**(277)**	**(13,431)**
Underlying operating profit	**2,732**	**20,668**	**4,533**	**(1,073)**	**26,860**
Specific items	**(1,207)**	**-**	**-**	**-**	**(1,207)**
Operating profit excluding associates	**1,525**	**20,668**	**4,533**	**(1,073)**	**25,653**
Share of post tax profits from associates					**30**
Operating profit					**25,683**
Other gains					**560**
Finance Revenue					**10**
Finance costs					**(238)**
Profit before tax					**26,015**
Tax					**(5,808)**
Profit for year					**20,207**
Capital expenditure	**1,166**	**9,651**	**3,206**	**206**	**14,229**

Specific items

Operating profit UK & Ireland Segment in the period to 31 October 2018 includes restructuring costs of £1,207,000 relating to the Group's Japanese operations.

Other net gains of £560,000 in the period to 31 October 2018 includes the gain of £3,223,000 on the disposal of Stilla Technologies SA, previously accounted for as an associate, and the mark to market loss of £2,663,000 arising on the fair valuation of Max Sight Holdings Limited at reporting date.

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
Six months to 31 October 2017					
Total revenue	22,609	71,578	33,669	-	127,856
Inter segment sales	(3)	(5,423)	(202)	-	(5,628)
Revenue from external customers	22,606	66,155	33,467	-	122,228
EBITDA	4,707	29,152	10,097	776	44,732
Depreciation and amortisation	(2,323)	(6,671)	(2,804)	(167)	(11,965)
Operating profit	2,384	22,481	7,293	609	32,767
Specific items	-	-	-	-	-
Operating profit excluding associates	2,384	22,481	7,293	609	32,767
Share of post tax profits from associates					136
Operating profit					32,903
Other gains					-
Finance Revenue					126
Finance costs					(147)
Profit before tax					32,882
Tax					(8,589)
Profit for year					24,293
Capital expenditure	3,499	10,100	3,426	327	17,352

Specific items

Operating profit UK & Ireland Segment in the period to 31 October 2017 includes restructuring costs of £921,000 relating to the Photo-Me Retail Limited business unit and in Corporate, a profit of £2,320,000 arising on the disposal of the former head office building in Bookham.

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
Year ended 30 April 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	-	-	(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

Specific items

Operating profit UK & Ireland Segment in the period to 30 April 2018 includes restructuring costs of £2,630,000 relating to the Photo-Me Retail Limited business unit and in Corporate, a profit of £2,320,000 arising on the disposal of the former head office building in Bookham.

Other net gains of £3,708,000 in the year to 30 April 2018 includes the gain on the deemed disposal of the Group's interest in Max Sight Limited and Fullwise Limited.

4. Taxation

	6 months to 31 October 2018 £ '000	6 months to 31 October 2017 £ '000	Year to 30 April 2018 £ '000
Profit before tax	**26,015**	32,882	50,175
Total taxation charge	**(5,808)**	(8,589)	(9,889)
Effective tax rate	**22.3%**	26.1%	19.7%
Of which:			
Tax on underlying profit	**(5,528)**	(8,414)	(9,389)
Tax on Specific items	**(280)**	(175)	(500)
	(5,808)	(8,589)	(9,889)

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 2019.

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 2018		31 October 2017		30 April 2018	
	pence per share	**£'000**	pence per share	£'000	pence per share	£'000
Interim						
2018 paid on 11 May 2018	**3.71**	**14,005**				
2017 paid on 11 May 2017			3.09	11,633	3.09	11,633
Final						
2018 approved at AGM held on 24 October 2018	**4.73**	**17,856**				
2017 approved at AGM held on 25 October 2017			3.94	14,845	3.94	14,845
	8.44	**31,861**	7.03	26,478	7.03	26,478

Period ending 31 October 2018

The Board declared an interim dividend of 3.71p per share for the year ending 30 April 2018, paid on 11 May 2018 to shareholders on the register on 6 April 2018. The Board proposed a final dividend of 4.73p per share for the year ending 30 April 2018 which was approved by shareholders at the Annual General Meeting held on 24 October 2018 and paid on 9 November 2018.

Period ending 31 October 2017

The Board declared an interim dividend of 3.09p per share for the six months ended 31 October 2017, which was paid to shareholders on 11 May 2018.

The Board proposed a final dividend of 3.94p per share for the year ended 30 April 2018 which was approved by shareholders at the Annual General Meeting held on 25 October 2017. Accordingly the amount is included in dividends 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. The final dividend was paid on 10 November 2017.

Financial year ended 30 April 2018

The Board declared an interim dividend of 3.09p per share for the six months ended 31 October 2017, which was paid to shareholders on 11 May 2018.

The Board proposed a final dividend of 3.94p per share for the year ended 30 April 2018 which was approved by shareholders at the Annual General Meeting held on 25 October 2017 and paid on 10 November 2017.

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 2018	**Six months to 31 October 2017**	**Year to 30 April 2018**
Basic earnings per share	**5.33p**	6.43p	10.64p
Diluted earnings per share	**5.33p**	6.40p	10.60p
Earnings available to shareholders (£'000)	**20,140**	24,216	40,134
Weighted average number of shares in issue in the period			
- basic ('000)	**377,563**	376,572	377,190
- including dilutive share options ('000)	**378,017**	378,160	378,745

Alternative earnings per share

Management assess the performance of the Group using a variety of performance measures. Internally management reviews the Group's performance on an "adjusted basis", that is to say taking into accounts "other items". The Group's income statement and segmental analysis show operating profit before and after other items. The presentation and use of other items are a non-GAAP measure and the use of this measure may not be comparable to similarly titled measures used by other companies. Other items are those that in management's judgement need to be disclosed separately by virtue of their size, nature and or incidence. Management determines whether an item is classified as other and warrants separate disclosure by considering both qualitative and quantitative factors, such as the nature, frequency and predictability of occurrence. This is consistent with the way operating performance is presented and reported to management.

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

6. Earnings per share (continued)

The impact of other items on operating profit is detailed in note 3, segment analysis.

Consistent with the above, management also calculate earnings per share (EPS) and diluted earnings per share (DPS). Management uses this as one factor in determining dividend policy.

The tables below reconcile EPS and DPS before and after other items. Details of Specific items are shown in note 3.

Alternative earnings per share

	£'000	**EPS pence**	**DPS pence**
October 2018			
Earnings available to shareholders (£'000)	**20,140**	**5.33**	**5.33**
Specific items net of tax	**927**	**0.25**	**0.25**
Other gains	**(560)**	**(0.15)**	**(0.15)**
Earnings after specific items	**20,507**	**5.43**	**5.43**
October 2017			
Earnings available to shareholders (£'000)	24,216	6.43	6.40
Specific items net of tax	(745)	(0.20)	(0.20)
Earnings after specific items	23,471	6.23	6.20
April 2018			
Earnings available to shareholders (£'000)	40,134	10.64	10.60
Specific items net of tax	(190)	(0.05)	(0.05)
Gain on financial assets classified as available for sale	(3,708)	(0.98)	(0.98)
Earnings after specific items	36,236	9.61	9.57

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 2017	11,812	13,451	74,989	662
Exchange adjustment	87	265	1,633	30
Additions				
- photobooths & vending machines	-	-	13,469	-
- research & development	-	1,265	-	-
- other additions	-	316	2,302	-
New subsidiaries -net book value	1,516	-	28	-
Transfers	-	-	-	-
Depreciation provided in the period	-	(1,267)	(10,690)	(8)
Net book value of disposals	-	0	(508)	-
Net book value at 31 October 2017	13,415	14,030	81,223	684
Net book value at 1 May 2017	11,812	13,451	74,989	662
Exchange adjustment	69	260	1,596	30
Additions				
- photobooths & vending machines	-	-	35,588	-
- research & development	-	2,510	-	-
- other additions	-	708	4,871	-
New subsidiaries- net book value	1,554	-	29	-
Transfers	-	-	-	-
Depreciation provided in the period	-	(2,768)	(22,285)	(16)
Transfer to asset sheld for sale	-	-	-	-
Net book value of disposals	-	(201)	(2,232)	-
Net book value at 30 April 2018	13,435	13,960	92,556	676
Net book value at 1 May 2018	**13,435**	**13,960**	**92,556**	**676**
Exchange adjustment	**117**	**160**	**1,167**	**8**
Additions				
- photobooths & vending machines	**-**	**-**	**11,345**	**-**
- research & development	**-**	**1,061**	**-**	**-**
- other additions	**-**	**253**	**1,570**	**-**
New subsidiaries- net book value	**4,410**	**20**	**31**	**-**
Depreciation provided in the period	**-**	**(1,372)**	**(12,051)**	**(8)**
Net book value of disposals	**-**	**(267)**	**(723)**	**-**
Net book value at 31 October 2018	**17,962**	**13,815**	**93,895**	**676**

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

	31 October 2018	31 October 2017	30 April 2018
	£'000	£'000	£'000
Property, plant & equipment additions - finance leases	**104**	49	81

8. Net Cash

	31 October 2018 £'000	31 October 2017 £'000	30 April 2018 £'000
Cash and cash equivalents per statement of financial position	**88,573**	63,123	58,657
Financial assets held to maturity	**-**	1,829	1,710
Financial assets held at amortised cost	**982**	-	-
Non-current instalments due on bank loans	**(45,393)**	(13,996)	(27,319)
Current instalments due on bank loans	**(11,369)**	(3,479)	(6,006)
Leases	**(376)**	(393)	(354)
Net cash	**32,417**	47,084	26,688

Following the adoption of IFRS 9, Financial assets – held to maturity was reclassified as Financial assets held at amortised cost.

At 31 October 2018, £982,000 (31 October 2017: £1,829,000, 30 April 2018: £1,710,000) 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 2018, period ended 31 October 2017 and year ended 30 April 2018 include transfers between non-current and current and new finance leases taken out in the period.

8. Net Cash (continued)

	1 May 2017 £'000	Exchange difference £'000	Other movements £'000	Cash flow £'000	31 October 2017 £'000
Cash and cash equivalents per statement of financial position	47,505	305	-	15,313	63,123
Financial assets - held to maturity	2,389	13	-	(573)	1,829
Non-current loans	(7,894)	(356)	3,049	(8,795)	(13,996)
Current loans	(2,344)	(47)	(3,049)	1,961	(3,479)
Leases	(444)	13	(49)	87	(393)
Net cash	39,212	(72)	(49)	7,993	47,084

	1 May 2017 £'000	Exchange difference £'000	Other movements £'000	Cash flow £'000	30 April 2018 £'000
Cash and cash equivalents per statement of financial position	47,505	165	-	10,987	58,657
Financial assets - 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)
Net cash	39,212	(180)	(75)	(12,269)	26,688

	1 May 2018 £'000	Exchange difference £'000	Other movements £'000	Cash flow £'000	31 October 2018 £'000
Cash and cash equivalents per statement of financial position	**58,657**	**554**	**-**	**29,362**	**88,573**
Financial assets - held to maturity /	**1,710**	**(9)**	**-**	**(719)**	**982**
Non-current loans	**(27,319)**	**(307)**	**8,912**	**(26,679)**	**(45,393)**
Current loans	**(6,006)**	**(68)**	**(8,912)**	**3,617**	**(11,369)**
Leases	**(354)**	**(4)**	**(104)**	**86**	**(376)**
Net cash	**26,688**	**166**	**(104)**	**5,667**	**32,417**

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 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 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 1 with the exception of other financial assets available for sale investments which are valued at level 3.

Financial Instruments by category

The tables below show financial instruments by category

31 October 2018	**Loans and receivables**	**Financial instruments**	**Total**
	£'000	**£'000**	**£'000**
Assets as per statement of financial position			
Financial instruments held at FVTPL	-	1,623	1,623
Financial assets held at amortised cost	982	-	-
Trade and other receivables	14,497	-	14,497
Cash and cash equivalents	88,573	-	88,573
Total	104,052	1,623	104,693

	Other financial liabilities at amortised cost	Total
	£'000	£'000
Liabilities as per statement of financial position		
Borrowings	56,761	56,761
Leases	376	376
Trade and other payables excluding non-financial liabilities	48,170	48,170
Total	105,307	105,307

31 October 2017	Loans and receivables	Held to maturity	Total
	£'000	£'000	£'000
Assets as per statement of financial position			
Other financial assets - held to maturity	1,829	-	1,829
Other financial assets - available for sale	-	219	219
Trade and other receivables	21,256	-	21,256
Cash and cash equivalents	63,123	-	63,123
Total	86,208	219	86,427

	Other financial liabilities at amortised cost	Total
	£'000	£'000
Liabilities as per statement of financial position		
Borrowings	17,475	17,475
Leases	393	393
Trade and other payables excluding non-financial liabilities	46,138	46,138
Total	64,006	64,006

30 April 2018

	Loans and receivables	Available for sale	Total
	£'000	£'000	£'000
Assets as 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
Total	78,043	4,286	82,329

	Other financial liabilities at amortised cost	Total
	£'000	£'000
Liabilities as per statement of financial position		
Borrowings	33,325	33,325
Leases	354	354
Trade and other payables excluding non-financial liabilities	40,376	40,376
Total	74,055	74,055

10. Related parties

The Group's significant related parties are disclosed in the 2018 Annual Report and include its associates, its pension funds and the Company's Directors. During the 6 months ended 31 October 2018, 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 2018 Annual Report.

11. Business combinations

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 up to €5 million, obtaining control of the group on that date. The La Wash Group is a leader in the Spanish business-to-business laundry services market based in Barcelona.
The acquisition was funded from the Group's cash resources.

The provisional fair values of the assets and liabilities acquired are as follows:

	£ '000
Intangible assets	20
Property, plant and equipment	31
Total non current assets	51
Inventory	57
Trade and other receivables	492
Cash and cash equivalents	151
Total current assets	**700**
Total assets	**751**
Trade and other payables	(601)
Current tax	(171)
Total liabilities	**(772)**
Total identifiable net liabilities	**(21)**
Total net assets excluding net cash and cash equivalents	(172)
Goodwill	4,410
Goodwill and total identifiable net assets	**4,389**
Cost of investment	4,389
Contingent consideration	(219)
Initial cash outlay on purchase of subsidiaries	4,170
Net cash acquired with subsidiaries	(151)
Net cash consideration per Group Statement of Cash flows	**(4,019)**

Due to the proximity between the acquisition date and the interim reporting date, the acquisition accounting is on-going. For the purposes of this report the entire consideration in excess of acquired net assets has been treated as goodwill and will be allocated to separately identifiable intangible assets in the Annual Report for the year ending 30 April 2019.

Contingent consideration

A further £219,000 of consideration is payable to the vendor of the acquired businesses contingent on earnings performance in the 12 month period ending 30 April 2019. The directors consider it likely that the performance conditions will be met and have therefore recognised the maximum amount payable.

Acquired receivables

The provisional fair value of receivables acquired was £492,000. The gross contractual amounts receivable were £499,000 and at the acquisition date, £7,000 of contractual cash flows were not expected to be received.

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

	£ '000
Revenue	1,477
Profit before tax	315

12. Transition to IFRS 9

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 at30 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**	**-**	**-**

12. Transition to IFRS 9 (continued)

	IAS 39 Classification at30 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 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)**	**-**	**-**

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 which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, give and fair view of the assets, liabilities, financial position and profit or loss of the Group, as required by DTR 4.2.4R.

• 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)
7 December 2018

INDEPENDENT REVIEW REPORT TO PHOTO-ME INTERNATIONAL PLC

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of Photo-Me International Plc (the ‘company’) for the six months ended 31 October 2018 which comprises the Group Condensed Statement of Comprehensive Income, the Group Condensed Statement of Financial Position, the Group Condensed Statement of Cash Flows and 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, as a body, 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'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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 as a body, for our review work, for this report, or for the conclusion we have formed.

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 Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note [2], the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express a conclusion to the company 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'. 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 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 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
7 December 2018

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 2018. 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.com.

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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