Photo-Me

10 December 2019

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2019

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 2019.

Results summary

	Reported			At constant currency	
	Six months ended 31 Oct 2019	**Six months ended 31 Oct 2018**	**Change**	**Six months ended 31 Oct 2018[1]**	**Change[1]**
Revenue	£123.9m	£119.8m	3.3%	£122.0m	1.8%
Underlying revenue[4]	£120.3m	£119.8m	0.4%	£122.0m	(1.4)%
EBITDA	£45.9m	£39.1m	17.4%	£39.8m	15.3%
EBITDA excluding IFRS 16 impact	£43.3m	£39.1m	10.7%	£39.8m	8.8%
Profit before tax[3]	£28.3m	£26.0m	8.8.%	£26.5m	6.8%
Profit before tax excluding IFRS 16 impact	£28.4m	£26.0m	9.2%	£26.5m	7.2%
Adjusted profit before tax[3]	£28.5m	£26.7m	6.7%	£27.1m	5.2%
Cash generated from operations	£41.1m	£36.1m	13.7%		
Net cash[2]	£25.2m	£32.4m	(22.2%)		
EPS (diluted)	6.0p	5.3p	13.2%		
Adjusted EPS	6.0p	5.5p	9.1%		
Interim dividend per Ordinary share	3.7p	3.7p	-		

[1] For constant currency comparatives, average rates of exchange used were £/€ 1.129 (H1 2019: 1.122), £/Yen 145.171 (H1 2019: 135.00)
[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 profit before tax is adjusted with the UK restructuring cost (£0.2m)
[4] Underlying revenue excludes Sempa revenue

Financial summary

- Revenue was up 3.3% to £123.9 million (up 1.8% at constant currency).

- Underlying revenue (excluding Sempa) up 0.4% to £120.3 million (down 1.4% at constant currency).

- EBITDA improved by 17.4% to £45.9 million. Excluding IFRS16 impact, EBITDA improved by 10.7% to £43.3 million. This reflects profit growth through laundry expansion, the acquisition of Sempa and a higher depreciation than in the prior year period. At constant currency, EBITDA was up 8.8%.

- Profit before tax increased by 8.8% to £28.3 million and adjusted profit before tax improved 6.7% to £28.5 million (up 5.2% at constant currency). Excluding IFRS16 impact, profit before tax increased by 9.2% to £28.4 million.

- Net cash position of £25.2 million (H1 2019: £32.4 million), following the distribution of £31.9 million to shareholders in dividend payments, £29.3 million in investments and the £10.2 million net cash consideration relating to the acquisition of Sempa.

- Interim dividend maintained at 3.71 pence per Ordinary share, in line with the stated dividend policy (H1 2019: 3.71 pence per Ordinary share).

Operational summary

- Continued focus on Laundry expansion, with total laundry units deployed (owned, sold and as a result of acquisitions) up 9.1% and total revenue from laundry operation was up 6.9%.

- Revenue from Revolution laundry operations increased by 25.2% and number of Revolution units in operation increased by 13.8%. Revolution now accounts for 6.3% of the total Group vending estate (H1 2019: 5.0%).

- Excluding the UK, Identification revenue increased 0.8%. Including the UK, Identification revenue declined by 3.3% reflecting the challenging market conditions in UK.

- Entry into the fresh fruit and vegetable juice market through the acquisition of Sempa Sarl ("Sempa") which completed in April 2019. In H1 2020, Sempa contributed £3.5 million of revenue and £1.8 million of profit before tax to the Group. This new business area called 'KIS Food' is expected to contribute £3.2 million profit before tax in FY 2020.

Serge Crasnianski, CEO, said:

"The first half of the year saw robust performance despite a number of challenging headwinds. the Group remains focused on further expanding our Laundry market presence across a number of the core geographies in which we operate and across our product offering, from 24/7 self-service machines and laundrettes to B2B laundry services. Our Identification business remains resilient and looking ahead, we expect to benefit from the introduction of mandatory renewal for ID cards in France from 2021 onwards. Our entry into the food market earlier in the year also provides the Group with a new additional platform for growth and will become an important component of our future growth strategy.

"The Group remains highly cash generative with £41.1 million of cash generated during the period, reflecting EBITDA margin improvement. The Board remains confident that the Group will continue to perform in line with market expectations for the current financial year."

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 46,900 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

The Group entered the self-service fresh fruit juice equipment market in April 2019, with the acquisition of Sempa. This will become a key business area ('KIS Food') alongside Identification, Laundry and Kiosks, and will be a significant part of the Group's future growth strategy.

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

The Group's first half performance was in line with expectations, delivering further revenue and profit growth and further expansion of the Laundry business. Total revenue increased by 3.3% to £123.9 million and by 0.4% to £120.3 million on an underlying revenue basis.

Expansion of laundry operations remained a key growth driver, with total revenue from Revolution machines up 25.2% to £17.4 million. Excluding the UK, Identification revenue increased by 0.8% but overall declined by 3.3% to £76.5 million, reflecting lower activity in the UK photobooth market. As previously announced, the UK photobooth market was challenging due to uncertainty around the UK's exit from the EU and the Government's policy to accept photos taken at home for passport identification. Together these factors resulted in lower consumer activity which impacted overall performance of this business area. Kiosks revenue increase by 6.1% to £7.0 million.

Reported EBITDA excluding IFRS16 impact increased by 10.7% to £43.3 million, driven by laundry expansion in France Portugal and Ireland, a contribution from the acquisition of Sempa and a higher depreciation charge compared with H1 2019. This resulted in EBITDA margins expanding to 37.0% of revenue, a 13.5% increase (H1 2019: 32.6% excluding the impact of one-off items). On a constant currency basis, EBITDA was up 15.3% from £39.8 million.

Profit before tax increased by 8.8% to £28.3 million, and at constant currency by 6.8%. Adjusted profit before tax increased by 6.7% to £28.5 million, reflecting prior year adjustments for discontinued operations and exceptional items detailed in the table below (Adjusted profit before tax H1 2019: £26.7 million).

Reconciliation of Reported Profit Before Tax to Adjusted Profit Before Tax

	Six months to 31 October 2019	Six months to 31 October 2018
Reported profit before tax	**£28.3m**	£26.0m
Discontinued operations		
- Profit on disposal of Stilla Technologies SA	**-**	£3.2m
- Loss of Max Sight Holding investment	**-**	(£2.7m)
Exceptional items - restructuring costs	**£0.2m**	£1.2m
Adjusted profit before tax	**£28.5m**	£26.7m

The Group remains highly cash generative, with cash generated from operations of £41.1 million in the period, an increase of 13.7% year-on-year, reflected in the improvement in EBITDA.

The Group's net cash position at 31 October 2019 was £25.2 million, compared to a net cash position of £32.4 million at 31 October 2018 and a net cash position of £16.3 million as at 30 April 2019. The reduction compared with 31 October 2018 is due to the £10.2 million net consideration paid for the Sempa acquisition, as well as £31.9 million paid out by the Group in dividends and £31.7 million in investments.

In the first half, there was a £0.2 million restructuring cost in the UK compared with a £1.2 million restructuring cost related the Group's Japanese subsidiary in H1 2019. The Group does not anticipate any restructuring costs in H2 2020.

Strategy update

The Group has continued to make strategic and operational progress in line with its strategy to diversify its range of products and services, driven by the expansion of its laundry business and the acquisition of Sempa, as announced in April 2019.

Overall Group trading has been in line with the Board's expectations, underpinned by continued growth in Continental Europe and Asia, led by the Laundry business, and despite trading in the Identification division in the UK remaining challenging. This has been due to continued uncertainty around the UK's European Union exit negotiations, leading to continued lower consumer activity. Furthermore, the UK is the only European country where photos taken on a smart device or camera at home can legitimately be used for passport photo identification.

The acquisition of Sempa represented the launch of a new growth initiative for Photo-Me, under the new business area KIS Food. To date, Sempa has performed well and in line with management's expectations. Good progress has been made on integrating the Sempa operations within the Group and on the expansion of this juicing machine estate both through acquisition and development in house. Trials are already underway.

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

Appointment of Non-Executive Director

On 18 July 2019, the Group announced the appointment of Mr Jean-Marc Janailhac as an Independent Non-executive Director, effective from 22 July 2019. Mr. Janailhac is a seasoned entrepreneur with a wealth of experience, including being a senior adviser of Macquarie Capital (Europe) Limited and a Non-executive Director of Athena Investments A/S.

Dividends

The Board is declaring a maintained interim dividend of 3.71 pence per Ordinary Share (H1 2019: 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 2020.

The interim dividend will be paid on 11 May 2020 to shareholders on the register on 14 April 2020. The ex-dividend date will be 9 April 2020.

Outlook

The Group remains focused on its strategy to further diversify its product offering both organically through innovation, and through smaller bolt-on acquisitions.

Expansion of Laundry, particularly in new markets such as Germany, Austria and Switzerland, remains a key priority, including increasing the Group's presence in the B2B and the laundrette markets, which continue to represent a material opportunity for the Group. Looking ahead, this business area will continue to account for an increasing proportion of the Group's total revenue in the medium term.

KIS Food is an important component of the Group's future growth strategy and we will continue to progress with the development and rollout of the offer in this business area. Our initial focus will remain within French supermarkets, whilst the Group looks to expand into other Pan-European geographies in the future.

Whilst consumer uncertainty continues to weigh on our business in the UK, we remain confident that the Group will continue to perform well during the coming period, and in line with market expectations, in the current financial year.

CHIEF EXECUTIVE'S BUSINESS AND FINANCIAL REVIEW

BUSINESS REVIEW

Photo-Me has three principal areas of business; Identification, Laundry and Kiosks.

The Group has recently announced the establishment of a new business area to further diversity operations, KIS Food. This business is expected to form a core part of the Group's growth strategy in the future.

In addition, the Group operates 9,912 Other Vending Equipment, such as children's rides and, photocopiers. Whilst these are not principal business areas or core to the growth strategy, these machines are profitable and benefit from synergies relating to other areas of the business, such partnerships with site owners and the Group's network of field engineers and account for 5.6% of the Group's total vending estate's revenue.

In the first half, the Group remained focused on driving the growth of its Laundry operations, identifying and accessing growth opportunities in KIS Food, and the deployment of secure photo ID upload technology in its Identification business.

Identification

Photobooths and integrated biometric identification solutions

	31 October 2019	31 October 2018	Change
Number of units in operation	28,439	28,421	0.1%
Percentage of total Group vending estate (number of units)	61.0%	61.0%	
Revenue	£76.5m	£79.1m	(3.3%)
Capex	£5.4m	£3.9m	38.5%

Outside of the UK, revenue from Identification remained stable at +0.8% year-on-year, underpinned by a robust performance in France (the Group's largest market) and Japan. There continues to be strong opportunities for the Group to work with governments and deploy secure upload photo ID technology, particularly in Continental Europe where, under European regulations, ID photos taken at home are not permitted for official documents due to security risks.

The Group now has more than 12,000 photobooths connected to government organisations for the secure upload of photo ID in the UK and Continental Europe, and it is anticipated that this number will continue to grow as discussions with governments to deploy this technology progress.

During the first half, we have invested in Identification, specifically in Japan and the UK to strengthen our position in high-footfall sites and consolidate our leading market position.

Laundry

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

	31 October 2019	31 October 2018	Change
Total laundry units deployed (owned, sold and as a result of acquisitions)	5,179	4,636	11.7%
Total revenue from laundry operations	£25.6m	£21.9m	16.9%
Revolution (excludes Launderettes and B2B):			
Number of Revolutions in operation	2,995	2,527	18.5%
Percentage of total Group vending estate (number of units)	6.4%	5.0%	
Total revenue from Revolutions	£17.4m	£13.9m	25.2%
Revolution capex	£6.5m	£4.3m	51.2%

**There were 2,732 full time units in operation during H1 2020 compared with 2,232 in H1 2019.*

The expansion of Laundry operations remains a key driver of growth and further good progress has been made during the period, with an average growth rate of 50 machines in operation per month.

The number of Revolution machines in operation has increased by 18.5% as the rollout in Continental Europe and the UK & Republic of Ireland continued. In the first half total revenue from Revolutions was up 25.2% compared with H1 2019. The expansion strategy has included building further Laundry presence in newer markets such as Germany, Austria, the UK and Switzerland.

In the UK, there has been an improving trend in B2B activity, albeit this remains at an early stage of recovery. The Group still expects to report growth for the full year.

During the period, Revolution capex increased by 51.2% to £6.5 million to support Laundry expansion and Revolution machine upgrades. Revolution installations increased by 23% year on year to 263 machines in H1 2020. The machine upgrades are almost complete which will lead to a decrease in capex requirement in H2 2020.

Revolution machines now account for 6.4% of Group's total vending estate. As anticipated, year-on-year, the Laundry business has continued to contribute an increasing proportion of the Group's revenue and profits.

The Group continue to seek accretive smaller bolt-on acquisitions that will further enhance its Laundry market presence.

The Group anticipates approaching 6,000 owned, sold and acquired laundry units by the end of calendar year 2020, subject to macro-economic factors outside of its control.

Kiosks

High-quality digital printing services

	31 October 2019	31 October 2018	Change %
Number of units in operation	5,508	5,533	(0.5%)
Percentage of total Group vending estate (number of units)	12.0%	12.0%	-
Revenue	£7.0m	£6.6m	6.1%
Capex	£1.1m	£1.8	(38.9%)

The Kiosk business has performed as expected in the period. Revenue was up 6.1% due to the good performance of the kiosks relocated in the prior year from Photo-Me Retail shops in the UK to France.

Kiosks continued to represent 12.0% of the total number of units in the Group's total vending estate, the majority of which are located in France.

Capex reduced by 38.9%, in line with the Group's strategy to restrict investment in kiosks to premium sites with high footfall, and channel investment into Laundry expansion.

KIS Food

Following the acquisition of Sempa in April 2019, which marked the Group's entry to the fresh fruit and vegetable juice market, the Group has formed a new segment, called "KIS Food".

In the first half, Sempa contributed £3.5 million of revenue to the Group and £1.8 million of profit before tax.

Going forward, the Group anticipates that this business will be a significant part of the Group's future growth strategy, alongside Laundry and Identification. This business area is in early stage development and in the financial year to date has performed in line with expectation.

Photo-Me's intention is to become one of the global leaders in the distribution of self-service fresh fruit juice machines, and its strategy to achieve this is two-fold, aimed at the B2B and B2C markets.

The Group's initial growth strategy for KIS Food is to roll out juice vending machines in selected countries in Europe. Competition within the self-service juice market is relatively limited and, by leveraging the Group's existing network of field engineers, the Board believes this market presents a significant growth opportunity for the Group in the medium to long term.

B2B market

The Group sells self-service juice machines to organisations such as restaurant, hotels, supermarkets, offices and small businesses.

Most machines are sold under lease finance contracts, with approximately 70% of these lease agreements renewing every 12-months on average. Almost all of the current juice vending machine estate is B2B.

The Group has already made good progress in establishing a juice offer with its existing commercial partners. The Group has installed 234 new machines over the last six months in Belgium and Switzerland.

B2C market

The Group sells freshly-squeezed orange juice drinks direct to consumers via self-service juice vending machines, in locations such as railway stations. In September, Photo-Me acquired 150 juice vending machines from L'Orangerie de Paris, enabling the Group to run a larger scale trial to test the market prior to deploying vending machines across other geographies.

Investment in innovation

Extending Food offer

In the KIS Food business, the Group's R&D team is working on extending its B2B and B2C product range over time to include juice options alongside its orange juice offer. Photo-Me is developing a professional apple juice machine, a world first. A prototype has been developed and is currently undergoing testing.

Furthermore, a new pineapple juice machine for restaurants and hotels (commercial only) has been developed and a trial of the machine will commence in the second half of the current financial year. This market is smaller than apple juice but could be very profitable.

'ME' concept

The Group is developing a concept of grouping its vending offer in one place, in prime locations such as a supermarket and train stations. This would create a one-stop-shop for Photo-Me services, including launderette, photobooth, copier, kiosks, juice vending machines (service centre). The first trial is underway with a French supermarket retailer, Monoprix. We will provide a further update on the trial in due course.

REVIEW OF PERFORMANCE BY GEOGRAPHY

Commentaries 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.

	Revenue Six months ended 31 October				**Operating profit[7] Six months ended 31 October**			
	2019 £m	**2018 £m**	**Change[6]**	2018[5] £m	**2019 £m**	**2018 £m**	**Change[6]**	2018[5] £m
Continental Europe	77.0	70.4	9.4%	70.1	25.3	20.7	22.2%	20.9
UK & ROI	24.1	27.5	(19.6%)	28.5	1.8	4.6	(60.9%)	4.6
Asia	22.8	21.9	4.1%	23.4	3.4	1.5	126.7%	1.7
Corporate costs					(1.5)	(1.1)	36.4%	(1.1)
Total	123.9	119.8	3.3%	122.0	29.0	25.7	12.8%	26.1

[5] 2018 trading results of overseas subsidiaries converted at 2019 exchange rates. For constant currency comparatives, average rates of exchange used were £/€ 1,129 (H1 2019: 1,12), £/Yen: 145.17 (H1 2019: 135.00)
[6] Refers to change compared to reported results.
[7] Operating profit exclude results of associate

Total Group revenue grew by 3.3%, driven by a continued strong performance in Continental Europe, particularly in the Group's largest market France, as well as the resilience of the Photobooth business in France and Japan. Operating profit grew by 12.8%, primarily due to a significant improvement in profitability of the Group's operations in Japan following the restructuring of this subsidiary in the prior financial year (H1 2019: included a £1.2 million one-off restructuring cost).

Vending units in operation

	As at 31 October 2019		As at 31 October 2018		**Change year on year**
	No of units	**% of total**	No of units	% of total	
Continental Europe	25,436	54.0%	24,787	53.0%	2.6%
UK & Republic of Ireland	11,357	24.0%	11,909	26.0%	(4.6%)
Asia	10,061	21.0%	10,037	21.0%	0.2%
	46,854	100.0%	46,733	100%	0.3%

As at 31 October 2019, the Group's estate comprised 46,854 units. The number of units in Continental Europe continued to grow strongly, reflecting continued Laundry expansion, however this was offset by a significant decline in machines in operation in the UK, as unprofitable machines were removed from the estate. Overall, the size of the estate remained stable in the period.

Continental Europe

At 31 October 2019, 54.0% of the Group's total units in operation were situated in Continental Europe (H1 2019: 53.0%) and was once again the best performing region for the Group. expansion.

Revenue increased by 9.4% and operating profit by 22.2% reflecting a better than expected photobooth performance in France as well as the continued rollout of Laundry in the region.

This region contributed more than 62.2% of Group revenues in the period (H1 2019: 58.8%) and 87.2% of Group operating profit before Corporate costs (H1 2019: 80.5%).

UK & Republic of Ireland (including Corporate)

As discussed above, the uncertain macroeconomic environment, and the challenging photobooth market conditions in the UK, resulted in lower consumer activity which significantly impacted the performance of the region as a whole. Revenue declined by 19.6% and operating profit before corporate costs reduced by 60.9%.

The Laundry business in the region has continued to perform well.

In Ireland, the Group added a further 19 Revolution units to its estate in the first half, an increase of 5.7% year-on-year. The Group strategy to expand its Laundry in the country has radically changed the portfolio mix with Laundry revenue now accounting for 80.0% of revenue in the country compared with 1.0% in 2014.

In the first half, UK Laundry expansion was at an average rate of seven new machines per month, however we expect this to accelerate to 15 to 20 Revolutions per month in the second half of the current financial year.

At 31 October 2019, 2.0% of the Group’s total units in operation were situated in the UK & Republic of Ireland (H1 2019: 26.0%).

Asia

Revenue in Asia increased by 4.1% and operating profit before corporate costs increase by 126.7%. Excluding the one-off restructuring cost of £1.2 million in H1 2019, operating profit increased by 26.0% year-on-year.

The turnaround plan to address challenges in the Japanese market implemented in H2 2018 has proven highly effective and the country has returned to profitable growth. Trading in the other countries in Asia remained strong.

The Japanese photobooth market remains very competitive and the Group is well-positioned to participate in market consolidation which will build market share.

The Group plans to continue expansion of its Laundry operation in Japan, with two new launderettes due to open in early 2020.

At 31 October 2019, 21.5% of the Group’s total units in operation were situated in Asia (H1 2019: 21.5%).

Statement of Financial Position

Shareholders' equity as at 31 October 2019 totalled £134.4 million, equivalent to 35.6 pence per share.

Net cash balance of £25.2 million as at the 31 October 2019 (31 October 2018: £32.4 million, 30 April 2019: £16.3 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 the Netherlands). 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 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

	the Company’s operations in the UK. The Company has expensed the cost of the tax charge as reasonably estimated.	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 laundry business and the successful development of integrated secure ID solutions.	The Group regularly monitors the performance of its entire estate of machines. New technology enabled secure ID solutions are heavily trialled before launch and the performance of operating machines is continually monitored.
Market		
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 this data 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 2019

	Notes	**Unaudited 6 months to 31 October 2019 Total £ '000**	Unaudited 6 months to 31 October 2018 Total £ '000	Audited Year to 30 April 2019 Total £ '000
Revenue	3	**123,861**	119,761	228,118
Cost of Sales		**(86,363)**	(84,587)	(164,637)
Gross Profit		**37,498**	35,174	63,481
Other Operating Income		**592**	788	1,601
Administrative Expenses		**(9,152)**	(10,309)	(22,393)
Share of Post-Tax Profits from Associates		**53**	30	50
Operating Profit	3	**28,991**	25,683	42,739
Analysed as:				
Operating profit before specific items		**29,162**	26,890	44,564
Profit on sale of land & buildings		**-**	-	-
Restructuring costs		**(171)**	(1,207)	(1,825)
Operating profit after specific items		**28,991**	25,683	42,739
Other net gains	3	**-**	560	361
Finance Revenue		**66**	10	20
Finance Cost		**(714)**	(238)	(527)
Profit before Tax	3	**28,343**	26,015	42,593
Total Tax Charge	4	**(5,804)**	(5,808)	(11,314)
Profit for the year		**22,539**	20,207	31,279
Other Comprehensive Income				
Items that are or may subsequently be classified to Profit and Loss:				
Exchange Differences Arising on Translation of Foreign Operations		**152**	1,482	(860)
Taxation on exchange differences		**12**	(11)	3
Total Items that are or may subsequently be classified to profit and loss		**164**	1,471	(857)
Items that will not be classified to profit and loss:				
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations		**-**	-	(216)
Deferred tax on remeasurement (losses)/gains		**-**	-	42
Total Items that will not be classified to Profit and Loss		**-**	-	(174)
Other comprehensive income for the year net of tax		**164**	1,471	(1,031)
Total Comprehensive Income for the Year		**22,703**	21,678	30,248

Profit for the Year Attributable to:				
Owners of the Parent		**22,492**	20,140	31,226
Non-controlling interests		**47**	67	53
		22,539	20,207	31,279
Total comprehensive income attributable to:				
Owners of the Parent		**22,657**	21,593	30,228
Non-controlling interests		**46**	85	20
		22,703	21,678	30,248
Earnings per Share				
Basic Earnings per Share	6	5.95p	5.33p	8.27p
Diluted Earnings per Share	6	5.95p	5.33p	8.26p

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 2019

	Notes	**Unaudited 31 October 2019 £'000**	Unaudited 31 October 2018 £'000	Audited 30 April 2019 £'000
Assets				
Non-current assets				
Goodwill	7	**27,063**	17,962	26,594
Other intangible assets	7	**14,550**	13,815	15,222
Property, plant & equipment	7	**114,224**	93,895	95,353
Investment property	7	**640**	676	648
Investment in - associates		**409**	429	415
Financial instruments held at FVTPL		**1,473**	1623	1387
Financial assets held at amortised cost	8	**983**	982	982
Deferred tax assets		**877**	1,706	912
Trade and other receivables		**1,734**	2,188	1,764
		161,953	133,276	143,277
Current assets				
Inventories		**23,072**	20,355	22,339
Trade and other receivables		**22,293**	16,809	20,917
Current tax		**-**	-	876
Cash and cash equivalents	8	**84,794**	88,573	84,591
		130,159	125,737	128,723
Total assets		**292,112**	259,013	272,000
Equity				
Share capital		**1,889**	1,888	1,889
Share premium		**10,588**	10,499	10,588
Translation and other reserves		**12,534**	14,646	12,369
Retained earnings		**107,785**	106,175	117,131
Equity attributable to owners of the Parent		**132,796**	133,208	141,977
Non-controlling interests		**1,618**	1,638	1,870
Total equity		**134,414**	134,846	143,847
Liabilities				
Non-current liabilities				
Financial liabilities	8	**57,715**	45,620	53,385
Post-employment benefit obligations		**5,688**	5,523	5,635
Deferred tax liabilities		**5,585**	2,741	5,430
Trade and other payables		**331**	-	-
		69,319	53,884	64,450
Current liabilities				
Financial liabilities	8	**18,927**	11,518	15,850
Provisions		**222**	92	218

Current tax	**8,725**	4,708	6,753
Trade and other payables	**60,505**	53,965	40,882
	88,379	70,283	63,703
Total equity and liabilities	**292,112**	259,013	272,000

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 2019

	Notes	Unaudited 6 months to 31 October 2019 £'000	Unaudited 6 months to 31 October 2018 £'000	Audited Year to 30 April 2019 £'000
Cash flow from operating activities				
Profit before tax		**28,343**	26,015	42,593
Finance cost		**714**	238	527
Finance revenue		**(66)**	(10)	(20)
Other gains		**-**	(560)	(361)
Operating profit		**28,991**	25,683	42,739
Share of post-tax profit from associates		**(53)**	(30)	(50)
Amortisation of intangible assets		**1,592**	1,372	2,992
Depreciation of property, plant and equipment		**15,653**	12,059	24,024
Profit on sale of property, plant and equipment		**(99)**	8	165
Exchange differences		**(850)**	508	(707)
Other items		**(59)**	(90)	354
Changes in working capital:				
Inventories		**(733)**	2,910	511
Trade and other receivables		**(1,376)**	2,714	(597)
Trade and other payables		**(1,744)**	(8,756)	(5,604)
Provisions		**(249)**	(267)	108
Cash generated from operations		**41,073**	36,111	63,935
Interest paid		**(333)**	(238)	(527)
Taxation paid		**(2,719)**	(4,808)	(6,223)
Net cash generated from operating activities		**38,021**	31,065	57,185
Cash flows from investing activities				
Acquisition of subsidiaries net of cash acquired		**(753)**	(4,019)	(13,528)
Payment of deferred consideration		**-**	(225)	(225)
Cash received on disposal of associate		**-**	4,437	4,437
Repayment of loans advanced to associate		**-**	1,612	1,612
Investment in intangible assets		**(883)**	(1,314)	(2,167)
Proceeds from sale of intangible assets		**43**	1	155
Purchase of property, plant and equipment		**(15,658)**	(12,811)	(28,169)
Proceeds from sale of property, plant and equipment		**602**	770	2,282
Purchase of available for sale investments		**-**	-	-
Dividends received from investments held at FVTPL		**-**	-	-
Interest received		**8**	10	18
Dividends received from associates		**53**	12	36
Net cash generated from investing activities		**(16,588)**	(11,527)	(35,549)
Cash flows from financing activities				
Issue of Ordinary shares to equity shareholders		**-**	134	224
Repayment of borrowings		**(7,886)**	(3,617)	(8,397)
Repayment of capital element of finance leases		**(90)**	(86)	(167)
Increase in borrowings		**17,053**	26,679	43,748
Decrease in assets held to maturity / held at amortised cost		**-**	719	741

Dividends paid to owners of the Parent		**(14,015)**	(14,005)	(31,873)
Net cash utilised in financing activities		**(4,938)**	9,824	4,276
Net increase in cash and cash equivalents		**177**	29,362	25,912
Cash and cash equivalents at beginning of year		**84,591**	58,657	58,657
Exchange loss on cash and cash equivalents		**26**	554	22
Cash and cash equivalents at end of year	8	**84,794**	88,573	84,591

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 2019

	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 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
At 1 May 2018	1,887	10,366	1,781	11,412	117,811	143,257	1,553	144,810
Profit for year	-	-	-	-	31,226	31,226	53	31,279
Other comprehensive income/(expense)								
Exchange differences	-	-	-	(827)	-	(827)	(33)	(860)
Tax on exchange	-	-	-	3	-	3	-	3
Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations	-	-	-	-	(216)	(216)	-	(216)
Deferred tax on Remeasurement gains	-	-	-	-	42	42	-	42
Total other comprehensive (expense)/income	-	-	-	(824)	(174)	(998)	(33)	(1,031)
Total comprehensive (expense)/income	-	-	-	(824)	31,052	30,228	20	30,248

Share options exercised in the period	2	222	-	-	-	224	-	224
Share options	-	-	-	-	141	141	-	141
Deferred tax on share options	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(31,873)	(31,873)	-	(31,873)
Total transactions with the Parent	2	222	-	-	(31,732)	(31,508)	297	(31,211)
At 30 April 2019	1,889	10,588	1,781	10,588	117,131	141,977	1,870	143,847

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 October 2019 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 2019	**1,889**	**10,588**	**1,781**	**10,588**	**117,131**	**141,977**	**1,870**	**143,847**
Profit for year	**-**	**-**	**-**	**-**	**22,492**	**22,492**	**47**	**22,539**
Other comprehensive income/(expense)								
Exchange differences	**-**	**-**	**-**	**153**	**-**	**153**	**(1)**	**152**
Tax on exchange	**-**	**-**	**-**	**12**	**-**	**12**	**-**	**12**
Total other comprehensive income/(expense)	**-**	-	**-**	**165**	**-**	**165**	**(1)**	**164**
Total comprehensive income/(expense)	-	-	**-**	**165**	**22,492**	**22,657**	**46**	**22,703**
Transactions with owners of the Parent								
Share options	**-**	**-**	**-**	-	**57**	**57**	-	**57**
Dividends	**-**	**-**	**-**	-	**(31,895)**	**(31,895)**	**-**	**(31,895)**
Total transactions with the Parent	**-**	**-**	-	-	**(31,838)**	**(31,838)**	**(297)**	**(32,135)**
At 31 October 2019	**1,889**	**10,588**	**1,781**	**10,753**	**107,785**	**132,796**	**1,618**	**134,414**

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

NOTES

1. Corporate Information

The condensed consolidated interim financial statements of Photo-Me International plc (the “Company”) for the six months ended 31 October 2019 (“the Interim Report”) were approved and authorised for issue by the Board of Directors on 9 December 2019. 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 unattended vending equipment aimed primarily at the consumer market. The largest part of the estate comprises photo booths 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 2019 The condensed consolidated interim financial statements comprise the unaudited financial information for the six months ended 31 October 2019 and 31 October 2018, together with the audited results to 30 April 2019. 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 2019. 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 2019 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 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 2019, except as indicated below.

New standards adopted in the period:
IFRS 16- Lease Accounting specifies how leases for annual periods beginning on or after 1 January 2019 are measured, recognised and presented.

The Group has implemented IFRS 16, Lease Accounting for the financial year beginning on 1 May 2019. Due to the transition approach adopted, no restatement of the comparative figures has been required.
In compliance with IAS 8:28, a description of the transitional provisions for the current period, to the extent practicable, including the amount of the adjustment for each financial statement line item affected and Earnings per Share for basic and diluted earnings per share have been included in a summarised version of the table detailed at the end of the 12.Note transition to IFRS 16 section. The table shows the Statement of Comprehensive Income, Earnings per Share and the Statement of Financial Position with the IFRS 16 impact adjustment.

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 2019

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 earnings 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.

Going Concern
The Annual Report for the year ended 30 April 2019 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 2019.

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 2020.

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
Six months to 31 October 2019					
Total revenue	**22,760**	**81,150**	**25,150**	**-**	**129,059**
Inter segment sales	**-**	**(4,121)**	**(1,077)**	**-**	**(5,198)**
Revenue from external customers	**22,760**	**77,029**	**24,073**	**-**	**123,861**
EBITDA	**5,687**	**35,554**	**4,962**	**(327)**	**46,876**
Depreciation and amortisation	**(2,303)**	**(10,248)**	**(4,667)**	**(27)**	**(17,245)**
Specific items	**0**	**0**	**171**	**0**	**171**
Operating profit excluding associates	**3,384**	**25,966**	**(5)**	**(354)**	**28,991**
Share of post-tax profits from associates					**-**
Operating profit					**28,991**
Other gains					**-**
Finance Revenue					**66**
Finance costs					**(714)**
Profit before tax					**28,343**
Tax					**(5,804)**
Profit for year					**22,539**
Capital expenditure	**1,536**	**15,957**	**14,078**	**160**	**31,731**

	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

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

As IFRS 15 impact is not material, we did not disclose the disaggregation of revenue

4. Taxation

	6 months to 31 October 2019	6 months to 31 October 2018	Year to 30 April 2019
	£ '000	£ '000	£ '000
Profit before tax	**28,343**	26,015	42,593
Total taxation charge	**(5,804)**	(5,808)	(11,314)
Effective tax rate	**20.5%**	22.3%	26.6%
Of which:			
Tax on underlying profit	**(5,804)**	(5,528)	(10,829)
Tax on Specific items		(280)	(486)
	(5,804)	(5,808)	(11,314)

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 2020. In addition, French tax rate has decreased since 1 January 2019 from 33% to 31%.

The UK 2016 Finance Act was substantively enacted in September 2016 and confirmed the basic rate of UK Corporation tax at 19% for the financial years 2018 and 2019 and 18% for the financial year 2020.

5. Dividends

Dividends paid and proposed

	31 October 2019		31 October 2018		30 April 2019	
	pence per share	**£'000**	pence per share	£'000	pence per share	£'000
Interim						
2019 paid on 10 May 2019	**3.71**	**14,015**				
2018 paid on 11 May 2018			3.71	14,005	3.71	14,005
Final						
2019 approved at AGM held on 03 October	**4.73**	**17,880**				
2018 approved at AGM held on 24 October			4.73	17,856	4.73	17,868
	8.44	**31,895**	8.44	31,861	8.44	31,873

Period ending 31 October 2019

The Board declared an interim dividend of 3.71p per share for the year ending 30 April 2019, paid on 11 May 2019 to shareholders on the register on 6 April 2019.

The Board proposed a final dividend of 4.73p per share for the year ending 30 April 2019 which was approved by shareholders at the Annual General Meeting held on 03 October 2019. The final dividend was paid on 05 November 2019.

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.

The Board proposed a final dividend of 4.73p per share for the year ended 30 April 2018 which was approved by shareholders at the Annual General Meeting held on 24 October 2018. The final dividend was paid on 06 November 2018.

Financial year ended 30 April 2019

The Board declared an interim dividend of 3.71p per share for the year ended 30 April 2019, which was paid on 11 May 2019.

The Board proposed a final dividend for the year ended 30 April 2019 of 4.73p per share which was subject to shareholder approval at the Annual General Meeting to be held on 3 October 2019.

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 2019	**Six months to 31 October 2018**	**Year to 30 April 2019**
Basic earnings per share	**5.95p**	5.33p	8.27p
Diluted earnings per share	**5.95p**	5.33p	8.26p
Earnings available to shareholders (£'000)	**22,492**	20,140	31,226
Weighted average number of shares in issue in the period			
- basic ('000)	**378,061**	377,563	377,190
- including dilutive share options ('000)	**378,139**	378,017	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.

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

Consistent with the above, management also calculate alternative 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 2019			
Earnings available to shareholders (£'000)	**22,492**	**5.95**	**5.95**
Specific items net of tax	**-**	**-**	**-**
Other gains	**-**	**-**	**-**
Earnings after specific items	**22,492**	**5.95**	**5.95**
October 2018			
Earnings available to shareholders (£'000)	20,140	5.33	5.33
Specific items net of tax	367	0.10	0.10
Earnings after specific items	20,507	5.43	5.43
April 2019			
Earnings available to shareholders (£'000)	31,226	8.27	8.26
Specific items net of tax	1,825	0.48	0.48
Gain on financial assets classified as available for sale	(361)	(0.10)	(0.10)
Earnings after specific items	32,690	8.65	8.64

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 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	-
Transfers	-	-	-	-
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
Net book value at 1 May 2018	13,435	13,960	92,556	676
Exchange adjustment	(71)	(63)	(358)	(12)
Additions				
- photobooths & vending machines	-	-	28,353	-
- research & development	-	1,631	-	-
- other additions	-	536	-	-
New subsidiaries- net book value	-	2,543	1,019	-
Transfers	-	-	-	-
Depreciation provided in the period	-	(2,992)	(24,008)	(16)
Transfer to assets held for sale	-	-	-	-
Net book value of disposals	-	(393)	(2,209)	-
Net book value at 30 April 2019	26,594	15,222	95,353	648
Net book value at 1 May 2019	**26,594**	**15,222**	**95,353**	**648**
Exchange adjustment	**25**	**81**	**612**	**-**
Additions				
- photobooths & vending machines	**-**		**14,077**	**-**
- research & development	**-**	**62**	**-**	**-**
- other additions	**-**	**1**	**17,591**	**-**
New subsidiaries- net book value	**444**	**819**	**2,824**	**-**
Depreciation provided in the period	**-**	**(1,592)**	**(15,645)**	**(8)**
Net book value of disposals	**-**	**(43)**	**(588)**	**-**
Net book value at 31 October 2019	**27,063**	**14,550**	**114,224**	**640**

8. Net Cash

	31 October 2019 £'000	31 October 2018 £'000	30 April 2019 £'000
Cash and cash equivalents per statement of financial position	**84,794**	88,573	84,591
Financial assets held to maturity	-	-	-
Financial assets held at amortised cost	**983**	982	982
Non-current instalments due on bank loans	**(45,558)**	(45,393)	(52,322)
Current instalments due on bank loans	**(14,600)**	(11,368)	(15,071)
Leases	**(376)**	(376)	(1,842)
Net cash	**25,243**	32,417	16,338

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

At 31 October 2019, £983,000 (31 October 2018: £982,000, 30 April 2019: £982,000) 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 2019, period ended 31 October 2018 and year ended 30 April 2018 include transfers between non-current and current and new finance leases taken out in the period.

	1 May 2018	Exchange difference	Other movements	Cash flow	31 October 2018
	£'000	£'000	£'000	£'000	£'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

	1 May 2018	Exchange difference	Other movements	Cash flow	30 April 2019
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents per statement of financial position	58,657	22	-	25,912	84,591
Financial assets - held at amortised cost	1,710	13	-	(741)	982
Non-current loans	(27,319)	532	18,213	(43,748)	(52,322)
Current loans	(6,006)	117	(17,579)	8,397	(15,071)
Leases	(354)	(28)	(1,627)	167	(1,842)
Net cash	26,688	656	(993)	(10,013)	16,338

	1 May 2019	Exchange difference	Other movements	Cash flow	31 October 2019
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents per statement of financial position	**84,591**	**250**	**-**	**(47)**	**84,794**
Financial assets - held amortised cost	**982**	**-**	-	**1**	**983**
Non-current loans	**(52,322)**	**(13)**	**7,360**	**(583)**	**(45,558)**
Current loans	**(15,071)**	**(4)**	**(7,360)**	**7,835**	**(14,600)**
Leases	**(1,842)**	**1,478**	**(101)**	**90**	**(376)**
Net cash	**16,338**	**1,711**	**(101)**	**7,296**	**25,243**

8. 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, Fair Value through Other Comprehensive Income (FVOCI) 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 and available for sale investments which are valued at level 3. Level 1 financial instrument are derived from reclassification of investments in associates (Max Sight Limited, Hong Kong) into financial instruments held at fair value through profit and loss.

Financial Instruments by category

The tables below show financial instruments by category

31 October 2019

	Loans and receivables	**Financial instruments**	**Total**
	£'000	**£'000**	**£'000**
Assets as per statement of financial position			
Financial instruments held at FVTPL	**-**	**1,473**	**1,473**
Financial assets held at amortised cost	**983**	**-**	**983**
Trade and other receivables	**20,559**	**-**	**20,559**
Cash and cash equivalents	**84,794**	**-**	**84,794**
Total	**106,336**	**1,473**	**107,809**

	Other financial liabilities at amortised cost	**Total**
	£'000	**£'000**
Liabilities as per statement of financial position		
Borrowings	**60,158**	**60,158**
Leases	**376**	**376**
Trade and other payables excluding non-financial liabilities	**37,856**	**37,856**
Total	**98,390**	**98,390**

31 October 2018

	Loans and receivables	Held to maturity	Total
	£'000	£'000	£'000
Assets as per statement of financial position			
Other financial assets - held to maturity	0	1,623	1,623
Other financial assets - available for sale	982	-	982
Trade and other receivables	14,497	-	14,497
Cash and cash equivalents	88,573	-	88,573
Total	104,052	1,623	105,675

	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

30 April 2019

	Loans and receivables	Available for sale	Total
	£'000	£'000	£'000
Assets as per statement of financial position			
Other financial assets - held at amortised cost	982	-	982
Other financial assets – held at FVTPL	-	1,387	1,387
Trade and other receivables	17,800	-	17,800
Cash and cash equivalents	84,591	-	84,591
Total	103,373	1,387	104,760

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

10. Related parties

The Group's significant related parties are disclosed in the 2019 Annual Report and include its associates, its pension funds and the Company's Directors. During the 6 months ended 31 October 2019, 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 2019 Annual Report.

Standards in effect in 2019
IFRS 16 'Leases' has come into effect from January 1, 2019 and has been adopted by the Group. The impact of the adoption of the leasing standard is disclosed in Note 12

Policy:

Leases
IFRS 16 Leases was issued in January 2016 and was implemented by the Group from 1 May 2019.

The Standard replaces IAS 17 and requires lease liabilities and 'right of use' assets to be recognized on the balance sheet for almost all leases. The adoption methodology of IFRS 16 is the cumulative catch-up method, and the impact of adoption was to recognize a right of use asset of £18 582k and a lease liability of £16 109k on 1 May, 2019.

11. CHANGES IN ACCOUTING POLICIES

The group has adopted IFRS 16 retrospectively from 1 May 2019, but has not restated comparatives for last period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 May 2019.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 10.88 %. The Management have chosen an individual rate per company, depending on the borrowing rate of the Group combined with the country risk adjustment and size risk premium. However, the management could forsake the size risk premium before the year end if it is not deemed relevant.

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use assets and corresponding lease liabilities at the lease commencement date, except for short term leases and leases of low value. For these leases, the lease payments are recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities, e.g. revised discount rate, change in the lease term or change in future lease payments resulting from a change in an index.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate determined by the Group's borrowing rate.

	£m
Operating lease commitments disclosed under IAS17 as at 30 April 2019	21.9
Less low value and short term leases recognized in a straight-line basis as an expense	5.8
Remaining lease commitments discounted using the Group's incremental borrowing rate as at the date of initial application **Lease Liability recognised ad at 1 May 2019**	16.1
Of which:	
Current lease liabilities	4.2
Non-current lease liabilities	11.9

The associated right-of-use assets for all leases were measured at the amount equal to the lease liability.

The recognised right-of-use assets relate to the following types of assets:

£m	31 October 2019	1 May 2019
Cars	2.2	2.2
Head office	1.2	1.2
P.P.E	15.2	15.2
Total right-of-use assets	**18.6**	**18.6**

No Practical expedients are applied.
There are no variable leases.
Extensions of contracts are treated as modification events.

12. IFRS16 Impact

Impact on Statement of Comprehensive Income at 31st October 2019			
	Profit and Loss	**IFRS16 Impact**	**Total**
Revenue	123,861		123,861
COST OF SALES	-86,394	32	-86,363
GROSS PROFIT	37,466	32	37,498
ADMINISTRATION COSTS	-9,437	285	-9,152
Other operating income	645		645
Restructuring provisions	-171		-171
OPERATING PROFIT	28,991		28,991
Finance Revenue	66		66
FINANCE COST	-343	-371	-714
Profit Before Tax	28,397	-54	28,343
TAXATION	-5,804		-5,804
Profit for the Year	22,593	-54	22,539

Impact on Statement of Financial Position at 31st October 2019			
	Financial Position	**IFRS16 Impact**	**Total**
Goodwill	27,063		27,063
Other Intangible Assets	14,550		14,550
Property, Plant & Equipment	98,169	16,055	114,224
Investment Property	640		640
Investment in Associates	409		409
Financial Assets Held to Maturity-Non Current	983		983
Financial instruments held at FVTPL	1,473		1,473
Deferred Tax Debtors	877		877
Debtors Non-Current	1,734		1,734
Non-Current Assets	145,898	16,055	161,953
Total Inventories	23,072		23,072
Trade and Other Receivables	22,293		22,293
Cash & Cash Equivalent	84,794		84,794
	130,159		130,159
TOTAL ASSETS	276,057	16,055	292,112
Total Capital & Reserves	150,729	53	150,676
Minority	1,618		1,618
EQUITY	152,347		152,294
Non-Current Liabilities			
Financial liabilities	45,791	11,924	57,715
Employment Benefit Obligation	5,688		5,688
Deferred Income Tax liability	5,585		5,585
	331		331
TOTAL NON CURRENT LIABILITIES	57,395	11,924	69,319
Current Liabilities			
Total Borrowing Current	14,743	4,184	18,927
Provision	222		222
Tax	8,725		8,725
Trade & Other payables	42,625		42,625
	66,315	4,184	70,499
TOTAL EQUITY & LIABILITY	276,057	16,055	292,112

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 2019

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 2019 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.

MAZARS LLP LONDON
Statutory Auditor, Chartered Accountants
London
December 2019

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 2019. 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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