

# This document is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your shares in Photo-Me International plc, please send this document and the accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

## Photo-Me

Photo-Me International plc  
Church Road  
Bookham  
Surrey KT23 3EU  
Tel: +44 (0)1372 453399  
Fax: +44 (0)1372 451044

20 July 2016

### Dear Shareholder, 2016 Annual Report and Annual General Meeting

This year's Annual General Meeting will be held at The Thatcher's Hotel, Guildford Road, East Horsley, Surrey KT24 6TB on Thursday 20 October 2016 at noon.

The Notice convening the Annual General Meeting is enclosed in this circular and the items of special business to be considered at the meeting are explained in the Explanatory Notes section of the Notice. Please may I draw your particular attention to the first item of Special Business, namely the proposed adoption of an amended Directors' Remuneration Policy. The key proposed changes to the existing Remuneration Policy are explained in the Explanatory Notes section.

The Board unanimously recommends that shareholders vote in favour of all the resolutions being proposed at the Annual General Meeting, which the Board considers to be in the best interests of the Company and its shareholders as a whole, and are most likely to promote the success of the Company for the benefit of its shareholders as a whole.

Even if you are not able to come to the meeting in person, your vote is still important and I would urge you please, regardless of the number of shares you own, to complete and return the accompanying proxy form in accordance with the instructions set out therein. Completion and return of the proxy form will not preclude you from attending and voting at the meeting.

As at 7 July 2016 (being the latest practicable date before the publication of the Notice convening the Annual General Meeting), the issued share capital of the Company was £1,877,394 divided into 375,478,778 ordinary shares of 0.5p each. Therefore the total number of voting rights in the Company as at that date was 375,478,778.

Those shareholders who have chosen to receive hard copies of the Annual Report, or shareholders who have joined the register since 18 July 2015, will find the 2016 Annual Report enclosed. You can also find the Annual Report on the Company's website at [http://investor.photo-me.com/financial\\_reports](http://investor.photo-me.com/financial_reports). Please note that you will need suitable internet web browser software installed on your computer, or any other web enabled device, to download documents from the Photo-Me website. If at any time you would like to change your preference on how you receive documents such as the Annual Report, please contact our Registrars, Capita Asset Services, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Yours faithfully,



**John Lewis**  
Chairman

Registered in England and Wales: number 735438 Registered Office: Church Road Bookham Surrey KT23 3EU England.  
Tel: +44 (0)1372 453399 Fax: +44 (0)1372 451044  
[www.photo-me.co.uk](http://www.photo-me.co.uk)

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the fifty-fourth Annual General Meeting of Photo-Me International plc (the "Company") will be held at The Thatcher's Hotel, Guildford Road, East Horsley, Surrey KT24 6TB on Thursday 20 October 2016 at noon to consider and, if thought fit, pass the following Resolutions, which will be proposed in the case of Resolutions 1 to 9 as Ordinary Resolutions, and Resolutions 10 and 11, as Special Resolutions.

## As Ordinary Business

### Ordinary Resolutions

1. THAT the Company's Accounts and the Reports of the directors and the auditor for the year ended 30 April 2016 be received.
2. THAT the directors' remuneration report for the year ended 30 April 2016, as set out on pages 30 to 42 of the Annual Report (other than the part of the report which sets out the directors' remuneration policy), be approved.
3. THAT a final dividend of 3.285p per ordinary share in respect of the year ended 30 April 2016 be declared to be payable on 10 November 2016 to shareholders on the register at the close of business on 7 October 2016.
4. THAT KPMG LLP be re-appointed auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
5. THAT the directors of the Company be authorised to fix the remuneration of the auditor.
6. THAT Mr Emmanuel Olympitis be re-elected as a director.

## As Special Business

### Ordinary Resolutions

7. THAT the Directors' Remuneration Policy as set out on pages 31 to 35 of the Company's Annual Report for the year ended 30 April 2016 be approved.
8. THAT, in accordance with sections 366 and 367 of the Companies Act 2006 (the "Act"), the Company and all companies that are its subsidiaries at any time during the period for which this Resolution is effective are authorised to:
  - (i) make political donations to political parties and/or independent election candidates not exceeding £25,000 per annum in total;
  - (ii) make political donations to political organisations other than political parties not exceeding £25,000 per annum in total; and
  - (iii) incur political expenditure not exceeding £25,000 per annum in total,

(in each case such terms have the meanings given by sections 363 to 365 of the Act) during the period of four years beginning with the date of the passing of this Resolution. In any event, the aggregate amount of political donations together with political expenditure made or incurred under this authority shall not exceed £25,000 per annum.

9. THAT the directors be generally and unconditionally authorised in accordance with Section 551 of the Act to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
  - (i) up to an aggregate nominal amount of £625,798; and
  - (ii) in so far as such shares comprise equity securities (as defined in section 560 of the Act) up to a further nominal amount of £625,798 in connection with an offer by way of a rights issue:
    - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (b) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. This authority shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months from the date this Resolution is passed (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may make offers and enter into agreements before this authority expires which would, or might, require equity securities to be allotted or subscription or conversion rights to be granted after the authority ends and the directors may allot equity securities or grant rights to subscribe for or convert securities into ordinary shares under any such offer or agreement as if the authority had not expired.

### Special Resolutions

10. THAT, subject to the passing of Resolution 9 above, the directors be empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) wholly for cash, pursuant to the authority conferred on them by Resolution 9 above, and to sell ordinary shares in the capital of the Company which are held by the Company in treasury, as if Section 561 of the Act did not apply to any such allotment or sale PROVIDED THAT this power shall be limited:
- (i) to the allotment of equity securities and the sale of treasury shares for cash in connection with any rights issue, open offer or any other pre-emptive offer in favour of the holders of ordinary shares in the capital of the Company at such record date or dates as the directors may determine for the purpose of the issue where the equity securities respectively attributable to the interests of all such holders are proportionate (as near as may be) to the respective numbers of ordinary shares held by them at such record date or dates so determined subject always to such exclusions or other arrangements as the directors may deem necessary or appropriate to deal with fractional entitlements, treasury shares, record dates, or legal, regulatory or practical difficulties which may arise in or under the laws of any territory, or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
  - (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities and sale of treasury shares for cash up to an aggregate nominal value not exceeding £93,870 being equal to 5% of the issued ordinary share capital of the Company as at 7 July 2016.
- The power hereby conferred on the directors by this Resolution shall (unless previously revoked or renewed by Special Resolution of the Company) cease to have effect when the authority under Resolution 9 above is revoked or would (if not renewed) expire, save that the Company may, before the power given by this Resolution expires, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold for cash after such expiry and the directors may allot equity securities or sell treasury shares for cash pursuant to such offer or agreement as if the power conferred by this Resolution had not expired.
11. THAT the Company be generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 0.5p each in the Company provided that:
- (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 37,547,878, representing 10% of the issued ordinary share capital of the Company as at 7 July 2016;
  - (ii) the minimum price, exclusive of expenses, which the Company may pay for each ordinary share is its nominal value;
  - (iii) the maximum price, exclusive of expenses, which the Company may pay for an ordinary share shall be, in respect of an ordinary share contracted to be purchased on any day, the higher of:
    - (a) an amount which is not more than 5% above the average of the closing middle market quotations for an ordinary share (derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which that ordinary share is contracted to be purchased, or
    - (b) the higher of the price of the last independent trade or the highest current independent bid on the London Stock Exchange at the time the purchase is carried out; and
  - (iv) unless renewed, the authority conferred by this Resolution shall expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of this Resolution, whichever is the first to occur, save that the Company may, before such expiry, enter into a contract or contracts to purchase ordinary shares which would or might be executed wholly or partly after such expiry and make purchases of ordinary shares in pursuance of such contract or contracts.

By order of the Board

#### Del Mansi

Company Secretary

#### Photo-Me International plc

Church Road  
Bookham  
Surrey KT23 3EU

20 July 2016

# Explanatory Notes

## Attendance and voting

A member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him or her. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To be valid, the proxy form and any power of attorney or other authority under which it is executed (or a duly certified copy of such power of attorney or other authority) must be lodged with the Company's registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not less than 48 hours before the time fixed for the meeting (or any adjournment thereof), no account being taken of any part of a day that is not a working day. A proxy form is supplied with this Notice. Completion and return of the proxy form will not preclude a member from attending, speaking and voting in person at the meeting should he or she subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these explanatory notes and in the notes on the proxy form.

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the register of members of the Company as at the close of business on 18 October 2016 (or, in the case of an adjournment, the close of business on the day which is two working days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after the close of business on 18 October 2016 (or, in the case of an adjournment, the close of business on the day which is two working days before the time of the adjourned meeting) shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.

If you are not a member of the Company but you have been nominated by a member of the Company under Section 146 of the Act to enjoy information rights (a "Nominated Person"), you do not have a right to appoint any proxies under the procedures set out above. If you are a Nominated Person, you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (the "Relevant Member") to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Copies of the following documents are available for inspection at the Registered Office of the Company at any time during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the conclusion of the Annual General Meeting, and will also be available for inspection at the place of the Annual General Meeting from 15 minutes before the meeting until its conclusion:

- (i) register of interests of directors in the share capital of the Company;
- (ii) service contracts of executive directors; and
- (iii) letters of appointment of the non-executive directors.

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:

- (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- (ii) the answer has already been given on a website in the form of an answer to a question; or
- (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members should note that it is possible that, pursuant to requests made by members of the Company under Section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to:

- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or
- (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act.

The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

**Voting using CREST's electronic proxy appointment service**

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent RA10 by noon on 18 October 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsors or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

**Members' right to require circulation of a resolution to be proposed at the Annual General Meeting**

Under Section 338 of the Act, a member or members meeting the qualification criteria set out below, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that:

- (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (ii) the resolution must not be defamatory of any person, frivolous or vexatious;
- (iii) the request:
  - (a) may be in hard copy form or in electronic form (see note on "Submission of hard copy and electronic requests" below);
  - (b) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported;
  - (c) must be authenticated by the person or persons making it (see below); and
  - (d) must be received by the Company not later than six weeks before the Annual General Meeting.

**Members' right to have a matter of business dealt with at the Annual General Meeting**

Under Section 338A of the Act, a member or members meeting the qualification criteria set out below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a "matter of business").

The conditions are that:

- (i) the matter of business must not be defamatory of any person, frivolous or vexatious;
- (ii) the request:
  - (a) may be in hard copy form or in electronic form (see below);
  - (b) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported;
  - (c) must be accompanied by a statement setting out the grounds for the request;
  - (d) must be authenticated by the person or persons making it (see below); and
  - (e) must be received by the Company not later than six weeks before the Annual General Meeting.

# Explanatory Notes

continued

## Members' qualification criteria

In order to be able to exercise the members' right to require:

- (i) circulation of a resolution to be proposed at the Annual General Meeting;
- (ii) the Company to publish audit concerns; or
- (iii) a matter of business to be dealt with at the meeting,

the relevant request must be made by:

- (a) a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or
- (b) at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

## Submission of hard copy and electronic requests

Where you, being a member or members, wish to request the Company to:

- (i) circulate a resolution to be proposed at the Annual General Meeting;
- (ii) include a matter of business to be dealt with at the Annual General Meeting; or
- (iii) publish audit concerns,

such requests must be made in accordance with one of the following ways:

- (a) hard copy request which is signed by you, states your full name and address and is sent to Photo-Me International plc, Church Road, Bookham, Surrey KT23 3EU for the attention of the Company Secretary, Del Mansi;
- (b) a request which is signed by you, states your full name and address and is sent by fax to +44 (0)1372 451044 marked for the attention of the Company Secretary, Del Mansi; or
- (c) a request which states your full name and address, and is sent by e-mail to IR@photo-me.co.uk. Please state "AGM 2016" in the subject line of the e-mail.

You may not use any electronic address provided either in this Notice of Annual General Meeting or the Chairman's letter in respect of the appointment of a proxy or variation or revocation of proxy voting instructions.

A copy of this Notice and information regarding the meeting, including the information required by Section 311A of the Act, can be found at [www.photo-me.co.uk](http://www.photo-me.co.uk).

# Explanatory Notes

## to the Business of the Annual General Meeting

Resolutions 1 to 9 are Ordinary Resolutions, which will be passed if more than 50% of the votes cast are in favour.

### Resolution 1: To receive the 2016 Annual Report

The directors will present to the Annual General Meeting ("AGM") the Accounts and the Reports of the directors and the auditor for the year ended 30 April 2016. These are contained in the Company's Annual Report. Shareholders may raise any questions on the 2016 Annual Report under this resolution.

### Resolution 2: Approval of the Directors' Remuneration Report

The purpose of Resolution 2 is to seek the approval of the Directors' Remuneration Report for the year ended 30 April 2016, excluding the part of the report which sets out the Directors' Remuneration Policy. The report is set out on pages 30 to 42 of the 2016 Annual Report and Accounts. This resolution is advisory in nature and no individual director's remuneration is dependent on it. At the Company's AGM in 2014 the Directors' Remuneration Policy was approved by shareholders and subject to amendments described below in the notes to Resolution 7, will continue to be the Directors' Remuneration Policy. The amended policy is set out in the remuneration report and the proposed amendments are subject to the passing of Resolution 7.

### Resolution 3: To declare a final dividend

The final dividend of 3.285p per share is recommended by the directors for shareholders on the register at the close of business on 7 October 2016. If Resolution 3 is approved, the dividend will be paid on 10 November 2016. The ex-dividend date will be 6 October 2016.

### Resolution 4: Appointment of auditor

This Resolution proposes the re-appointment of the Company's existing auditor, KPMG LLP. The Company is required to appoint an auditor at each general meeting at which accounts are presented, to hold office until the next AGM.

### Resolution 5: Authorising directors to fix the remuneration of the auditor

This Resolution authorises the directors, in accordance with standard practice, to determine the remuneration of the auditor.

### Resolution 6: Re-election of Emmanuel Olympitis

The Company's Articles of association require that any director appointed by the Board retires and seeks re-election at the first AGM following their appointment, and that all directors stand for re-election every three years.

Emmanuel Olympitis was appointed to the Board in December 2009. He is senior independent non-executive director, Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees. His previous directorships include China Cablecom Holdings Limited (NASDAQ), Canoe International Energy Limited (Canada), Matica plc, Secure Fortress plc, Bulgarian Land Development plc, Norman 95 plc, Pacific Media plc (Executive Chairman) and Bella Media plc (Chairman). His early career was in merchant banking and financial services, and included roles as Executive Director of Bankers Trust International Ltd, Group Chief Executive of Aitken Hume International plc and Executive Chairman of Johnson & Higgins Ltd.

Emmanuel Olympitis wishes to stand for re-election. The Nomination Committee considers that Emmanuel Olympitis is independent and that his performance remains effective especially with regard to his responsibilities as Chairman of the Remuneration Committee and as a member of other Board Committees. The Board recommends his re-election as a director.

### Resolution 7: Amending the Directors' Remuneration Policy

Shareholder approval is being sought to amend the existing Directors' Remuneration Policy, the main amendments being to:

- (i) consistent with best practice, increase the policy in respect of shareholding guidelines for executive directors from 100% to 200% of salary and introduce a two-year post-vesting holding period. Any executive director who exercises share options under the Photo-Me 2014 Executive Share Option Scheme (Options) within two years of vesting will be required to retain the net-of-tax shares until the second anniversary of the vesting date. This holding period will be applied to any grant of options awarded to executive directors after the date of this resolution;
- (ii) as a result of the Remuneration Committee's wish to remunerate the CEO fairly and at market levels for his responsibility levels and role performed (and noting that there is no intention in the current year for the CEO to receive share option awards), increase the CEO's annual bonus potential from 100% to 150% of salary (inclusive of fees payable to any third party entity making the services of the CEO available to the Company and its subsidiaries), effective 1 May 2016 subject to approval. Any additional potential bonus will be based on targets based on the financial performance of the Company and its subsidiaries. Full disclosure in respect of the annual bonus performance targets and performance against those targets will be made in the Directors' Remuneration Report published immediately following the relevant year end in relation to which the bonus has been calculated.

In addition, minor amendments will be made to the non-executive director fee policy, permitting such individuals to receive benefits (intended to cover those expenses incurred in respect of the performance of a director's duties (such as travel to and from meetings) which may be treated by HMRC to be taxable) and, in line with the Company's articles of association, allow the Board to ask a non-executive director to undertake services not within the normal scope of their role and allowing such director to be paid a commercial rate. Full disclosure of any taxable benefits and/or additional fees would be made in the relevant Directors' Remuneration Report.

The full text of the amended remuneration policy, as it will be if approved by shareholders at the 2016 AGM, is set out on pages 31 to 35 of the Company's Annual Report and Accounts for the year ended 30 April 2016.

Please note that none of the directors will vote in relation to this Resolution given their interest in its subject matter.

If approved by shareholders, this amended policy will be binding upon the Company from the date of the AGM on 20 October 2016 (save for the increase in the CEO's annual bonus potential which is with effect from 1 May 2016), and the directors will only be able to make remuneration payments in accordance with the approved policy. Payments will continue to be made to directors and former directors in line with the existing Directors' Remuneration Policy approved by shareholders on 23 October 2014 until the date of the AGM on 20 October 2016. If shareholders approve the Directors' Remuneration Policy at the AGM on 20 October 2016, it will be valid for up to three years without further shareholder approval being required. If the Company wishes to change the Remuneration Policy further (e.g. at the 2017 AGM, three years from the date the original policy was approved), it will need to put the revised policy to a shareholder vote again, before it could implement that new policy.

As the new Directors' Remuneration Policy to be approved by this Resolution is in effect only making limited amendments to the existing policy (as described above), it is not regarded by the directors as being the adoption of a new policy. As such, the Remuneration Committee still intends to conduct a full review of the remuneration policy before the 2017 AGM (i.e. three years from the adoption of the first remuneration policy) to take recent investor feedback into account. The Remuneration Committee will consult with major investors and representative bodies where appropriate.

# Explanatory Notes

## to the Business of the Annual General Meeting

continued

### **Resolution 8: Authorisation of political donations and expenditure**

It is not the policy of the Company or any of its subsidiaries to make donations to political parties. However, it is possible that certain routine activities undertaken by the Group may unintentionally fall within the broad scope of the provisions controlling political donations and expenditure contained in the Act. Any expenditure that is regulated under the Act must first be approved by shareholders and will be disclosed in the Annual Report. This Resolution, if passed, will provide the directors with authority to make donations and incur expenditure which might otherwise be caught by the terms of the Act, up to a maximum aggregate amount of £25,000 for the entire Group per annum, for four years from the date on which the Resolution is passed. This is a renewal of the authority last approved by shareholders in 2012.

### **Resolution 9: General authority to allot shares**

Under section 551 of the Act, the directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders in a general meeting.

The existing authority provided at last year's AGM to allot shares in this way expires at the conclusion of this year's AGM. Consequently, this Resolution seeks to renew the authority for a further period until the earlier of the conclusion of next year's AGM or 15 months from the date this Resolution is passed (unless previously renewed, varied or revoked by the Company in general meeting).

The aggregate nominal value which can be allotted under the authority set out in paragraph (i) of the Resolution is limited to £625,798, which represents approximately one-third of the Company's issued ordinary share capital as at 7 July 2016, being the latest practicable date prior to the publication of this Notice of Annual General Meeting (hereinafter called the "Latest Practicable Date").

In accordance with guidance issued by The Investment Association, the authority in paragraph (ii) of the Resolution permits the directors to allot shares, or to grant rights to subscribe for, or convert any security into, shares in the Company only in connection with a fully pre-emptive rights issue, up to a further nominal value of £625,798. This amount, together with the authority provided under paragraph (i) of the Resolution, represents approximately two-thirds of the Company's issued ordinary share capital as at the Latest Practicable Date.

The directors have no present intention of exercising this authority, which would expire at the conclusion of the next AGM or, if earlier, 15 months from the date on which the Resolution is passed, other than in respect of the Company's share option schemes. This authority supersedes all previous authorities and the directors intend to seek its renewal at next year's AGM.

The Directors currently have no intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares, except in connection with the Company's employee share plans.

**Resolutions 10 and 11 are Special Resolutions, which will be passed if at least 75% of the votes cast are in favour.**

### **Resolution 10: Disapplication of pre-emption rights**

The effect of Resolution 10, if passed, would be to enable the directors to issue shares for cash on a rights issue (or other pre-emptive offer) up to the maximum permitted by Resolution 9. It would also enable the directors to issue shares for cash (or sell shares held as treasury shares) up to an aggregate nominal amount not exceeding £93,870 (being equal to 5% of the Company's issued ordinary share capital as at the Latest Practicable Date) without first offering them to existing shareholders on a proportional basis. In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding: (i) cumulative usage of authorities within a rolling three-year period without prior consultation with shareholders, and (ii) issuing no more than 5% of the ordinary share capital on a non-pre-emptive basis in any one year. Therefore over a rolling three-year period, except in a rights issue or pre-emptive offer, this disapplication shall not exceed 7.5% of the issued ordinary share capital. Unless renewed, this power would expire when the authority given by Resolution 9 to allot shares expires (whether or not renewed) or is revoked (if this is earlier) and the directors intend to seek its renewal at next year's AGM.

### **Resolution 11: Authority to purchase own shares**

Shareholder approval is being sought to renew the general authority to the Company to make market purchases of its own shares. The authority will be in respect of up to 37,547,878 ordinary shares (being equal to 10% of the Company's issued ordinary share capital as at the Latest Practicable Date) and will be effective until the conclusion of the next AGM or, if earlier, 15 months from the date on which the Resolution is passed. If granted, the authority would only be exercised if an improvement in earnings per share was expected to result and the purchase would be in the best interests of shareholders generally. The Company has no present intention to purchase its own shares.

The Company has the choice of cancelling shares which have been repurchased or of holding them as treasury shares (or a combination of both). Treasury shares are essentially shares which have been repurchased by the Company and which it is allowed to hold pending either reselling them for cash, cancelling them or, if authorised, using them for the purposes of its employee share plans. The directors believe that it is desirable for the Company to have this choice. Holding the repurchased shares as treasury shares would give the Company the ability to resell or transfer them quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

The Company purchased no shares during the year ended 30 April 2016.

The Company's issued share capital as at the Latest Practicable Date was £1,877,394 divided into 375,478,778 ordinary shares of 0.5p each. As at the Latest Practicable Date the total number of voting rights in the Company was 375,478,778.

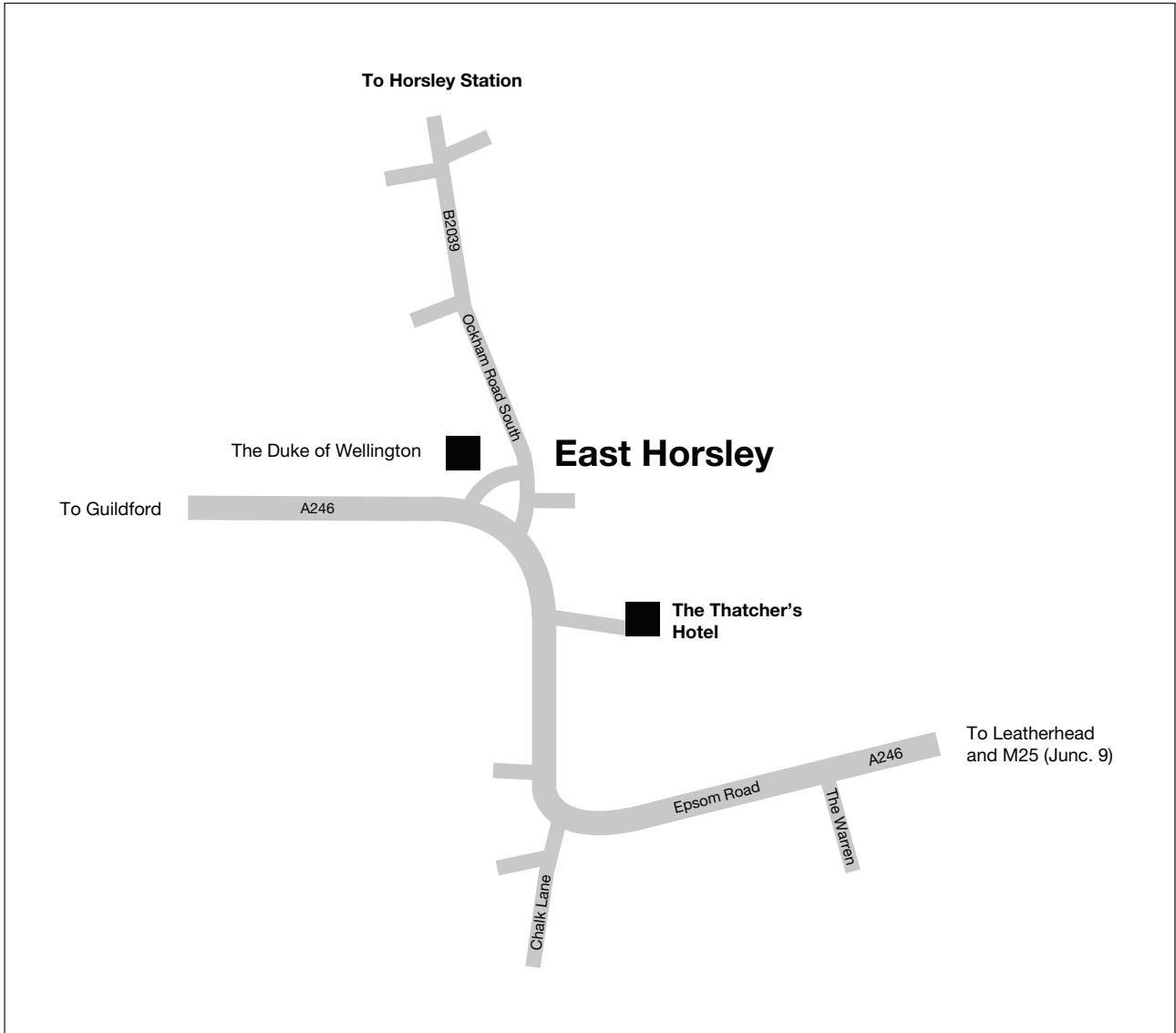
The total number of options over ordinary shares outstanding as at the Latest Practicable Date was 5,492,793, representing approximately 1.46% of the issued share capital. If the authority to buy back shares under this Resolution were exercised in full, the total number of options to subscribe for ordinary shares outstanding as at the Latest Practicable Date would, assuming no further ordinary shares are issued, represent approximately 1.63% of the issued share capital.



# Location of Annual General Meeting

Location of Annual General Meeting, to be held at  
The Thatcher's Hotel, Guildford Road, East Horsley, Surrey KT24 6TB

A courtesy transport service will operate between **Horsley railway station**  
and The Thatcher's Hotel, before and after the meeting.





# Proxy Form

for use by members only

**Photo-Me International plc**  
(the "Company")

**Photo-Me**

I/We (BLOCK CAPITALS)

of (address)

being a member of the Company, hereby appoint

Name of Proxy	No. of shares, if applicable (see Note 2)
---------------	--

or, failing him/her, the Chairman of the meeting (see Note 2) to act as my/our proxy and on a poll to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 20 October 2016 and at any adjournment thereof.

I/We direct my/our proxy to vote as follows and otherwise as my/our proxy shall think fit:

(Please indicate with an X in the boxes below).

Please mark this box if this proxy appointment is one of multiple appointments being made (see Note 2).

<b>Ordinary Business Ordinary Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Vote withheld</b>
1. To receive the Accounts and Reports of the directors and the auditor for the year ended 30 April 2016.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the directors' remuneration report for the year ended 30 April 2016.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To declare a final dividend for the year ended 30 April 2016 of 3.285p per share, payable on 10 November 2016.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint KPMG LLP as auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the directors to fix the remuneration of the auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr Olympitis as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Business Ordinary Resolutions</b>			
7. To approve the adoption of the amended Directors' Remuneration Policy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Company to make political donations and expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the directors to allot shares and grant rights to subscribe for, or convert any security into, shares up to a maximum amount.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Resolutions</b>			
10. To enable directors to allot shares for cash without first offering them to existing shareholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To authorise the Company to make market purchases of its own shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature	Date	2016

# Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes. Please indicate with a cross in the appropriate box how you wish the proxy to vote. In the absence of any indication, the proxy will exercise his/her discretion as to whether, and if so how, he/she votes. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
2. The Chairman of the meeting will act as proxy unless another proxy is desired, in which case, insert the full name of your proxy in the space provided. A proxy need not be a member of the Company but must attend the meeting in person. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this Proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
3. To appoint more than one proxy, (an) additional Proxy form(s) may be obtained by contacting the registrar's Helpline on 0871 664 0300 (calls cost 12p per minute plus network extras; overseas telephone number +44 20 8639 3399; lines are open Mon–Fri 9 a.m. – 5.30 p.m.), or you may copy this Proxy form.
4. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. When you have completed this Proxy form, sign it and return it by pre-paid post to Business Reply Licence Service, RLUB-TBUX-EGUC, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF or by freepost to Freepost RSBH-UXKS-LRBC, PXS 1, 34 Beckenham Road, Beckenham, BR3 4TU. Any alteration or deletion must be signed or initialled.
6. In the case of a corporation, this Proxy form must be executed under its common seal or signed on its behalf by an attorney or officer of the corporation.
7. In the case of joint holders, the signature of any one holder will be sufficient but the names of the joint holders should be stated. The vote of the senior shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names of such holders stand in the register of members in respect of the joint holding.
8. To be valid, this Proxy form and the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power or authority, must be lodged with the Company's registrars, Capita Asset Services, Business Reply Licence Service, RLUB-TBUX-EGUC, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF not less than 48 hours before the time of the meeting (or any adjournment thereof).
9. As an alternative to completing this hard-copy Proxy form, shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with procedures set out in the CREST manual. For an electronic proxy appointment to be valid, it must be received not less than 48 hours before the time of the meeting (or any adjournment thereof).
10. Except as mentioned in Note 9 above, you may not use any electronic address provided in the Chairman's letter or the Notice of Annual General Meeting in respect of the appointment of a proxy or variation or revocation of proxy voting instructions.

## Photo-Me International plc

Church Road  
Bookham  
Surrey KT23 3EU  
Tel: 44 (0)1372 453399  
Fax: +44 (0)1372 451044  
20 July 2016