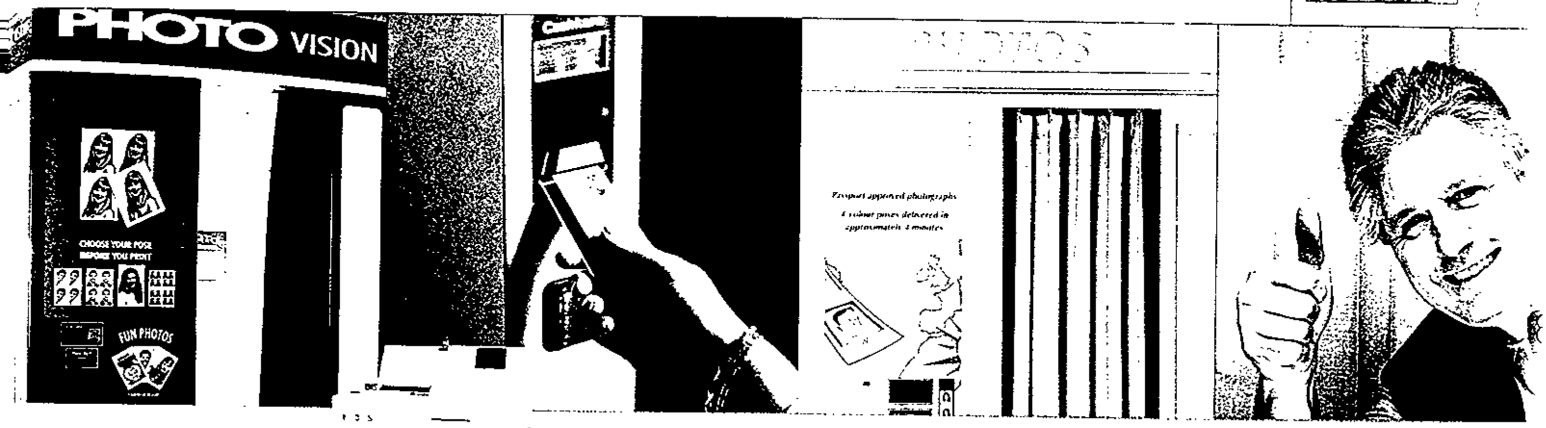
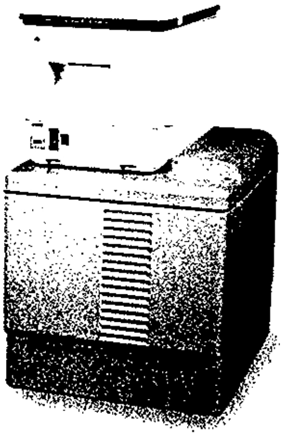
Photo-Me INTERNATIONAL PLC





Report & Accounts 1995

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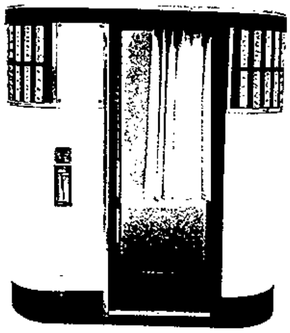
INTRODUCTION TO PHOTO-ME

The popular photo-booth has been part of British life for many years, so when did it all begin?



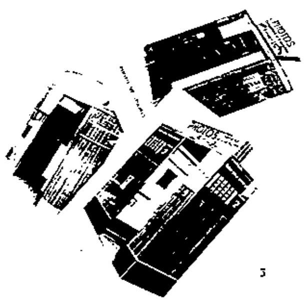
1946: Gupp Allen and I.D. Baker develop their first machines to sell to amusement arcade operators in New York.

1952: Mr. Baker meets with Charles Clark in Great Britain. A partnership is formed to test the U.K. market.

1958: Photo-Me Studios Ltd. is formed with a view to manufacturing

and operating photo-booths in the U.K., whilst developing an export trade to the rest of the world. A Photo-Me subsidiary is formed in France.

IT STARTS HERE...



1962: Photo-Me International becomes a public company.

1966: Photo-Me's black and white photographs are granted approval for British passports.

1976: More passport approval, this time for Photo-Me's colour pictures.

1982: Photo-Me International acquires world wide operations of Photomaton Ltd and Photoquick Ltd.

1993: Photo-Me International and the French Company, KIS, join forces. The 'PhotoVision' concept is developed. It is the first photo-booth in the world offering computerised photography to win approval for ten year passports.

COMPANIES HOUSE 24/11/95

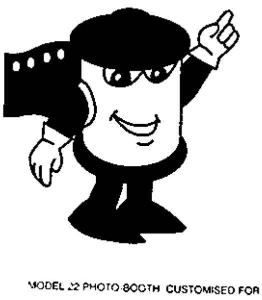
1 1960 PHOTO-BOOTH 2 PHOTO-ME HEADQUARTERS, BOOKHAM, UK 3 MAIN PHOTO-BOOTH ASSEMBLY AREA, BOOKHAM, UK 4 PHOTOVISION - A NEW CONCEPT 5 EARLY PHOTO-ME BOOTHS 6 PHOTOVISION BOOTH

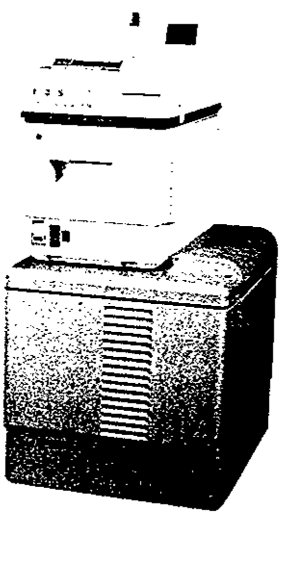
A great part of Photo-Me's success lies in the fact that we make products people like! The ubiquitous photo-booth is a prime example.

The quality of photography has been recognised by organisations around the world, and has become an industry standard for all official documentation wherever the individual's image is required.

IT'S NOT WHAT WE DO...

These machines are so 'user friendly' that virtually no instructions are required. Photo-Me has taken this concept a giant leap forward with the KIS merger and the introduction of state-of-the-art equipment, typified by the new generation 'PhotoVision' booths. The combination of traditional developing methods and digital imaging means you can see your picture on the screen and re-pose before you print. Again, the Photo-Me philosophy of simple-to-use controls belies the sophisticated electronics inside.





The '135 RA Imager' is a complete 35mm film developing lab, so simple that anyone can use it. The 'Leader Lab II' provides the same simplicity of operation, can process all current types and formats of film and can produce enlargements up to 24"x 36". 2

MODEL 22 PHOTO BOOTH CUSTOMISED FOR MARKS & SPENCER, NORTHERN IRELAND : MODEL 22 PHOTO-BOOTH : PHOTOVISION PHOTOBOOTH : 135 RA IMAGER

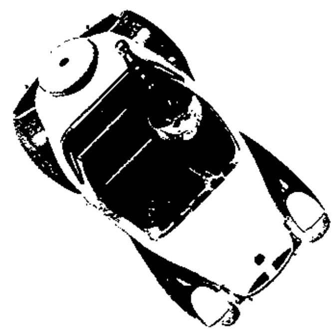
Neither machine occupies more floor space than a small coffee table!

It is our aim to maximise the revenue available from every square metre of floor space.

The children's rides do exactly the same thing. They attract children like a magnet, and when sited in high 'foot fall' areas offer tremendous potential.

On our instant print machine the keyboard is so easy to operate - select a logo, add your relevant details, and within minutes you have a handful of beautifully printed cards of a quality that would put many a commercial printer to shame!

...IT'S THE WAY THAT WE DO IT!



Concerned primarily with security and identification, PMI Data aims to provide a simple solution to a complex problem - only allowing people to access the things you want them to.
The list of products goes on...all are simple to use, and that's why over 100 million customers per year like to use them!

BOCCA DELLA VERITA FIREMAN SAM CHILDREN'S RIDE

BUSINESS CARD PRINTER PMI DATA CASHKARD PMI DATA SECURITY CARDS IMAGER SHOP WINDOW DISPLAY NODDY CHILDREN'S RIDE

Any partnership when set up correctly, will be beneficial to both parties. When this is successfully achieved, everyone dealing with the partnership will enjoy the fruits of that success.

In 1993 we did just that when Photo-Me International joined forces with the KIS, Grenoble, France.

PARTNERSHIPS...

Both companies had been trading in the same international market place for quite some time; both building strong reputations around the world.

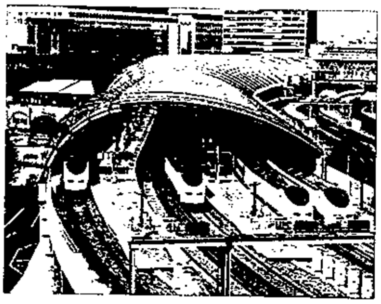
The new partnership enables us to capitalise on our inherent strengths, whilst avoiding costly duplication of resources. Our new group can therefore put more time and energy into all areas of research to enable us to develop and manufacture new and exciting products suitable for integration onto existing sites; providing a greater variety of services and improving income to all our existing site owners.

Photo-Me INTERNATIONAL PLC

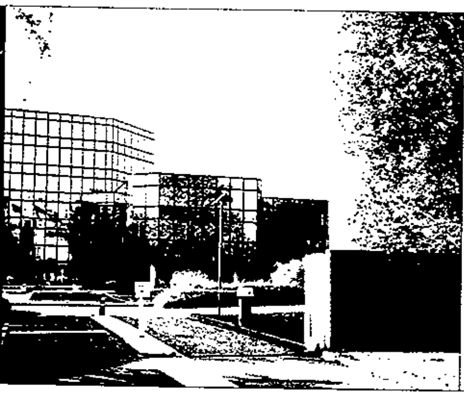
KIS

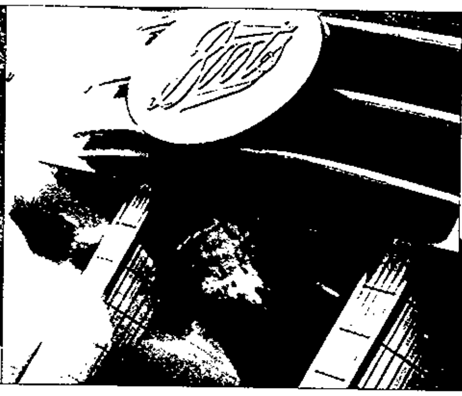
1 POST OFFICE UK 2 SAFEWAY UK 3 PHOTO ME INTERNATIONAL WORLD HEADQUARTERS 4 INTERNATIONAL PARTNERSHIPS

Every product in every location is also the result of a partnership between Photo-Me International and the site owner. Once established, Photo-Me works closely with the client to ensure that all the requirements of their market are addressed.



Site owners and customers, even the service engineers, are partners - all share in the success of the partnership and reap the rewards of that success.

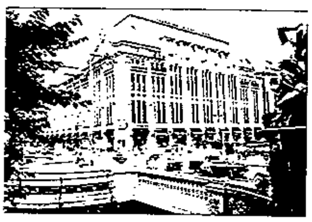


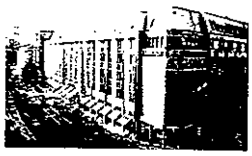


Thousands of site owners throughout the world have recognised the earning potential of locating Photo-Me machines on their premises.

...THE PERFECT PHILOSOPHY!

Now is the time for Photo-Me partnerships





EUROSTAR TRAIN KIS HEADQUARTERS, GRENOBLE BOOTS, UK TESCO UK DEUTSCHE BAHN, GERMANY KAUFHOF GERMANY KARSTADT, GERMANY

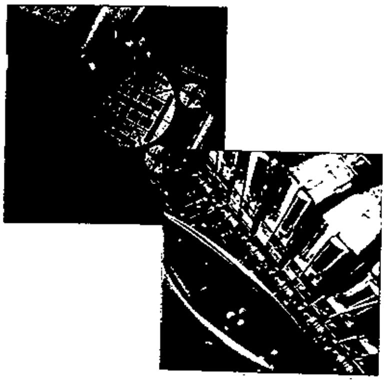
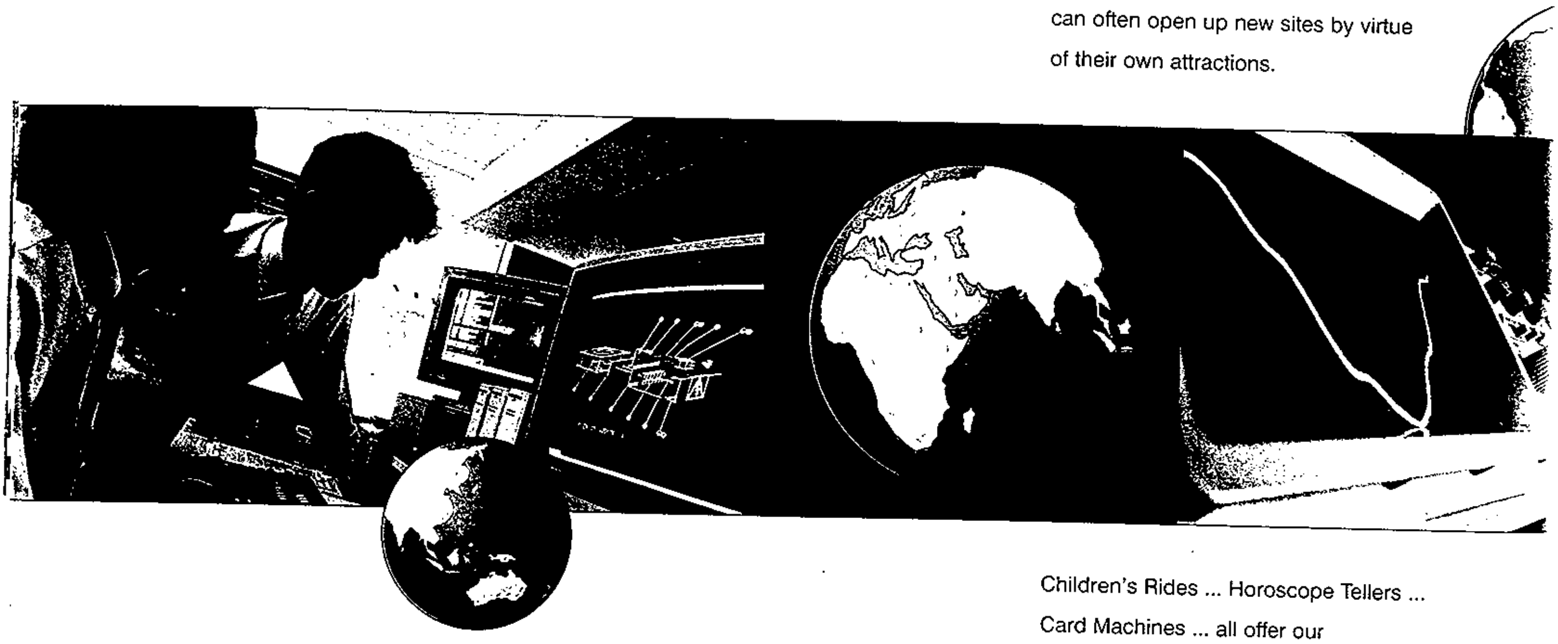


Photo-Me photo-booths have become an almost indispensable part of modern life throughout the world, reproducing over two million clear, sharp images every day.

Complementing our photo-booths by neatly dove-tailing into existing sites, are all the other machines offered by Photo-Me International. Indeed, they can often open up new sites by virtue of their own attractions.



IT'S THE SERVICE...

Children's Rides ... Horoscope Tellers ... Card Machines ... all offer our customers that much needed 'bit of fun'.

By contrast, what is taken very seriously is the service back-up we give to each machine, and every site owner.

At our two training centres in England, technicians from all over the world are given detailed, hands-on training in all aspects of Photo-Me Technology.

With a full range of equipment, the centres offer courses tailored to individual requirements; they also provide valuable technical feedback to the engineering division, emphasising our commitment to continuous improvement.

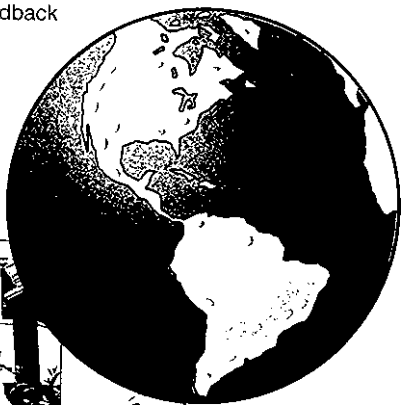


Photo-Me booths and all our other machines around the globe are visited on a daily basis by our fully trained and highly skilled service teams.

They not only replenish consumables, they also check that everything is working as it should, ensuring all the equipment remains clean, smart, hygienic and a pleasure to use... because only then will people use them!

...THAT ENSURES WE LEAD THE WORLD!

Board of directors and company secretary

Executive Directors

Dan David BSc — *Executive Chairman*

Age 66. Joined the Group in 1961. Elected to the Board in 1968, Chairman since 1992.

Peter D Berridge — *Group Managing Director (Finance and Administration)*

Age 64. Joined the Group in 1970. Elected to the Board in 1990. Company Secretary from 1986 to February 1994.

Riccardo Costi

Age 51. Joined the Group in 1969. Elected to the Board in 1992. Executive Chairman of Japanese subsidiary, Nippon Auto Photo K.K.

Serge Crasnianski — *Group Managing Director (Manufacturing, R & D and Sales)*

Age 53. Founded KIS in 1963. Elected to the Board of Photo-Me International Plc in 1990. President of KIS and French subsidiary, Portrex S.A.

Francois Giuntini LLM, MBA

Age 49. Joined KIS in 1986. Elected to the Board of Photo-Me International Plc on 20 May 1994. Group General Counsel. Secretary General of Group companies in France. Responsible for human resources.

David W Miller FIM, ACMA — *Group Managing Director (Corporate Affairs)*

Age 53. Joined the Group and elected to the Board in 1982. Responsibilities include specialist identification and security subsidiaries, acquisitions and divestments.

Peter M Ogborne BA — *Group Operations Director*

Age 48. Joined the Group in 1972. Elected to the Board in 1992. Responsibilities include European operations, marketing, international technical support, customer services and U.K. refurbishing works.

Jean-Luc Peurois CA, MBA

Age 37. Joined KIS in 1985. Elected to the Board of Photo-Me International Plc on 20 May 1994. Finance Director of Group companies in France. Responsible for internal audit of Group companies in the Americas.

Non-Executive Directors

Michel Moraine MSc

Age 49. Joined KIS in 1991. Elected to the Board of Photo-Me International Plc on 20 May 1994. Responsible for a new associated company in the plastic card industry, in France.

❖ * **Michel Vez**

Age 53. Elected to the Board in 1978. Owner and Chairman of a business consultancy practice in Switzerland.

❖ * **Francis Wahl**

Age 47. Elected to the Board in 1990. Chairman of the Remuneration Committee. A Director of a number of European financial institutions.

❖ * **Philippe Wahl**

Age 60. Elected to the Board in 1969. Chairman of the Audit Committee.

Company Secretary

Robert E Lowes BSc FCA

Age 44. Joined the Group in 1981 and appointed Company Secretary on 21 February 1994.

* Member of the Audit Committee
❖ Member of the Remuneration Committee

Group executives and advisers *(with year of commencement)*

United Kingdom and Ireland

N J Alford	1988	P A Hughes	1988	D Pender	1983
P Boulton	1991	M Lacey	1988	R A Pollock	1986
P M Buendia	1985	T Leary	1993	D Rolph	1992
L A Causon	1965	G Macfarlane	1984	K C Steele	1985
R J Cheeseman	1982	K R Martin	1991	P E Streamer	1985
B Crocker	1971	T W Mines	1963	T R Tomlin	1977
D J Cumberland	1989	C M O'Malley	1960	G Zohrer	1992
M A Geering	1976	W J O'Toole	1968		
C Holbrook	1994	G Paton	1980		

Europe

J Alonso	1992	R Folgori	1983	D Nuttall	1992
J Ansermet	1964	J M Geffroy	1990	C Persia	1984
L Blum	1976	W Glade	1984	P T Puggini	1986
M R Botegon	1981	P Harbeck	1984	A Quatrini	1972
L Burchard	1976	H D Hestermann	1971	E Rizzi	1966
F Caspar	1987	C Julia	1976	R Rizzi	1978
F Collado	1972	A Lama	1992	L Scatamacchia	1986
M Crasnianski	1963	E Lemaitre	1991	I Smallegange	1990
L Crudele	1987	M Lepone	1972	R Sorbo	1965
A Curini	1963	D Lohmann	1985	G Tascioni	1970
G David	1979	M D Martinez	1975		

The Americas

F Austin	1991	A Caroselli	1976	M Simoes	1975
R Calder	1991	P L Godfrey	1965	K Steude	1987
J Callahan	1991	J Henderson	1979	J R Weston	1971

Asia and Australasia

S Chifuri	1972	E Kwan	1983	K Tezuka	1972
D Fang	1989	Y Murase	1971	A Tomlinson	1994
H Higashiura	1967	M Osada	1965	N Utsugi	1972
F Juan	1968	M Polanski	1982		

Corporate information

Company registered number

735438 London

Registered office and transfer office

Church Road, Bookham, Surrey KT23 3EU

Telephone: 01372 453399 Fax: 01372 459064 Telex: 928898

Bankers

Lloyds Bank plc, City Office, 72 Lombard Street, London EC3P 3BT

Midland Bank plc, 54 Clarence Street, Kingston upon Thames, Surrey KT1 1NS

Girobank plc, Brighton Corporate Area Office, Orchard Road, Hove Park, Hove, E. Sussex BN3 7BG

Auditors

Menzies, Ashby House, 64 High Street, Walton-on-Thames, Surrey KT12 1BW

Brokers

Greig Middleton and Co. Limited, 66 Wilson Street, London EC2A 2BL

Solicitors

Denton Hall, Five Chancery Lane, Clifford's Inn, London EC4A 1BU

Mundays, Crown House, Church Road, Claygate, Esher, Surrey KT10 0LP

Chairman's statement

Group results

In my 1994 statement I referred to the fact that the current year (1994/95) would be a period of consolidation, and we did not underestimate the task before us. The initial consolidation programme has now been completed and will provide the Group with a sound basis for continued growth. Our research and development team has devoted much of the year to improving the specification of the new automatic photobooth "PhotoVision". We are proud to announce that the new modified machine is in full production and now offers a level of performance and quality well beyond our original expectations. It is considered that PhotoVision is the best photobooth in the world, and we believe that it provides the Group with a product which will assure our future as the market leader in automatic photobooth technology.

Trading conditions in certain areas of the world did not improve according to our expectations, although the improvement in the second half of the year was in line with the projections contained within our interim statement. However, a number of specific factors combined to make the year a particularly difficult one. The terrible earthquake in Kobe, Japan has depressed the Japanese market and the Board estimates that takings in our subsidiary declined by Yen140 million. Further, the poor domestic economy in eastern Germany has not produced the anticipated return on our investment in equipment and human resources, and the market in Mexico has also proved very difficult.

Despite the loss of takings in Japan and Germany, Group operating turnover has increased from £118.3 million to £135.0 million. After allowing for the improvement arising from exchange rate translation of £8.7 million, operating turnover has risen by 6.8%. The increase in the Group manufacturing turnover from £54.0 million to £58.0 million is entirely due to exchange rate translation. The manufacturing activity for most new products has been transferred from Bookham, England to Grenoble in France, as previously reported.

With the difficulties in the market place and the costs of consolidation and rationalisation, the improvement in trading profit (before depreciation and exchange differences) is 4.6% from £35.8 million to £37.4 million. Profit before tax has increased from £13.9 million to £14.5 million after charging £20.1 million for depreciation *(1994: £17.4 million)*, a reasonable achievement after taking into consideration Japan, Germany and Mexico, which depleted profits before tax by approximately £1.3 million. The exceptional item of £1.7 million for 1993/94 is more than compensated by the increase in depreciation and foreign exchange charges during 1994/95.

The profit attributable to shareholders, amounting to £8.4 million *(1994: £7.4 million)*, has increased by 13.8% and shareholders' funds have improved from £74.0 million to £81.1 million.

The strength of the Group has always been demonstrated by the inflow of cash. The gross inflow of cash (excluding movements in working capital) during the year under review was £37.1 million *(1994: £33.6 million)* and the net inflow £26.5 million *(1994: £28.6 million)*.

In the light of these results, the Board is recommending to shareholders a final dividend of 3.5 pence per share to be paid on 2 January 1996 *(1994: 3.3 pence per share)*, making 5.0 pence *(1994: 4.8 pence)* for the full year. This represents an increase of 4.2% year on year, and in cash terms an increase of 14.3% due to the larger number of shares in issue which qualified for the interim dividend this year. The interim and proposed final dividends will be covered 2.3 times.

Strategy for the future

The success of the Photo-Me Group has encouraged others to copy our products and imitate our methods of operation. It has therefore become increasingly necessary for us to invest in new technology in order to ensure that we remain market leaders.

We have continuously striven to make our photobooths more user-friendly. PhotoVision achieves this by allowing customers to view and, if required, change their pose before the picture is printed. The machine is also able to offer a range of additional products. PhotoVision provides studio quality prints, offered in complete privacy, at a low price, at convenient locations and in many cases with a 24-hour service. We will continue to improve the PhotoVision photobooth to ensure that it remains at the forefront of technology.

I am pleased to announce that in the Autumn of this year we will launch a new and revolutionary service to our customers, which will significantly reduce the waiting time in obtaining a set of photographs from our photobooths. Starting in October 1995, several thousand machines in a number of different countries will be progressively converted to deliver a set of photographs to our customers in less than one minute. We believe that this completely unique product will attract more customers to our photobooths.

One of the many benefits that we now have within the enlarged Group is the ability to exploit the extensive research and development facilities available at our manufacturing base in Grenoble. The cost of research and development charged against profits in 1994/95 was £6.0 million *(1994: £5.7 million)*. The future success of the Group relies heavily on our ability to maintain and improve the service to our customers, which means a considerable investment in the manufacture of new revenue earning equipment, which will be in excess of the £21.0 million spent during 1994/95, but which will inevitably lead to increased depreciation charges in future years. Several new products will be launched shortly, which will add to the already successful range of self-service printing equipment marketed under the heading of Express Services. These new machines will add value to many of our existing trading sites by improving revenue and offering additional facilities to our customers. This will also enhance our standing as a service provider to our site owners.

We continue to expand in the professional photography field and significant success has been achieved in a number of countries with our Micro and Mini Lab products, which are marketed under the "KIS" brand name. Extensive research and development is currently under way which will add to this product range, and we intend to fuel growth by increasing market share with new products. These will be revolutionary in concept, whilst at the same time meeting the ever increasing demand for high quality and speed of service, at a competitive price.

The Leisure Division continues to provide the Group with exciting new expansion opportunities which will make a useful contribution to a number of our operating companies and help to contain servicing costs. The most significant expansion in this respect has been in the UK, where attention to detail and a strong commitment to high quality service, has made us a significant force within this particular market sector. It is our intention to continue to exploit the opportunities which this product range presents, and an exciting new product will be launched throughout Europe during the current financial year.

Additional future growth opportunities

As reported last year, we understand photographs on UK driving licences will start to become a reality during 1996, together with other documents worldwide requiring identity photographs, but competition will be intense. We are, however, convinced that the combination of PhotoVision, offering unique flexibility, highest quality, the most convenient locations and at the minimum cost, together with the revolutionary under one minute process, will ensure that Photo-Me captures a major share of these important new markets.

We continuously strive to expand our activity into new territories; we have recently opened a new joint-venture operation in St. Petersburg, Russia and have also created new trading initiatives in India. Expansion is being assisted by our worldwide sales-force, and we anticipate further growth within this area of activity.

PMI Data continues to provide our operating companies with growth in demand for ID pictures by creating new reasons for photographic identification within the market place. We therefore intend to continue to utilise the expertise of PMI Data in order to create new demand for photographs from our photobooths.

People and organisation

I am pleased to report that the integration of the merged companies has been extremely successful, and the benefits are starting to show through. As expected, combining the work-force has resulted in a certain amount of rationalisation and we have added new skills in order to cope with the ever increasing demands of high technology.

Our commitment to the long term future of our Company has ensured that we have made significant improvements in our ability to train our staff in the management and operation of the Group. We have introduced a new and forward thinking graduate training programme and, encouraged by its success, intend to continue this initiative.

The Board wishes to thank our team of managers and staff throughout the world for their dedication and hard work during the year. My colleagues and I wish to single out a group of people, who due to circumstances too difficult to comprehend for those not directly involved, made sacrifices well and truly beyond the normal call of duty, namely the staff of Nippon Auto Photo, who fought through the tragedy of Kobe, not only providing support for those who lost loved ones and possessions, but ensuring that our Japanese company recovers from the disaster in the shortest possible time. We owe them a debt of gratitude, and I take this opportunity to sincerely thank them.

Future prospects

The Board is realistically confident about the Group's long term future, although in the short term results may be adversely affected by the depreciation charges resulting from the continued expansion and development of our equipment base. Photo-Me International has a strong research and development facility and manufacturing capability which will support and enhance our worldwide operations. This, together with our financial strength and experience, will enable us to meet challenges, strengthen our position as world leaders in the industry and improve long term returns to our shareholders.

DAN DAVID
Chairman

15th September 1995

Report of the directors

The directors have pleasure in submitting to the shareholders their report and audited Group accounts of Photo-Me International Plc for the year ended 30 April 1995.

Principal activities

The principal activities of the Group continue to be the manufacture, sale and operation of coin-operated automatic photobooths, copiers and express print services, together with the manufacture and sale of automatic film processing systems, throughout the world.

A review of the activities during the year is given in the Chairman's statement on pages 10 to 11.

The principal subsidiary and associated undertakings of the Group are shown on pages 36 to 37.

Results and dividends

The results for the year are set out in the Group profit and loss account on page 16.

Your directors recommend a final dividend of 3.5p per share, which if approved at the Annual General Meeting, will be payable on 2 January 1996. This, together with the interim dividend of 1.5p per share paid on 7 April 1995, makes a total dividend of 5.0p per share. The gross equivalent, including the related tax credit, is 6.25p per share (250% based on nominal value of 2.5p per share) *(1994: 6.0p (240%) per share).*

Review of the business

Turnover has increased by 12% to £193,085,124 *(1994: £172,356,240)* and the profit on ordinary activities before taxation has increased by 4% to £14,464,431 *(1994: £13,944,469).* These increases have been affected positively by the movement in exchange rates. The profit attributable to members and the earnings per share have risen by almost 14%. The amount proposed to be carried to reserves is £4,787,600 *(1994: £4,217,330),* and the retained profits at 30 April 1995, after all appropriations, have increased by £2,411,154 to £55,125,954, contributing to the improvement in shareholders' funds of £7,119,743 to £81,120,266.

The Group expects that funds generated from operating activities will be sufficient to satisfy future capital expenditure, subject to a modest increase in borrowings. The investment in revenue producing equipment and research and development have provided a sound foundation for the Group to benefit when the economies of the developed countries improve.

A detailed review of the business is provided in the Chairman's statement on pages 10 to 11.

Share capital

During the year the Company has issued 9,750 Ordinary shares of 2.5 pence each at par value to long service employees, group executives and advisers, as permitted by the Ordinary and Special Resolutions adopted on 17 December 1987.

Information on share options granted to directors and employees is given in Note 19 on page 33.

Authority to renew for a further year the power of the directors to allot shares in accordance with Sections 89 and 95 of the Companies Act 1985 will be sought from the shareholders at the Annual General Meeting.

Market value of land and buildings

The directors consider that the market value of the Group's interest in freehold land and buildings is in excess of its aggregate book value of £15,142,767. This excess has not been quantified as there is no intention to dispose of this interest in the foreseeable future.

Fixed assets

The movements in fixed assets are set out on pages 27 to 29.

Research and development

The Group is committed to its research and development programme. The expenditure to date of £7,764,979 incurred on the development of new photobooths, automatic film processing systems and the 'Digicard' system, which has been capitalised, is being written-off against profits over periods of 3-4 years following the year of expenditure.

Future developments

The directors are of the opinion that the growing world-wide requirements for identification photographs coupled with the introduction of the Group's new technology photobooths, will lead to increased turnover in the coming year.

Employees

The Group's loyal and skilled work-force is essential for its future prosperity. Where appropriate, employees are provided with information on matters of interest and concern to them.

The Group recognises the benefits that arise from effective training of its employees and has established national training centres to improve skill levels and health and safety awareness. Safety representatives and committees encourage work-force involvement in health and safety procedures.

The equal opportunities policy followed by the Group gives full consideration to disabled people for employment, career development, training and promotion.

Board of directors and their interests

Details of the present directors of the Company can be found on page 8, together with a brief biography of each director. Each of them served on the Board throughout the year under review, with the exception of Messrs. Francois Giuntini, Michel Moraine and Jean-Luc Peurois who were all appointed to the Board on 20 May 1994. The directors retiring by rotation are Mr. Riccardo Costi and Mr. Francis Wahl who, being eligible, offer themselves for re-election. Mr. Costi and Mr. Wahl have no service contract with any Group company.

According to the records kept by the Company, the directors had beneficial interests in the share capital of the Company as shown below. The interests at 15 September 1995 are analysed between those registered in their own names, and those registered in other names:-

	30 April 1994 (or date of appointment if later)	30 April 1995	15 September 1995		
			Self	Other	Total
Number of Ordinary shares:					
Dan David	2,988,200	6,342,520	3,488,950	5,761,070	9,250,020
Peter D Berridge	38,310	39,310	250	39,310	39,560
Riccardo Costi	3,600	3,600	3,600	-	3,600
Serge Crasnianski	6,052,940	5,085,225	5,085,225	-	5,085,225
Francois Giuntini	81,258	81,508	81,508	-	81,508
David W Miller	41,145	26,395	26,395	-	26,395
Michel Moraine	-	250	250	-	250
Peter M Ogborne	3,886	4,136	4,136	-	4,136
Jean-Luc Peurois	81,258	81,508	81,508	-	81,508
Michel Vez	165,640	50,000	-	50,000	50,000
Francis Wahl	20,250	20,250	20,250	1,460,000	1,480,250
Philippe Wahl	2,699,353	2,699,353	78,250	4,093,603	4,171,853
Number of Convertible Redeemable shares:					
Serge Crasnianski	10,977,484	10,977,484	10,977,484	-	10,977,484

Details of directors' interests in options to acquire Ordinary shares in the Company are given in Note 4 on page 25.

Directors' interests in share capital of Group subsidiary undertakings were:

	30 April 1994	30 April 1995	15 September 1995
Michel Vez			
- Eletronic Foto Cofipar Ltda.	19%	19%	19%
- Fotomatica do Brasil Repr. Ind. E. Com. Ltda.	19%	19%	19%

The Company has renewed during the year insurance to indemnify directors and officers against liability when acting for the Company.

Substantial shareholders

On 15 September 1995 the following shareholders had an interest of 3% or more in the Ordinary shares of the Company; such holdings exclude directors' interests noted above:

* Lorane Technical Equipment b.v.	5,831,300	9.61%
* A.T.E. Technology Equipment b.v.	5,600,000	9.23%
❖ Royal Bank of Scotland Edinburgh Nominees Limited (A/C "BS")	1,879,750	3.10%

* Hans Rahn & Co. has declared a beneficial interest in these shares.

❖ The shareholder holds these shares as Trustees of Baillie Gifford British Smaller Fund and voting rights are vested in the Fund Managers.

Close company status

As far as the directors are aware, the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Report of the directors *(continued)*

Auditors
The auditors, Menzies, have expressed their willingness to continue in office. It is intended to move a resolution at the Annual General Meeting to re-appoint them and authorise the directors to fix their remuneration.

Corporate governance
The directors confirm compliance with the Code of Best Practice set out in the Report of the Committee on the Financial Aspects of Corporate Governance (the Cadbury Report) for the year ended 30 April 1995. A summary of the relevant arrangements is given below.

The Board
The Board of directors comprises eight executive directors and four non-executive directors with clear separation of roles between the Chairman and the three Group Managing Directors. The Board meets regularly throughout the year. It is responsible for setting and monitoring overall group strategies, acquisitions and investment policy, approval of major capital expenditure projects and of significant financing matters.

The Audit Committee
The Audit Committee meets at least twice a year. It monitors the application of the Group's accounting policies, internal control procedures and financial reporting, and provides a forum through which the Group's external and internal auditors report to the non-executive directors.

The Remuneration Committee
The Remuneration Committee meets at least once a year. It is responsible for measuring the performance of the executive directors and senior managers, and setting the level of their remuneration.

Going Concern
Following a review of budgets and management business plans, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Internal Control
The directors' responsibilities in respect of accounting records, the safeguarding of assets and the prevention and detection of fraud and other irregularities are set out in the Statement of directors' responsibilities on page 15. As part of the process to satisfy these obligations the Group has an established system of internal control, which the directors believe to be appropriate to the business and which is regularly monitored by external and internal audit.

It has to be understood that such a system can provide only reasonable and not absolute assurance against material mis-statement and loss.

The auditors have confirmed that in their opinion, with respect to the directors' statements on going concern and internal control, the directors have provided the disclosure required by paragraph 4.6 of the Code as supplemented by the related guidance for directors, and such statement is not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the directors' other statements appropriately reflect compliance with the Code specified for review by the London Stock Exchange. They were not requested to perform additional work necessary, and were not invited to express any opinion on the effectiveness of the Company's corporate governance procedures nor on the ability of the Company to continue in operational existence.

By order of the Board
Robert E Lowes
Secretary

Church Road, Bookham, Surrey KT23 3EU
15th September 1995

Statement of directors' responsibilities
in respect of the preparation of the accounts

The directors are required by law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the Group's profit or loss for the financial year. The directors consider that in preparing the accounts, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The accounts have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Group keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors also have responsibility for ensuring an adequate system of internal control for safeguarding the assets of the Group and for the prevention and detection of fraud and other irregularities.

Report of the auditors
to the members of Photo-Me International Plc

We have audited the accounts on pages 16 to 37 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 22 to 23.

Respective responsibilities of directors and auditors

As described in the Statement of directors' responsibilities, the directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Menzies

Menzies
Chartered Accountants and Registered Auditors
Walton-on-Thames
Surrey

22nd September 1995

Group profit and loss account

for the year ended 30 April 1995

	Note	1995 £	1994 £
Turnover			
Continuing operations:			
Third parties		180,268,903	160,105,370
Group undertakings		12,816,221	12,250,870
Acquisitions		-	-
	2	193,085,124	172,356,240
Cost of sales	3	(153,264,700)	(136,750,868)
Gross profit		39,820,424	35,605,372
Administration expenses	3	(25,663,670)	(20,938,823)
Other operating income	3	2,965,834	3,810,376
Operating profit		17,122,588	18,476,925
Continuing		17,078,867	18,476,925
Acquisitions		43,721	-
		17,122,588	18,476,925
Exceptional items:			
Continuing operations			
Merger expenses		-	(1,668,013)
Profit on ordinary activities before associated undertakings and interest		17,122,588	16,808,912
Income from interests in associated undertakings		(21,963)	80,615
Interest receivable		368,761	411,272
Interest payable	3	(3,004,955)	(3,356,330)
Profit on ordinary activities before taxation	3	14,464,431	13,944,469
Tax on profit on ordinary activities	5	(5,295,633)	(6,147,511)
Profit on ordinary activities after taxation		9,168,798	7,796,958
Minority interests - equity interests		(797,664)	(443,836)
Profit attributable to members of the holding company	6	8,371,134	7,353,122
Dividends	7	(3,583,534)	(3,135,792)
Retained profit for year	20	£4,787,600	£4,217,330
Earnings per share	8	11.68p	10.26p
Dividends are attributable to:	19		
Equity interests		3,034,660	2,773,535
Non-equity interests		548,874	362,257
	7	£3,583,534	£3,135,792
Retained profit is attributable to:	19		
Equity interests		4,054,304	3,571,292
Non-equity interests		733,296	646,038
	20	£4,787,600	£4,217,330

Turnover and operating profit in respect of acquisitions made in the preceding period have been amalgamated and shown as part of continuing operations for that year in accordance with Financial Reporting Standard 3.

Balance sheets
as at 30 April 1995

	Note	Company 1995 £	Company 1994 £	Group 1995 £	Group 1994 £
Fixed assets					
Intangible assets	9	-	466,667	4,144,735	3,461,217
Tangible assets	10	24,038,211	21,210,092	108,654,059	98,508,589
Investments	11	9,817,528	9,718,741	562,671	398,673
		33,855,739	31,395,500	113,361,465	102,368,479
Current assets					
Stocks	12	9,312,485	7,713,527	33,824,860	31,391,367
Debtors	13	24,572,873	24,574,531	35,311,617	32,654,429
Investments	14	388,127	146,700	2,725,495	6,365,506
Cash at bank and in hand		362,549	1,649,747	12,767,166	12,627,945
		34,636,034	34,084,505	84,629,138	83,039,247
Creditors					
Amounts falling due within one year	15	23,019,489	20,119,039	69,872,056	67,344,742
Net current assets		11,616,545	13,965,466	14,757,082	15,694,505
Total assets less current liabilities		45,472,284	45,360,966	128,118,547	118,062,984
Creditors					
Amounts falling due after more than one year	16	-	173,712	22,282,152	23,719,608
		45,472,284	45,187,254	105,836,395	94,343,376
Provision for liabilities and charges					
Provisions	17	-	-	1,034,573	1,443,337
Deferred taxation	18	2,122,305	2,387,294	14,854,316	12,106,945
		43,349,979	42,799,960	89,947,506	80,793,094
Minority interests - equity interests		-	-	8,461,864	6,405,347
- non-equity interests		-	-	365,376	387,224
		£43,349,979	£42,799,960	£81,120,266	£74,000,523
Capital and reserves					
Called-up share capital	19	1,992,767	1,992,523	1,992,767	1,992,523
Reserves:	20				
Share premium account		1,046,750	1,046,750	1,046,750	1,046,750
Capital reserves		-	-	22,954,795	18,246,450
Profit and loss account		40,310,462	39,760,687	55,125,954	52,714,800
		£43,349,979	£42,799,960	£81,120,266	£74,000,523
Shareholders' funds are attributable to:					
Equity interests	19	36,540,039	36,073,385	68,525,217	62,494,436
Non-equity interests	19	6,809,940	6,726,575	12,595,049	11,506,087
		£43,349,979	£42,799,960	£81,120,266	£74,000,523

The accounts were approved by the Board on 15th September 1995.

Dan David - *Executive Chairman*
Peter D Berridge - *Group Managing Director - Finance*

Peter D Berridge

Group statement of total recognised gains and losses

for the year ended 30 April 1995

	1995	1994
	£	£
Profit attributable to shareholders	**8,371,134**	*7,353,122*
Exchange adjustments	**2,583,524**	*18,131*
Total recognised gains and losses for year	**£10,954,658**	*£7,371,253*

Note of historical cost profits and losses

for the year ended 30 April 1995

The Group prepares its accounts on the historical cost basis and has not revalued its properties. Consequently, no note of historical cost profits and losses is required.

Reconciliation of movements in shareholders' funds

for the year ended 30 April 1995

	1995	1994
	£	£
Profit for the financial year before dividends	**8,371,134**	*7,353,122*
Dividends	**(3,583,534)**	*(3,135,792)*
Exchange differences	**2,583,524**	*18,131*
New shares issued (including premium)	**244**	*990,206*
Capital reserve arising on acquisition of subsidiary undertakings	**(1,054)**	*833,173*
Goodwill written-off on acquisition of subsidiary undertakings	**(250,571)**	*(512,797)*
Net movements in shareholders' funds	**7,119,743**	*5,546,043*
Shareholders' funds at 1 May 1994	**74,000,523**	*68,454,480*
Shareholders' funds at 30 April 1995	**£81,120,266**	*£74,000,523*

Group cash flow statement

for the year ended 30 April 1995

	Note	1995 £	1994 £
Net cash inflow from operating activities	a	26,457,270	28,568,591
Returns on investments and servicing of finance			
Interest received		368,761	411,272
Interest paid		(3,004,955)	(3,356,330)
Dividends from associated undertakings		33,552	5,823
Dividends paid by Company		(3,439,871)	(2,415,477)
Dividends paid to minority interests		(44,557)	(195,098)
Net cash outflow from returns on investments and servicing of finance		(6,087,070)	(5,549,810)
		20,370,200	23,018,781
Taxation			
UK Corporation tax paid		(2,395,785)	(3,160,433)
Overseas tax paid		(1,547,495)	(2,238,136)
Tax paid		(3,943,280)	(5,398,569)
		16,426,920	17,620,212
Investing activities			
Purchase of intangible fixed assets		(2,361,544)	(2,070,233)
Purchase of tangible fixed assets		(26,070,248)	(22,379,135)
Purchase of subsidiary undertakings (net of cash and cash equivalents)	c	(10,072)	45,668
Purchase of minority interests in subsidiary companies		(35,764)	-
Investment in associated undertakings		(368,311)	-
Sale of tangible fixed assets		2,084,196	3,806,337
Sale of investments		4,032,350	7,554,379
Sale of associated undertakings		260,167	745,452
Net cash outflow from investing activities		(22,469,226)	(12,297,532)
Net cash (outflow) inflow before financing		(6,042,306)	5,322,680
Financing			
Issue of Ordinary shares		244	990,206
Share capital subscribed by minority shareholders		677,313	-
New loans repayable within five years	d	12,388,752	2,067,016
Repayment of amounts borrowed:			
Loans	d	(11,661,915)	(5,632,554)
Capital element of finance lease rental payments	d	(2,885,333)	(3,535,672)
Net cash outflow from financing		(1,480,939)	(6,111,004)
Decrease in cash and cash equivalents	e	(£7,523,245)	(£788,324)

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Notes to the cash flow statement

for the year ended 30 April 1995

	1995 £	1994 £
a Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	17,122,588	*18,476,925*
Depreciation and amortisation charges	20,058,880	*17,385,719*
Loss (Profit) on foreign exchange	225,024	*(92,952)*
Profit on sale of tangible fixed assets	(314,833)	*(516,364)*
Merger costs	-	*(1,668,013)*
Gross cash flow	37,091,659	*33,585,315*
(Increase) Decrease in stocks	(1,053,660)	*3,139,065*
(Increase) Decrease in debtors	(3,794,045)	*4,124,206*
Decrease in creditors	(5,786,684)	*(12,279,995)*
Net cash inflow from operating activities	£26,457,270	*£28,568,591*

	1995 £	1994 £
b Purchase of subsidiary undertakings		
Net assets acquired at date of acquisition:		
Tangible fixed assets	-	*891,945*
Working capital	(288,191)	*(663,170)*
Net cash balances	958	*420,768*
Minority interest	-	*45,933*
Shareholders' funds	(287,233)	*695,476*
Satisfied by cash paid	(11,030)	*(375,100)*
	(£298,263)	*£320,376*
Associated undertakings	(47,692)	-
Goodwill on acquisition	(250,571)	*(512,797)*
Capital reserve on acquisition	-	*833,173*
	(£298,263)	*£320,376*

	1995 £	1994 £
c Analysis of the net inflow of cash and cash equivalents in respect of purchase of subsidiary undertakings		
Cash consideration	(11,030)	*(375,100)*
Cash at bank and in hand acquired	958	*577,990*
Bank overdrafts of acquired subsidiary undertakings	-	*(157,222)*
Net (outflow) inflow of cash and cash equivalents in respect of purchase of subsidiary undertakings	(£10,072)	*£45,668*

	1995 £	1994 £
d Analysis of changes in financing during the year		
Loans and finance lease obligations		
Balance at 1 May 1994	32,310,333	*39,025,639*
Cash flows from financing		
- new secured loans repayable within five years	1,899,169	-
- new unsecured loans repayable within five years	10,489,583	*2,067,016*
Total new loans	12,388,752	*2,067,016*
- repayments of capital element of leases	(2,885,333)	*(3,535,672)*
- repayments of loans	(11,661,915)	*(5,632,554)*
Inception of finance lease contracts	-	*365,281*
Effect of foreign exchange rate changes	1,456,232	*20,623*
Balance at 30 April 1995	£31,608,069	*£32,310,333*
comprised of:		
- loans	30,779,215	*28,804,216*
- lease creditors	828,854	*3,506,117*
Total	£31,608,069	*£32,310,333*

	1995 £	1994 £

e **Analysis of changes in cash and cash equivalents during the year**

	1995 £	1994 £
Balance at 1 May 1994	**4,383,083**	*5,171,407*
Net cash outflow before adjustment for the effect of foreign exchange rate changes	**(7,523,245)**	*(788,324)*
Effect of foreign exchange rate changes	**866,286**	-
Change in year (see note f below)	**(6,656,959)**	*(788,324)*
Balance at 30 April 1995 (see note f below)	**(£2,273,876)**	*£4,383,083*

f **Analysis of the balances of cash and cash equivalents as shown on the Balance sheet**

	1995 £	Change in year £	1994 £	Change in year £	1993 £
Cash at bank and in hand	**12,767,166**	**139,221**	*12,627,945*	*(732,187)*	*13,360,132*
Bank overdrafts	**(15,041,042)**	**(6,796,180)**	*(8,244,862)*	*(56,137)*	*(8,188,725)*
	(£2,273,876)	**(£6,656,959)**	*£4,383,083*	*(£788,324)*	*£5,171,407*

g **Major non-cash transactions**

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of nil *(1994: £365,281).*

h **Comparative figures**

Certain current asset investments were originally considered to be cash equivalents and were included as such in the analysis of cash and cash equivalents, note g to the cash flow statement, in the financial statements for the year ended 30 April 1994.
It is now considered that they should not be classified as part of cash and cash equivalents. Consequently, the comparative figures within the cash flow statement have been restated to show the following:

	Previously reported £	Revised £	Adjustment £
Cash at bank and in hand at 1 May 1993	27,301,010	13,360,132	13,940,878
Cash at bank and in hand at 30 April 1994	18,846,751	12,627,945	6,218,806
			£7,722,072

The restated figures show an improvement in net cash flow before financing of £7,389,733 due to sale of investments which, together with the effect of exchange differences of £332,339, result in an overall change in the comparative figure of £7,722,072.

Notes on the accounts

for the year ended 30 April 1995

1 Accounting policies

(a) Accounting convention

The accounts are prepared under the historical cost convention. They are drawn up to comply with applicable UK accounting standards in force at the time, other than in respect of turnover as disclosed in Note 1(k).

(b) Basis of consolidation

The Group accounts consolidate the accounts of the Company and all its subsidiary undertakings made up to 30 April 1995, except for Photo-Me Hubei Co. Ltd. whose accounts were made up to 31 December 1994, and Photec K.K. to 31 March 1995.

The Group accounts include the appropriate share of profits of associated undertakings based on accounts to 30 April 1995 and, in the case of Animate Fotofixe Lda. to 31 December 1994.

The results of Group undertakings whose accounts are made up to a date other than 30 April 1995 do not have a material impact on the Group results.

The Group accounts include income from current asset investments as follows; investments on a dividend received basis, and income from bonds on an accruals basis.

The Company has not presented its own profit and loss account, as permitted by Section 230 of the Companies Act 1985.

Where the accounts of subsidiary and associated undertakings do not conform with the Group's accounting policies, appropriate adjustments are made on consolidation in order to prepare the Group accounts on a consistent basis.

The Company follows acquisition accounting for all of its subsidiaries except for the KIS Group of companies which was consolidated in the year to 30 April 1994 following the principles of merger accounting.

(c) Depreciation and amortisation

Depreciation is charged on either a straight line basis or on a reducing balance basis to reduce the cost of fixed assets to their net realisable values over their estimated useful lives at the following rates:

Freehold land	- Nil.
Freehold buildings	- 2% - 5% straight line.
Long leasehold property	- 2% - 5% straight line.
Short leasehold property	- over the lives of the leases.
Photobooths, etc.	- 10% - 20% straight line.
Plant, etc.	- 12.5% - 25% straight line or reducing balance.
Development expenditure	- 25%- 33.3% straight line commencing in the year following commercial production.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Raw materials and consumables	- purchase cost on a first-in, first-out basis.
Work-in-progress and finished goods	- cost of direct materials and labour plus attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

(e) Research and development

Research and development expenditure is written-off in the year in which it is incurred where the commercial viability of the item being developed is uncertain. Development expenditure relating to specific projects which will not generate revenues until future years, is capitalised and amortised as noted above.

(f) Deferred taxation

Full provision is made, using the liability method, for taxation deferred mainly as a result of timing differences arising from taxation allowances, exceeding depreciation charged in the accounts. Provision is also made for other differences in recognising revenue and expense items in other periods for taxation purposes. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance. Deferred taxation is not provided in respect of liabilities which might arise on the distribution of unappropriated profits of overseas subsidiary and associated undertakings, except where distributions are planned.

(g) Foreign currencies
Transactions which have been entered into during the course of the year and which are denominated in a foreign currency are translated at the rate prevailing at the date on which the transaction occured. Profits, assets and liabilities are translated at the rates of exchange ruling at the end of the accounting year. All exchange differences are dealt with through the profit and loss account. Differences arising on the retranslation of opening net assets are taken directly to reserves.

(h) Pension costs
Some of the Company's longer serving employees belong to a pension scheme, which is closed to new entrants. The scheme is funded by both employer's and employees' contributions and is of the defined benefit type. The pension cost is assessed in accordance with the advice of an independent qualified actuary. Any difference between the cost charged and the amounts paid by the Company is treated as a prepayment or accrual. Overseas pension plans vary according to local conditions and practices.

(i) Goodwill
Goodwill arising on consolidation is written-off to reserves in the year in which it arises. If an undertaking is subsequently divested, the appropriate goodwill is dealt with through the profit and loss account in the period of the disposal as part of the calculation of gain or loss on divestment.

(j) Leased assets
Rentals payable under operating leases are charged to profit and loss account, as incurred, over the lease term.
An asset acquired under a finance lease agreement is capitalised in the balance sheet and depreciated over the shorter of the lease term and its estimated useful life.

(k) Turnover
Turnover comprises the net invoiced value of sales and the revenue arising from cash takings in operating companies, stated net of value added tax. Turnover includes sales by the Group's manufacturing divisions to Group undertakings of equipment which is then capitalised within the accounts of the Group undertakings. It is the opinion of the directors that excluding such sales from turnover would understate the Group's activities and as such would fail to give a true and fair view. Inter-company profit arising on such sales is excluded from the Group's profit.

2 Turnover

Turnover was contributed as follows:

	1995 £	%	1994 £	%
Area of activity				
Manufacturing				
Sales to Group undertakings	**12,816,221**	6.6	*12,250,870*	*7.1*
Sales to third parties	**45,242,521**	23.5	*41,821,902*	*24.3*
	58,058,742	30.1	*54,072,772*	*31.4*
Operating	**135,026,382**	69.9	*118,283,468*	*68.6*
	£193,085,124	100.0	*£172,356,240*	*100.0*
Geographical area				
United Kingdom and Republic of Ireland	**45,925,838**	23.8	*47,835,185*	*27.8*
Overseas - Europe	**86,049,546**	44.5	*72,106,018*	*41.8*
- The Americas	**17,284,850**	9.0	*11,723,185*	*6.8*
- Asia and Australasia	**43,824,890**	22.7	*40,691,852*	*23.6*
	£193,085,124	100.0	*£172,356,240*	*100.0*

Turnover arising from acquisitions is detailed in the Group profit and loss account.
There are no discontinued operations *(1994: nil)*.

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Notes on the accounts

for the year ended 30 April 1995

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation was contributed as follows:

	1995 £	%	1994 £	%
Geographical area				
United Kingdom and Republic of Ireland	**5,029,513**	34.8	*4,908,161*	35.2
Overseas - Europe	**4,896,615**	33.8	*5,005,374*	35.9
- The Americas	**1,578,967**	10.9	*574,724*	4.1
- Asia and Australasia	**2,959,336**	20.5	*3,456,210*	24.8
	£14,464,431	100.0	*£13,944,469*	100.0

It is the opinion of the directors that disclosure of profit before taxation attributable to manufacturing and operating activities, and the information required by Statement of Standard Accounting Practice 25 (Segmental reporting), would be seriously prejudicial to the interests of the Group.

Profit is stated after charging or crediting:	1995 £	1994 £
Cost of sales:		
Research and Development:		
- amortisation of intangible fixed assets	**1,921,098**	*1,488,090*
- depreciation of tangible fixed assets	**198,554**	*145,440*
- current year's expenditure	**3,929,415**	*4,077,091*
Depreciation of tangible fixed assets - owned	**13,701,438**	*12,011,795*
- leased	**2,588,565**	*1,870,114*
Hire of plant and machinery	**1,043,763**	*102,438*
Operating lease rentals	**83,416**	*83,203*
Loss (Profit) on foreign exchange - realised	**600,141**	*(423,509)*
(Profit) Loss on foreign exchange - unrealised	**(499,567)**	*334,084*
Profit on disposal of fixed assets	**(314,833)**	*(516,364)*
Other costs	**130,012,710**	*117,578,486*
	£153,264,700	*£136,750,868*
Administrative expenses:		
Auditors' remuneration:		
Holding Company auditors		
- Audit fees	**83,372**	*59,750*
- Other fees	**36,200**	*11,868*
Other Group auditors		
- Audit fees	**193,382**	*172,066*
- Other fees	**22,522**	*15,729*
	335,476	*259,413*
Depreciation of tangible fixed assets - owned	**1,557,791**	*1,723,783*
- leased	**91,434**	*146,498*
Loss (Profit) on foreign exchange - realised	**124,450**	*(3,527)*
Other expenses	**21,527,872**	*17,800,963*
Distribution costs	**2,026,647**	*1,011,693*
	£25,663,670	*£20,938,823*
Other operating income:		
Commission	**1,620,626**	*1,641,637*
Other	**1,345,208**	*2,168,739*
	£2,965,834	*£3,810,376*
Interest payable:		
On bank loans repayable wholly or partly after five years	**746,468**	*297,118*
On other loans after five years	**-**	*78,829*
On bank loans repayable by instalments and wholly repayable within five years	**1,223,580**	*2,195,851*
On other bank loans and overdrafts and loans wholly repayable within five years	**602,648**	*120,914*
On other loans	**57,290**	*245,742*
Finance charges payable on finance leases and hire purchase agreements	**374,969**	*417,876*
	£3,004,955	*£3,356,330*

4 Employees

The average weekly number of employees worldwide during the year was made up as follows:

	1995 Number	1994 Number
Office and management	**455**	*438*
Manufacturing and operating	**1,956**	*1,989*
	2,411	*2,427*
Staff costs during the year amounted to:	£	£
Wages and salaries	**35,940,095**	*31,263,645*
Social security costs	**8,308,639**	*7,132,064*
Other pension costs	**660,721**	*540,787*
	£44,909,455	*£38,936,496*
Directors' emoluments:		
Fees	**24,000**	*18,667*
Other emoluments (including pension contributions):		
Management - United Kingdom	**266,812**	*219,719*
- overseas	**733,074**	*537,545*
Increase in provision for loss of office for overseas directors	**16,325**	*10,684*
	£1,040,211	*£786,615*
Emoluments of chairman and the directors in respect of their United Kingdom duties (excluding pension contributions):		
The chairman	**£93,955**	*£82,232*
Highest paid director in respect of United Kingdom duties	**£85,141**	*£75,959*
Other directors were between:	Number	Number
£ 0 - £ 5,000	**8**	*6*
£ 55,001 - £ 60,000	**-**	*1*
£ 60,001 - £ 65,000	**1**	*1*
£ 75,001 - £ 80,000	**1**	*-*

The Company operates share option schemes for senior staff (including directors). The schemes expire on 16 December 1997, but without prejudice to share options existing at that date. Under normal circumstances, the options are exercisable at any time during a three month period commencing five years after the date of grant of the options.

Details of directors' options over Ordinary shares are as follows:-

	As at 30 April 1994 (or date of appointment if later)	Granted in year	As at 30 April 1995	Exercise price	Date from which exercisable
Dan David	65,691	-	65,691	351p	21 Jan 1998
	-	134,309	134,309	230p	31 Jan 2000
Peter D Berridge	36,190	-	36,190	304p	6 Feb 1997
	-	63,810	63,810	230p	31 Jan 2000
Riccardo Costi	25,000	-	25,000	304p	6 Feb 1997
	10,000	-	10,000	351p	21 Jan 1998
Serge Crasnianski	50,000	-	50,000	200p	26 Jun 1996
	-	200,000	200,000	228p	6 Oct 1999
Francois Giuntini	-	50,000	50,000	228p	6 Oct 1999
David W Miller	76,630	-	76,630	304p	6 Feb 1997
	-	23,370	23,370	230p	31 Jan 2000
Michel Moraine	-	50,000	50,000	228p	6 Oct 1999
Peter M Ogborne	48,750	-	48,750	304p	6 Feb 1997
	-	25,215	25,215	230p	31 Jan 2000
Jean-Luc Peurois	-	50,000	50,000	228p	6 Oct 1999
Michel Vez	-	-	-	-	-
Francis Wahl	30,000	-	30,000	200p	26 Jun 1996
Philippe Wahl	-	-	-	-	-

No directors' options lapsed or were exercised during the year to 30 April 1995. The number of options held at 15 September 1995 was the same as at 30 April 1995. The market price of an Ordinary share at 30 April 1995 was 243p *(1994: 225p)* and the range during the year to that date was 207p to 290p.

Notes on the accounts

for the year ended 30 April 1995

5 Taxation

The taxation charge which is based on profits for the year is made up as follows:	1995 £	1994 £
Current year		
UK Corporation tax at 33%	**1,933,289**	*2,580,081*
Double taxation relief	**(367,496)**	*(377,902)*
	1,565,793	*2,202,179*
Overseas taxation	**1,121,011**	*1,722,746*
	2,686,804	*3,924,925*
Prior year		
UK Corporation tax at 33%	**(335,211)**	*3,412*
Overseas taxation	**(111,681)**	*532,632*
	(446,892)	*536,044*
Deferred taxation		
UK Deferred tax	**333,182**	*(81,681)*
Overseas Deferred tax	**2,720,982**	*1,722,964*
	3,054,164	*1,641,283*
Associated undertakings		
Overseas taxation	**1,557**	*45,259*
	£5,295,633	*£6,147,511*

6 Profit attributable to members of the holding company

	1995 £	1994 £
Dealt with in the accounts of the holding company	**4,133,309**	*5,168,660*
Retained by subsidiary undertakings	**4,195,701**	*2,154,929*
Retained by associated undertakings	**42,124**	*29,533*
	£8,371,134	*£7,353,122*

7 Dividends

		1995 £	1994 £
Interim dividend paid of:	1.5p per share *(1994: 1.5p)*	**1,075,060**	*770,981*
Proposed final dividend of:	3.5p per share *(1994: 3.3p)*	**2,508,474**	*2,364,811*
	5.0p per share *(1994: 4.8p)*	**£3,583,534**	*£3,135,792*

The 1994 dividends have been adjusted to eliminate dividends paid on shares brought into the Group as a result of the merger with the KIS Group.

8 Earnings per share

The calculation of earnings per share (including exceptional items) is based on profit attributable to shareholders of £8,371,134 *(1994: £7,353,122)* and the total of issued Ordinary and Convertible Redeemable shares of 71,670,681 *(1994: 71,660,931)*.

9 Intangible fixed assets

	Development costs £	Chemical system £	Total £
Company			
Cost:			
At 1 May 1994 and **30 April 1995**	£1,400,000	-	£1,400,000
Amortisation:			
At 1 May 1994	933,333	-	933,333
Provided during year	466,667	-	466,667
At 30 April 1995	£1,400,000	-	£1,400,000
Net book value:			
At 30 April 1995	-	-	-
At 1 May 1994	*£466,667*	-	*£466,667*
Group			
Cost:			
At 1 May 1994	5,116,818	211,317	5,328,135
Exchange adjustment	286,617	33,541	320,158
Additions	2,361,544	-	2,361,544
At 30 April 1995	£7,764,979	£244,858	£8,009,837
Amortisation:			
At 1 May 1994	1,796,479	70,439	1,866,918
Exchange adjustment	65,905	11,181	77,086
Provided during year	1,839,479	81,619	1,921,098
At 30 April 1995	£3,701,863	£163,239	£3,865,102
Net book value:			
At 30 April 1995	£4,063,116	£81,619	£4,144,735
At 1 May 1994	*£3,320,339*	*£140,878*	*£3,461,217*

Development costs relate to new photobooths and automatic film processing systems, together with software and hardware developments.

Notes on the accounts

for the year ended 30 April 1995

10 Tangible fixed assets

Company	Land and buildings Freehold £	Long leaseholds £	Short leaseholds £	Photobooths and vending machines £	Plant, machinery, furniture, fixtures and motor vehicles £	Total £
Cost:						
At 1 May 1994	2,641,734	141,309	139,167	27,799,268	4,579,248	35,300,726
Additions	7,533	-	35,341	5,971,944	1,067,448	7,082,266
Disposals	-	-	-	(692,876)	(486,947)	(1,179,823)
At 30 April 1995	£2,649,267	£141,309	£174,508	£33,078,336	£5,159,749	£41,203,169
Depreciation:						
At 1 May 1994	364,222	10,833	43,732	11,023,024	2,648,823	14,090,634
Provided during year	71,243	2,826	31,064	3,030,806	835,372	3,971,311
Disposals	-	-	-	(447,551)	(449,436)	(896,987)
At 30 April 1995	£435,465	£13,659	£74,796	£13,606,279	£3,034,759	£17,164,958
Net book value:						
At 30 April 1995	£2,213,802	£127,650	£99,712	£19,472,057	£2,124,990	£24,038,211
At 1 May 1994	*£2,277,512*	*£130,476*	*£95,435*	*£16,776,244*	*£1,930,425*	*£21,210,092*
Group						
Cost:						
At 1 May 1994	18,925,028	554,178	2,365,228	155,766,594	22,167,820	199,778,848
Exchange adjustment	1,346,918	33,836	228,437	11,633,438	1,316,573	14,559,202
Additions	721,450	655	406,172	21,009,490	3,932,481	26,070,248
Disposals	(723,498)	-	(41,173)	(10,597,057)	(1,467,871)	(12,829,599)
At 30 April 1995	£20,269,898	£588,669	£2,958,664	£177,812,465	£25,949,003	£227,578,699
Depreciation:						
At 1 May 1994	4,071,794	194,929	678,032	82,322,058	14,003,446	101,270,259
Exchange adjustment	336,440	22,992	49,726	9,217,406	942,111	10,568,675
Provided during year	777,928	16,550	160,887	14,335,572	2,846,845	18,137,782
Disposals	(59,031)	-	-	(9,794,616)	(1,198,429)	(11,052,076)
At 30 April 1995	£5,127,131	£234,471	£888,645	£96,080,420	£16,593,973	£118,924,640
Net book value:						
At 30 April 1995	£15,142,767	£354,198	£2,070,019	£81,732,045	£9,355,030	£108,654,059
At 1 May 1994	*£14,853,234*	*£359,249*	*£1,687,196*	*£73,444,536*	*£8,164,374*	*£98,508,589*

Within the Group's tangible fixed assets, the net book value of assets acquired under finance lease agreements includes Photobooths and vending machines of £903,714 *(1994: £3,378,168)*, the depreciation charge for the year on such assets being £2,570,373 *(1994: £1,870,114)*. Included within Plant, machinery, furniture, fixtures and motor vehicles are assets acquired under finance lease agreements with a net book value of £81,935 *(1994: £171,818)*, the depreciation charge for the year being £109,626 *(1994: £146,498)*.

11 Fixed asset investments

Group undertakings

	Company 1995 £	Company 1994 £	Group 1995 £	Group 1994 £
Cost:				
At 1 May 1994	17,701,900	*14,166,790*	-	-
Additions	279,832	*3,546,146*	-	-
Disposals	(1,273)	*(11,036)*	-	-
At 30 April 1995	£17,980,459	*£17,701,900*	-	-
Depreciation:				
At 1 May 1994	8,295,578	*7,782,781*	-	-
Provided in year	-	*512,797*	-	-
At 30 April 1995	£8,295,578	*£8,295,578*	-	-
Net book value:				
At 30 April 1995	£9,684,881	*£9,406,322*	-	-

Depreciation relates to the write-off of goodwill arising on consolidation.

Participating interests in associated undertakings

	Cost of investment 1995 £	Cost of investment 1994 £	Share of net assets 1995 £	Share of net assets 1994 £
Cost:				
At 1 May 1994	312,419	*312,419*	500,751	*1,252,036*
Exchange adjustment	-	-	4,464	*(16,742)*
Additions	29,940	-	368,311	*10,909*
Disposals	(209,662)	-	(346,293)	*(745,452)*
Transfer to investments in group undertakings	(50)	-	(50)	-
At 30 April 1995	£132,647	*£312,419*	£527,183	*£500,751*
Depreciation:				
At 1 May 1994	-	-	108,740	*98,084*
Exchange adjustment	-	-	1,949	*(253)*
Disposals	-	-	(86,176)	-
Provided in year	-	-	9	*10,909*
At 30 April 1995	-	-	£24,522	*£108,740*
Written down value	132,647	*312,419*	502,661	*392,011*
Group share of post-acquisition reserves	-	-	60,010	*6,662*
Net book value:				
At 30 April 1995	£132,647	*£312,419*	£562,671	*£398,673*
Total net book value:				
At 30 April 1995	£9,817,528	*£9,718,741*	£562,671	*£398,673*

The details of Group undertakings are given in Note 26, pages 36 to 37.

Notes on the accounts

for the year ended 30 April 1995

12 Stocks

	Company		Group	
	1995	1994	1995	1994
	£	£	£	£
The main categories of stocks are:				
Raw materials and consumables	**6,788,041**	*5,806,699*	**28,186,387**	*25,884,643*
Work-in-progress	**2,197,680**	*1,542,738*	**2,331,357**	*4,062,278*
Finished goods	**326,764**	*364,090*	**3,307,116**	*1,444,446*
	£9,312,485	*£7,713,527*	**£33,824,860**	*£31,391,367*

The replacement value of stocks was not materially different from that stated above.

13 Debtors

	Company		Group	
	1995	1994	1995	1994
	£	£	£	£
Trade debtors	**3,453,891**	*3,489,653*	**18,839,049**	*18,552,948*
Amount owed by group undertakings	**18,879,758**	*20,126,977*	**-**	-
Amount owed by associated undertakings	**852,278**	*473,986*	**1,926,766**	*1,359,608*
Other debtors	**1,280,092**	*350,980*	**10,713,018**	*9,866,116*
Prepayments and accrued income	**106,854**	*132,935*	**3,832,784**	*2,875,757*
	£24,572,873	*£24,574,531*	**£35,311,617**	*£32,654,429*

Included within Group prepayments are amounts due after one year of £443,138 *(1994: £641,003).*

Included within Company debtors are amounts due after one year from Group undertakings of £2,417,547 *(1994: £1,635,336)*, trade debtors of £1,151,722*(1994: £606,362)* and nil from other debtors *(1994: £14,583).*

14 Current asset investments

	Company		Group	
	1995	1994	1995	1994
	£	£	£	£
Cost:				
At 1 May 1994 and **30 April 1995**	**£388,127**	*£146,700*	**£2,725,495**	*£6,365,506*

The Company investments are all listed, and their market value is not considered to be materially different from the book value shown above.

15 Creditors

	Company		Group	
	1995	1994	1995	1994
	£	£	£	£
Amounts falling due within one year:				
Current instalments due on loans *(Note 16)*	**36,266**	*751,905*	**8,693,990**	*9,019,160*
Bank overdrafts	**4,307,857**	*1,528,455*	**15,041,042**	*8,244,862*
Trade creditors	**4,172,240**	*4,773,957*	**23,271,638**	*22,081,398*
Amount owed to group undertakings	**8,590,504**	*7,287,353*	**-**	-
Amount owed to associated undertakings	**611,146**	-	**768,200**	*140,407*
Lease creditors	**-**	-	**633,942**	*2,720,475*
Current corporation tax	**1,488,202**	*1,951,568*	**1,917,307**	*3,461,599*
Other taxes and social security costs	**927,929**	*837,780*	**5,531,463**	*5,295,244*
Proposed dividend	**2,508,474**	*2,364,811*	**2,508,474**	*2,364,811*
Other creditors	**278,178**	*247,239*	**8,553,756**	*10,047,015*
Accruals and deferred income	**98,693**	*375,971*	**2,952,244**	*3,969,771*
	£23,019,489	*£20,119,039*	**£69,872,056**	*£67,344,742*

16 Creditors

	Company 1995 £	Company 1994 £	Group 1995 £	Group 1994 £
Amounts falling due after more than one year:				
Loans				
Not wholly repayable within five years				
Instalments not due within five years	-	-	5,496,510	3,336,025
Instalments due between two and five years	-	-	3,736,050	3,369,627
Instalments due within two years	-	-	1,012,357	1,545,301
Wholly repayable within five years				
Instalments due between two and five years	-	-	9,374,322	6,959,655
Instalments due within two years	36,266	925,617	11,159,976	13,593,607
	36,266	925,617	30,779,215	28,804,215
Current instalments due within one year (included in current liabilities)	36,266	751,905	8,693,990	9,019,160
	-	173,712	22,085,225	19,785,055
Lease creditors				
Instalments due between two and five years	-	-	71,980	201,385
Instalments due between one and two years	-	-	122,932	584,258
	-	-	194,912	785,643
Other creditors	-	-	2,015	3,148,910
	-	£173,712	£22,282,152	£23,719,608

The KIS Group has secured bank loans totalling £4,548,603 *(1994: £3,071,843)* on various freehold properties, trade marks and current asset investments.

The loans referred to above have all been negotiated at commercial rates of interest.

Operating leases

Payments during the next year committed in respect of operating leases:

	Company 1995 £	Company 1994 £	Group 1995 £	Group 1994 £
Land and buildings				
Within one year	258,124	280,316	1,542,947	1,173,763
In second to fifth years inclusive	47,250	53,300	705,743	963,473
Over five years	133,203	113,630	298,006	258,964
	£438,577	£447,246	£2,546,696	£2,396,200
Other				
Within one year	-	-	-	-
In second to fifth years inclusive	-	-	502,404	293,630
Over five years	-	-	6,514	5,783
	-	-	£508,918	£299,413
Total				
Within one year	258,124	280,316	1,542,947	1,173,763
In second to fifth years inclusive	47,250	53,300	1,208,147	1,257,103
Over five years	133,203	113,630	304,520	264,747
	£438,577	£447,246	£3,055,614	£2,695,613

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for the year ended 30 April 1995

17 Provisions

	Company		Group	
	1995	1994	1995	1994
	£	£	£	£
At 1 May 1994	-	-	1,443,337	*2,525,936*
Exchange adjustment	-	-	(22,315)	*(53,814)*
Movement in year	-	-	(386,449)	*(1,028,785)*
At 30 April 1995	-	-	£1,034,573	*£1,443,337*

The above amounts relate to guarantee and litigation provisions in subsidiary undertakings.

18 Deferred taxation

	Company		Group	
	1995	1994	1995	1994
	£	£	£	£
Capital allowances in advance of depreciation	2,392,929	*2,113,000*	10,741,162	*8,854,300*
Other differences in recognising revenue and expense items in other periods for taxation purposes	625,260	*865,497*	5,009,038	*3,843,848*
	3,018,189	*2,978,497*	15,750,200	*12,698,148*
Less: Advance corporation tax	895,884	*591,203*	895,884	*591,203*
	£2,122,305	*£2,387,294*	£14,854,316	*£12,106,945*
The movements on deferred taxation during the year were:				
Balance at 1 May 1994 as previously reported	2,978,497	*3,012,429*	12,698,148	*11,118,570*
Prior year adjustments	-	-	(2,112)	*(61,705)*
Balance at 1 May 1994 as restated	2,978,497	*3,012,429*	12,696,036	*11,056,865*
Charge for the year	39,692	*(33,932)*	3,054,164	*1,641,283*
Balance at 30 April 1995	£3,018,189	*£2,978,497*	£15,750,200	*£12,698,148*

There were no material unprovided liabilities for deferred taxation at 30 April 1995 *(1994: nil)*.

19 Share capital

	1995 Number	1994 Number	1995 £	1994 £
Authorised:				
Ordinary shares of 2.5p each	**76,982,516**	*76,982,516*	**1,924,563**	*1,924,563*
Convertible Redeemable shares of 2.5p each	**10,977,484**	*10,977,484*	**274,437**	*274,437*
Deferred shares of 2.5p each	**8,040,000**	*8,040,000*	**201,000**	*201,000*
	96,000,000	*96,000,000*	**2,400,000**	*2,400,000*
Allotted, issued and fully paid:				
Ordinary shares				
At 1 May 1994	**60,683,447**	*60,180,197*	**1,517,086**	*1,504,505*
Issued in year				
Exercise of share options	**-**	*495,000*	**-**	*12,375*
Under the Ordinary and Special Resolutions adopted on 17 December 1987	**9,750**	*8,250*	**244**	*206*
	60,693,197	*60,683,447*	**1,517,330**	*1,517,086*
Convertible Redeemable shares	**10,977,484**	*10,977,484*	**274,437**	*274,437*
Deferred shares	**8,040,000**	*8,040,000*	**201,000**	*201,000*
At 30 April 1995	**79,710,681**	*79,700,931*	**£1,992,767**	*£1,992,523*

The total consideration for the issue of shares for cash during the year was £244 *(1994: £990,206).*

The Convertible Redeemable shares and the Deferred shares were created as a result of the merger with the KIS Group on 28 February 1994.

The Convertible Redeemable shares carry voting rights, are entitled to receive capital on a winding up and rank for dividends on a basis equivalent to the Ordinary shares; however, it is not intended that any listing will be sought for the Convertible Redeemable shares. Convertible Redeemable shares may be redeemed at a nominal value in the event of warranty and indemnity claims arising from the merger. Immediately after 28 February 1997, the third anniversary of completion, all remaining Convertible Redeemable shares will convert into Ordinary shares, on a one for one basis, except to the extent necessary to deal with any outstanding unsatisfied claims.

The Deferred shares carry no dividend rights and no voting rights. The Company may at its option at any time redeem all of the Deferred shares, at an aggregate price not exceeding 1 penny.

Full particulars of the rights attaching to the Convertible Redeemable shares and the Deferred shares were included in the Listing Particulars circulated to shareholders on 25 January 1994.

In accordance with Financial Reporting Standard 4 (FRS4) Capital Instruments, 10,977,484 Convertible Redeemable shares and 8,040,000 Deferred shares have been classified as non-equity interests.

Share options which have been granted to senior staff, including directors, to purchase Ordinary shares of 2.5 pence each are as follows:

Date option granted	Number of shares	Subscription price	Exercise of option date
15 March 1990	10,000	£2.43	15 March 1995
26 June 1991	80,000	£2.00	26 June 1996
6 February 1992	240,122	£3.04	6 February 1997
21 January 1993	75,691	£3.51	21 January 1998
17 February 1994	10,000	£2.93	17 February 1999
6 October 1994	350,000	£2.28	6 October 1999
31 January 1995	316,704	£2.30	31 January 2000

Full details of directors' share options are given in note 4, page 25.

The options can be exercised, in normal circumstances, within a period of three months from the exercise of option dates.

Notes on the accounts

for the year ended 30 April 1995

20 Reserves

	Company £	Subsidiary undertakings £	Associated undertakings £	Group £
Share premium account				
Balance at 1 May 1994 and **30 April 1995**	£1,046,750	-	-	£1,046,750
Capital reserves				
Balance at 1 May 1994	-	18,246,450	-	18,246,450
Exchange adjustment	-	1,956,415	-	1,956,415
Arising on acquisition of subsidiaries	-	(1,054)	-	(1,054)
Transfers from revenue reserves	-	2,752,984	-	2,752,984
Balance at 30 April 1995	-	£22,954,795	-	£22,954,795
Revenue reserves				
Balance at 1 May 1994	39,760,687	12,947,451	6,662	52,714,800
Exchange adjustment	-	615,885	11,224	627,109
Retained profit for year	549,775	4,195,701	42,124	4,787,600
Transfer to capital reserves	-	(2,752,984)	-	(2,752,984)
Goodwill written-off in year	-	(250,571)	-	(250,571)
Balance at 30 April 1995	£40,310,462	£14,755,482	£60,010	£55,125,954

Aggregate goodwill charged to revenue reserves is £8,212,429 *(1994: £7,961,858).*

21 Capital commitments

The Company has outstanding orders for equipment placed by its operations division totalling £1,364,155 *(1994: £1,790,355)*. The combined value of outstanding orders for photobooths placed by subsidiary undertakings on the Group's manufacturing divisions at 30 April 1995 was £1,311,365 *(1994: £1,995,446)*. In addition, the directors have authorised further capital investment in photobooths, by subsidiary undertakings, totalling £9,534,000 *(1994: £3,933,000)*.

22 Contingent liabilities

The Company and Group have issued guarantees as follows:

	Company		Group	
	1995	1994	1995	1994
	£	£	£	£
Subsidiary - overdrafts	1,937,668	*4,401,085*	-	-
- loans	18,399,497	*12,581,287*	-	-
Associate - loans	148,413	-	-	-
Third parties	1,958,864	*4,826,463*	4,913,442	*9,628,921*
Total	£22,444,442	*£21,808,835*	£4,913,442	*£9,628,921*

The Group has made adequate provision for legal disputes and the directors thus consider no contingent liability for litigation exists.

The Company has given guarantees for subsidiary and associate loans and overdrafts from which no loss is expected. In addition, the Company and subsidiaries have given guarantees for third party loans and overdrafts from which no loss is expected.

23 Changes in composition of the group

During the year ended 30 April 1995 the Group acquired the other 50% of the shares in PMI Photomagic Limited. Details of the net assets acquired and the purchase consideration are given in note b to the cash flow statement on page 20. The contribution to turnover and operating profit for this acquisition is shown in the profit and loss account under acquisitions. There were no material fair value adjustments made on consolidation to the net assets of this undertaking.

In April 1995 the Company acquired a 49.9% interest in the issued share capital of Deltastone Limited which is a holding company of a group of international companies trading in the photographic market. The Company has an option, expiring on 31 December 1999, to increase its shareholding to 50% on certain terms.

Notes on the accounts

for the year ended 30 April 1995

24 Pensions

The Company makes contributions to a funded defined benefit scheme for some long-serving employees. This pension scheme is closed to new entrants. The defined benefits are based upon an employee's years of service and final pensionable salary.

The total pension cost for the Group, including directors, was £671,291 *(1994: £566,755)*, of which £547,459 *(1994: £442,713)* relates to overseas schemes. The pension costs relating to the overseas schemes are assessed in accordance with local practice and are generally fully funded by the current level of contributions.

At 1 June 1994 (the latest actuarial review of the UK Company scheme) the market value of the assets of the scheme was £2,892,923, the actuarial value of which represented 109% of the actuarial value of benefits accrued to members, based on projected final pensionable salaries.

The principal assumptions used in determining the pension cost were that salary increases would be 6.5% per annum, the rate of return on investments would be 8.5% per annum, and that rents and dividends would grow at 3.75% per annum. The actuarial method used was the Attained Age method.

25 Directors' interests

There were no contracts subsisting during the financial year in which a director of the Company was materially interested and which were significant in relation to the Company's business.

26 Group undertakings

The list below represents the principal subsidiary and associated undertakings of the Group at 30 April 1995. Details of issued share capital are included for associated undertakings. Details of other subsidiary and associated undertakings not listed here will be annexed to the Company's next Annual Return.

All undertakings are incorporated in their country of operation except Photo-Me Northern Ireland Limited which is incorporated in Northern Ireland, the other United Kingdom undertakings which are all registered in England and Wales and Compagnie Bèlge des Automatiques which is incorporated in Belgium.

The Company's interest in the group undertakings is the same as the Group's interest, with the exception of investments marked (*) where the shares are held by another group undertaking, Compagnie Bèlge des Automatiques where the Company's interest is 81%, Portrex S.A. where the Company's interest is 19%. All holdings relate to Ordinary shares.

The principal activities of the group undertakings are the manufacture, sale and operation of coin-operated automatic photobooths, automatic film processing systems, copiers and express print services.

The accounts of overseas subsidiary undertakings, representing 78% of group consolidated sales and 56% of group consolidated net assets, have been audited by firms other than Menzies.

	Principal activity		Group's interest	Year of incorporation	Country of operation
Animate Fotofixe Lda.	*Operating*		50%	1961	Portugal
Issued shares: 2 Ordinary shares of 6,000,000 Escudos					
Ariel Tecnica S.P.A.	*Manufacturing*	*	49%	1985	Italy
Issued shares: 2,250 Ordinary shares of 100,000 Lire and 2,300 Preference shares of 100,000 Lire					
Auto-Photo Systems Inc.	*Operating*		51%	1946	USA
Compagnie Bèlge des Automatiques	*Operating*		100%	1922	Belgium and Luxembourg
Controlled Access Limited	*Manufacturing*	*	100%	1980	United Kingdom
Dedem Automatica S.R.L.	*Operating*	*	50%	1962	Italy
Issued shares: 90,000 Ordinary shares of 1,000 Lire					
Deltastone Limited	*Investment*		50%	1994	United Kingdom
Issued shares: 60,000 Ordinary shares of £1					
Eletronic Foto Cofipar Ltda.	*Operating*		51%	1975	Brazil
Fomat Limited	*Operating*	*	50%	1961	Israel
Issued shares: 21 Founders shares of 0.005 New Shekels and 1,050 Common shares of 0.0001 New Shekels					

26 Group undertakings *(continued)*

	Principal activity		Group's interest	Year of incorporation	Country of operation
Fomat S.R.L.	*Manufacturing*	*	50%	1987	Italy
Issued shares: 20,000 Ordinary shares of 1,000 Lire					
Fotomatica do Brasil Repr. Ind. E. Com. Ltda.	*Operating*		51%	1974	Brazil
Foto-Mi Mexicana S.A. de C.V.	*Operating*		75%	1971	Mexico
FOTOFIX-Schnellphotoautomaten G.m.b.H.	*Operating*		51%	1959	Germany
Fototronic Ausweissysteme G.m.b.H.	*Operating*	*	51%	1988	Germany
Gablelink Limited	*Investment*	*	50%	1994	United Kingdom
Issued shares: 30,000 Ordinary shares of £1					
Godrej & KIS Limited	*Operating*	*	50%	1993	India
Issued shares: 3,300,000 Ordinary shares of 10 Rupees					
Investim S.A.R.L.	*Property*	*	100%	1991	France
KIS b.v.	*Investment*	*	100%	1990	Netherlands
KIS S.A.R.L.	*Manufacturing*	*	100%	1990	France
KMS Services S.A.R.L.	*Servicing*	*	100%	1984	France
Morenar S.A.	*Investment*		100%	1960	Switzerland
Nippon Auto-Photo Kabushiki Kaisha	*Operating*		50%	1963	Japan
Orbitrade Anstalt	*Investment*	*	100%	1974	Liechtenstein
Pasara N.V.	*Investment*	*	100%	1988	Netherlands Antilles
Photec Kabushiki Kaisha	*Operating*	*	50%	1989	Japan
Photomat S.A.	*Operating*	*	12%	1994	Romania
Issued shares: 170,000 Ordinary shares of 1 U.S. Dollar					
Photo-Me Austria G.m.b.H.	*Operating*		70%	1991	Austria
Photo-Me CR s.p.o.l. sr.o.	*Operating*	*	56%	1993	Czech Republic
Photo-Me Hungary K.f.t.	*Operating*	*	36%	1992	Hungary
Photo-Me Slovakia s.p.o.l. sr.o.	*Operating*	*	56%	1992	Slovak Republic
Photo-Me (South East Asia) Limited	*Operating*		67%	1985	Hong Kong
Photomatico Limited	*Operating*		51%	1981	Hong Kong
Photo-Me Developments (Hong Kong) Limited	*Operating*		51%	1987	Hong Kong
Photomatico (Singapore) Pte. Limited	*Operating*	*	67%	1985	Singapore
Photo-Me Hubei Company Limited	*Operating*		65%	1992	China
Photo-Me Ireland Limited	*Operating*		90%	1984	Ireland
Photo-Me Northern Ireland Limited	*Operating*		90%	1986	United Kingdom
PMI Data Limited	*Manufacturing*		100%	1987	United Kingdom
PMI Photomagic Limited	*Operating*		100%	1990	United Kingdom
Point of Sale Limited	*Operating*		100%	1990	United Kingdom
Polychrome S.A.	*Investment*		100%	1982	Panama
Portrex S.A.	*Operating*		100%	1959	France
Portrex Service S.A.	*Operating*	*	100%	1992	France
Printer Color S.R.L.	*Sales*		100%	1992	Italy
SCI du Lotissement d'Echirolles	*Property*	*	61%	1980	France
Serconi Cie	*Operating*	*	25%	1992	Romania
Issued shares: 160 Ordinary shares of 5 U.S. Dollars					
Services Minute Italia S.R.L.	*Sales*		100%	1986	Italy
Services Minutes Automatic System S.A.R.L.	*Operating*	*	50%	1990	France
Issued shares: 1,000 Ordinary shares of 100 Francs					
Servomat S.R.L.	*Operating*	*	37%	1990	Italy
Issued shares: 20,000 Ordinary shares of 1,000 Lire					
Société KIS Investissement S.A.	*Investment*		100%	1985	France
Sufenas Netherlands b.v.	*Investment*		100%	1978	Netherlands
Sufenas N.V.	*Investment*	*	100%	1978	Netherlands Antilles
Tecnotron S.A.	*Operating*	*	50%	1969	Spain
Issued shares: 6,000 Ordinary shares of 16,500 Pesetas					

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Shareholders' profile and information

Analysis of registered shareholdings (at 15 September 1995)

	Number of holdings	Number of Ordinary shares	% of issued Ordinary share capital
Individuals	1,012	12,171,616	20.0
Nominees	286	21,832,347	36.0
Other corporate bodies	79	26,689,234	44.0
	1,377	60,693,197	100.0
Individuals:			
1 - 1,000	697	303,945	0.5
1,001 - 5,000	206	495,514	0.8
5,001 - 50,000	93	1,376,794	2.3
Over 50,000	16	9,995,363	16.4
	1,012	12,171,616	20.0

Capital gains tax

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

31.03.1982	100	Ord. shares of 50p each (at market value of £4.45 per 50p share)
09.12.1983 (1 for 5 Cap.)	20	Ord. shares of 50p each
	120	
12.12.1985 (1 for 6 Cap.)	20	Ord. shares of 50p each
	140	
12.12.1985 (sub-division)	140	(50p to 25p)
	280	Ord. shares of 25p each
18.12.1987 (sub-division)	1,120	(25p to 5p)
	1,400	Ord. shares of 5p each
13.12.1989 (sub-division)	1,400	(5p to 2.5p)
	2,800	Ord. shares of 2.5p each

Share price information

Daily information on the Photo-Me International Plc share price is available on the Financial Times City Line Service (Telephone 0891 43 3656 - calls cost 39p per minute cheap rate and 49p per minute at all other times).

Financial calendar

Annual General Meeting	7th DECEMBER 1995
Half year results (to 31 October 1995)	Announcement in JANUARY 1996
Full year results (to 30 April 1996)	Announcement in SEPTEMBER 1996
Dividends:	
Final (to 30 April 1995)	Payment on 2nd JANUARY 1996
Interim (to 31 October 1995)	Payment in APRIL 1996
Final (to 30 April 1996)	Payment in JANUARY 1997

Transfer office and registration services

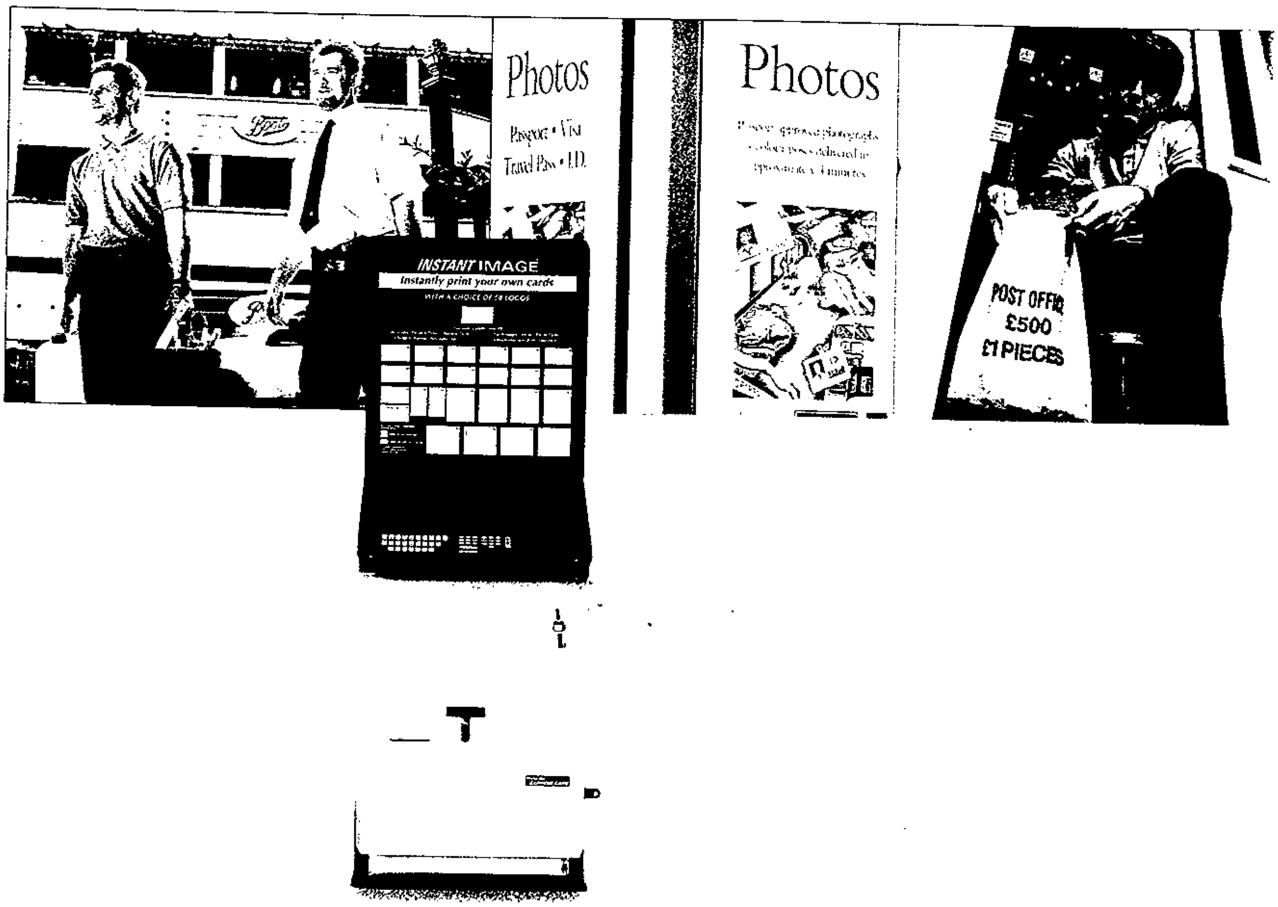
Lloyds Bank Registrars have been appointed to act on behalf of the Company from 1 February 1996. From that date the Register will be located at Lloyds and all shareholder enquiries, notifications of changes of address, dividend mandates, etc. should be referred to:-

Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DA
Telephone: 01903 502541 Fax: 01903 833429

Copies of the Report and Accounts however, should continue to be requested from the Registered Office at Bookham.

Until 31 January 1996 all shareholding enquiries should continue to be directed to Mr. Tim Mines, the Company Registrar at Bookham.

The Register of Directors' interests will continue to be maintained at the Registered Office, Bookham.



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