

This document is important and requires your immediate attention

If you are in any doubt as to the 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 advisor authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial advisor.

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

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6 August 2010

Dear Shareholder

2010 Annual General Meeting

This year's Annual General Meeting will be held at the Bookham Grange Hotel, Little Bookham Common, Little Bookham, Surrey KT23 3HS on Wednesday 15 September 2010 at 1:00pm.

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.

This year, we are asking shareholders to approve a new set of articles of association to replace the existing articles of association, following the Companies Act 2006 having come into force in its entirety in October 2009. An explanation of the main changes between the proposed and the existing articles of association is set out on pages 6 to 10 of this document.

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, regardless of the number of shares you own, to complete and return the accompanying proxy form, in accordance with the instructions set out in the form. Completion and return of the proxy form will not preclude you from attending and voting at the meeting.

As at 30 July 2010 the issued share capital of the Company was 368,384,331 Ordinary shares of which 7,505,000 Ordinary shares are held in treasury. The total number of voting rights in the Company is therefore 360,879,331.

Yours sincerely



John Lewis
Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the forty-eighth Annual General Meeting of Photo-Me International plc (the "Company") will be held at the Bookham Grange Hotel, Little Bookham Common, Little Bookham, Surrey KT23 3HS on Wednesday 15 September 2010 at 1:00pm to consider and, if thought fit, pass the following Resolutions, which will be proposed in the case of Resolutions 1–7 as Ordinary Resolutions and Resolutions 8–10 as Special Resolutions.

As Ordinary Business

Ordinary Resolutions

1. THAT the Accounts and the Reports of the directors and the auditor for the year ended 30 April 2010 be and are received and adopted.
2. THAT the directors' remuneration report for the year ended 30 April 2010 as set out on pages 27 to 33 of the Annual Report be and is received and approved.
3. THAT a final dividend of 1.0p per Ordinary share in respect of the year ended 30 April 2010 be and is declared for payment on 5 November 2010 to shareholders on the register at the close of business on 24 September 2010.
4. THAT KPMG Audit Plc be and is re-appointed as auditor of the Company until the conclusion of the next meeting at which accounts are laid before the Company.
5. THAT the directors of the Company be and are authorised to fix the remuneration of the auditor.
6. THAT Mr Emmanuel Olympitis be and is re-elected as a director.

As Special Business

7. Ordinary Resolution

THAT the directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise during the period ending on the fifth anniversary of the date of the passing of this Resolution (and thereafter in pursuance of any offer or agreement made by the Company prior to the expiry of such period) all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £601,466 and that this authority shall be in substitution for any other authority vested in the directors to exercise the powers of the Company to allot shares or grant Rights.

8. Special Resolution

THAT, subject to the passing of Resolution 7 above, in substitution for any existing power given pursuant to Section 95 of the Companies Act 1985, the directors be and are hereby 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 7 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 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 provided always that the directors may make such arrangements in respect of overseas holders of shares and in respect of fractional entitlements (including without limitation the power to allot and sell for the benefit of the Company equity securities representing the same) as they consider necessary or convenient;
- (ii) to the allotment of equity securities for the purposes of or pursuant to the provisions of any option, incentive, bonus or profit sharing scheme (whether or not an employees' share scheme within the meaning of the Act) being a scheme approved by shareholders in general meeting; and
- (iii) to the allotment (otherwise than pursuant to sub-paragraphs (i) or (ii) above) of equity securities and sale of treasury shares for cash up to an aggregate nominal value not exceeding £180,440 being equal to 10% of the current issued Ordinary share capital of the Company.

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 7 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.

9. Special Resolution

THAT the Company be 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 36,087,933;
- (ii) the minimum price, exclusive of expenses, which may be paid by the Company for each Ordinary share is its nominal value;
- (iii) the maximum price, exclusive of expenses, which may be paid by the Company 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 and (b) the higher of the price of the last independent trade and 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 18 months from the passing of this Resolution, whichever is the first to occur, save that the Company may, prior to 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.

10. Special Resolution

THAT:

- (A) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of Section 28 of the Act, are to be treated as provisions of the Company's articles of association; and
- (B) the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

Robert Lowes

Company Secretary
Photo-Me International plc
Church Road
Bookham
Surrey KT23 3EU

6 August 2010

Explanatory notes

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 notarially certified copy of such power of attorney or other authority) must be lodged with the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours before the time fixed for the meeting (or any adjournment thereof). A proxy form is attached to 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.

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 Companies Act 2006 to enjoy information rights ("Nominated Person"), you do not have a right to appoint any proxies under the procedures set out in the paragraph 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 ("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.

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 6:00pm on 13 September 2010 (or, in the case of an adjournment, 6:00pm on the day which is two 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 6:00pm on 13 September 2010 (or, in the case of an adjournment, 6:00pm on the day which is two 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.

The register of interests of directors in the share capital of the Company, copies of all service contracts of executive directors with the Company and its subsidiaries, letters of appointment of the non-executive directors and a copy of the proposed new articles of association of the Company will be 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 date of the Annual General Meeting. They will also be available for inspection at the place of the Annual General Meeting from 15 minutes prior to the meeting until its conclusion. A copy of the proposed new articles of association will also be available for inspection at any time during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the close of the Annual General Meeting, at the offices of Denton Wilde Sapte LLP, One Fleet Place, London EC4M 7WS.

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.

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 Companies Act 2006, 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 Companies Act 2006. 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 Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, 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 Companies Act 2006 to publish on a website.

To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 6:00pm on 13 September 2010. 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. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor 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. 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.

You may not use any electronic address provided either in this Notice of Annual General Meeting or the Chairman's letter and proxy form to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and the other information required by Section 311A of the Companies Act 2006 can be found at www.photo-me.co.uk.

Resolutions 1 to 7 are Ordinary Resolutions, which will be passed if more than 50% of the votes cast are in favour.

Resolution 1:

The directors will present to the Annual General Meeting the Accounts and the Reports of the directors and the auditor for the year to 30 April 2010. These are contained in the Company's Annual Report. Shareholders may raise any questions on the 2010 Annual Report under this Resolution.

Resolution 2:

Section 439 of the Companies Act 2006 requires companies quoted on the London Stock Exchange to put an Ordinary Resolution to shareholders at the Annual General Meeting seeking approval of the directors' Remuneration report. The directors' Remuneration report for the year to 30 April 2010 is set out in full in the Annual Report.

Resolution 3:

The final dividend of 1.0p per share is recommended by the directors for shareholders on the register at the close of business on 24 September 2010. If Resolution 3 is approved, the dividend will be paid on 5 November 2010.

Resolution 4:

This resolution proposes the re-appointment of the Company's existing auditor, KPMG Audit Plc.

The Company is required to appoint auditors at each general meeting at which accounts are presented, to hold office until the next Annual General Meeting.

Resolution 5:

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

Resolutions 6:

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

Biographical details of Emmanuel Olympitis (the director seeking re-election) are included in the Annual Report.

Emmanuel Olympitis was appointed to the Board as a non-executive director, on 1 December 2009. Upon appointment, the Board considered that the experience of Emmanuel Olympitis made him a suitable candidate to complement the Board. Since his appointment, Emmanuel Olympitis has been appointed Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee. The Nomination Committee considered his re-election and confirms that Emmanuel Olympitis is considered independent. The Board recommends his re-election as a director.

Resolution 7:

The existing authority given to the directors to allot shares expires on 29 October 2014. The effect of Resolution 7, if passed, would be to authorise the directors to allot shares up to a maximum amount of £601,466 (being equal to approximately 33.3% of the Company's current issued Ordinary share capital, excluding treasury shares). The directors have no present intention of exercising this authority, which would expire five years from the date of the passing of the Resolution, 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 Annual General Meeting. The Association of British Insurers (the "ABI") guidelines issued in December 2008 state that ABI members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to one-third of a company's issued share capital.

Resolutions 8, 9 and 10 are Special Resolutions, which will be passed if at least 75% of the votes cast are in favour.

Resolution 8:

The effect of Resolution 8, if passed, would be to enable the directors to issue shares for cash on a rights issue (or other pre-emptive offer) or under the Company's employees' share schemes up to the maximum permitted by Resolution 7. 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 £180,440 (being equal to 10% of the Company's current issued Ordinary share capital) without first offering them to existing shareholders on a proportional basis. Unless renewed this power would expire when the authority given by Resolution 7 to allot shares expires (whether or not renewed) or is revoked (if this is earlier) but the directors intend to seek its renewal at next year's Annual General Meeting.

Although the Group has adequate finance available to it for its normal business and continues to enjoy substantial cash generation from its activities, the directors believe that establishing the Company's disapplication of pre-emption rights at 10%, would give the directors additional flexibility to raise additional capital, including a possible need for investment into diversification in accordance with the Group's operational strategy.

Explanatory notes

continued

Resolution 9:

Shareholders' 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 36,087,933 Ordinary shares (being equal to 10% of the Company's current issued Ordinary share capital) and will be effective until the conclusion of the next Annual General Meeting or, if earlier, 18 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 shares.

The Company has the choice of cancelling shares which have been repurchased or 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 to 30 April 2010.

The Company's issued share capital as at 30 July 2010, being the last practicable date prior to the publication of this Notice, was 360,879,331 Ordinary shares, excluding any Ordinary shares held as treasury shares. As at 30 July 2010, the Company held 7,505,000 Ordinary shares as treasury shares, representing approximately 2.1% of the Company's issued share capital (excluding treasury shares) as at that date. As at 30 July 2010, the total number of voting rights in the Company was 360,879,331.

The total number of options over Ordinary shares outstanding as at 30 July 2010 was 4,410,000, representing approximately 1.2% of the issued share capital (excluding treasury shares). 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 30 July 2010 would, assuming no further Ordinary shares are issued, represent approximately 1.4% of the issued share capital.

Resolution 10:

Following the implementation in full of the Companies Act 2006 on 1 October 2009, the directors now recommend that shareholders pass a Resolution to adopt a new set of articles of association (the "New Articles") to replace the current articles of association (the "Current Articles") which will allow the Company to make best use of the Companies Act 2006. The reason for adopting the New Articles is to reflect the changes in company law brought about by the Companies Act 2006. A number of the amendments in the New Articles also reflect the implementation of the Shareholder Rights Directive in the UK in August 2009 and certain amendments to the Uncertificated Securities Regulations 2001 in October 2009. Further details of the proposed changes are set out below.

Explanatory notes of principal changes to the Company's articles of association

The principal changes introduced in the New Articles are summarised below. More generally, the opportunity has been taken to bring clearer language into the New Articles and to make minor or technical changes arising out of changes in company law and market practice since the Current Articles were adopted which, due to their minor or technical nature, are not described below.

1 Articles which duplicate statutory provisions or which have been updated or superseded

Certain provisions in the Current Articles have not been replicated in the New Articles because they would replicate provisions in the Companies Act 2006 which apply regardless of provision in the articles. Certain examples of such provisions are the requirement to maintain the Company's statutory books and registers, to establish the validity of directors' acts, and to prohibit financial assistance, allotting shares at a discount and making loans to directors.

Certain provisions in the Current Articles have been modified for inclusion in the New Articles or left out of the New Articles to reflect changes in company law or market practice or to bring in clearer language. Such provisions include an update of the provisions on the Company's borrowing powers and termination of directors' appointments; and the removal, without replacement, of the distinction between Ordinary and Special business at annual general meetings.

2 The Company's objects

The Company's memorandum of association contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by Special Resolution.

Further, the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 10(A) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

3 Authorised share capital, unissued shares, authority to allot shares, disapplication of pre-emption rights, stock and uncertificated shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

In addition to the Ordinary shares, the Current Articles contain the rights of two other classes of share: Convertible Redeemable Shares (which are no longer in issue) and Non-Voting Deferred Shares (all of which will have been redeemed before the date of the Annual General Meeting). As both of these classes of shares were created in connection with an historic acquisition by the Company, there is no future need for issue of shares of either of these classes so these classes of shares have been removed from the New Articles.

The Current Articles contain an authority to the directors to allot shares and a disapplication of statutory pre-emption rights in respect of shares allotted under that authority. This authority expired five years after the Current Articles were adopted and was also drafted under the Companies Act 1985. Renewal of these authorities was sought at subsequent Annual General Meetings. As the directors intend to continue proposing resolutions granting the directors authority to allot shares and disapplying the statutory pre-emption rights over those shares at each Annual General Meeting of the Company, the New Articles do not contain authority for the directors to allot shares and to disapply statutory pre-emption rights.

The Current Articles contain provisions on stock. The Companies Act 2006 does not allow the conversion of shares to stock and as the Company has no existing stock in issue, the New Articles do not make provision for stock.

4 Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

5 Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

Explanatory notes

continued

6 Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

7 Uncertificated shares

The New Articles include provisions to reflect the fact that the Company's shares can be held in uncertificated form and traded using CREST, the electronic settlement system for securities traded on a recognised investment exchange, bringing them into line with the Uncertificated Securities Regulations 2001 and current custom and practice which has developed since dematerialised trading of shares first became possible. The provisions relating to the holding of shares in certificated form in the Current Articles are largely replicated in the New Articles, subject to certain consequential amendments to reflect the alternative method of holding shares in uncertificated form.

8 Suspension of rights where non-disclosure of interest

Provisions have been introduced into the New Articles to reflect the current statutory and Listing Rules requirements in relation to non-disclosure of interests in shares. The New Articles provide for both a shareholder's failure to comply with a statutory notice and the making of statements which are false in a material particular in purported compliance with such a notice. The possible sanctions for non-compliance are stated, being restrictions on rights conferred by membership in relation to general meetings, the withholding of dividends and the rights of the directors to decline to register a transfer. The New Articles also ensure that shareholders who hold their shares in uncertificated form are subject to the relevant provisions by providing a mechanism to oblige them to convert into certificated form if the relevant circumstances arise.

9 Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

10 Untraced shareholders

The Current Articles provide that if a shareholder has failed to claim dividends on his shares or communicate with the Company for 12 years then the Company may sell the untraced shareholder's shares and the proceeds of such sale shall become a debt owed by the Company to the untraced shareholder. The New Articles retain this provision and further provide that if the untraced shareholder does not claim the proceeds of sale of his shares within six years of such sale (i.e. it has been at least 18 years since the shareholder last claimed a dividend or communicated with the Company) then the proceeds of sale are forfeited and belong to the Company absolutely.

11 Notice of general meetings

The Companies Act 2006, as amended by the Shareholders' Rights Regulations, requires the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a Special Resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles remove provisions in the Current Articles dealing with notice of general meetings on the basis that this is dealt with in the Companies Act 2006.

12 Quorum and adjournments for lack of quorum

The quorum for a general meeting in the Current Articles is three members entitled to vote (present in person or by proxy) and the quorum requirement is reduced from three to two in the New Articles.

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

13 Voting by proxies on a show of hands

Under the Companies Act 2006, proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The Companies Act 2006, as amended by the Shareholders' Rights Regulations, provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Current Articles dealing with proxy voting on the basis that these are dealt with in the Companies Act 2006 and contain a provision clarifying how the provision of the Companies Act 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

14 Appointing proxies

The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

15 Voting by corporate representatives

The Companies Act 2006, as amended by the Shareholders' Rights Regulations, enables multiple corporate representatives to be appointed by the same corporate member and enables those multiple representatives to vote in different ways on a show of hands and a poll. The New Articles remove provisions in the Current Articles dealing with voting by corporate representatives on the basis that they are dealt with in the Companies Act 2006.

16 Form of resolution

The Current Articles make reference to extraordinary resolutions but the New Articles do not as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. The Current Articles also enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

17 Number of directors and age of directors on appointment

The New Articles reduce the minimum number of directors from four to three but also give the Company the ability to change this minimum requirement by passing an Ordinary Resolution. The Current Articles contain a provision limiting the age at which a director can be appointed. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

18 Alternate directors

The New Articles clarify that an alternate director is entitled to be paid expenses (but not directors' fees unless the director who appointed him agrees that his alternate may receive some or all of the fees due to the director who appointed him) and to be indemnified by the Company. The New Articles also make it clear that an alternate director is subject to the same restrictions as the director who appointed him.

19 Directors' fees

A limit on the remuneration of non-executive directors has been included in the New Articles but, subject to that limit, the directors still have the power to determine the level of remuneration of non-executive directors. The shareholders may increase the limit by Ordinary Resolution. The directors have considered the limit to be imposed and consider that to allow flexibility for future appointments and to allow for inflation, a limit of £1,000,000 is appropriate. Executive directors' remuneration will continue to be reviewed and determined by the Remuneration Committee.

20 Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. A director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

21 Change of name

Under the Companies Act 1985, a company could only change its name by Special Resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

22 Board meetings and directors' resolutions in writing

The Current Articles permit the directors to regulate their meetings as they see fit, subject to certain constraints. The New Articles allow the directors more flexibility by making it clear that notice of board meetings may be given electronically and removing the need for written consent to be given by all directors in order to hold a board meeting on less than 24 hours' notice, given the ease of communication between directors by e-mail. Directors' resolutions in writing may also be in electronic form.

The New Articles change the quorum for a board meeting from four directors to three. In keeping with providing the board with increased flexibility, the quorum can be altered by the directors rather than the Company by Ordinary Resolution in general meeting.

23 Use of seals

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Companies Act 2006, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

24 Dividends

The New Articles establish a procedure for the payment of scrip dividends (that is, dividends which, following an Ordinary Resolution being passed by the Company, shareholders can elect to receive in shares instead of cash) and allow the board to instigate a dividend reinvestment plan or similar scheme.

25 Voting record date

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles reflect this requirement.

Explanatory notes

continued

26 Electronic and web communications

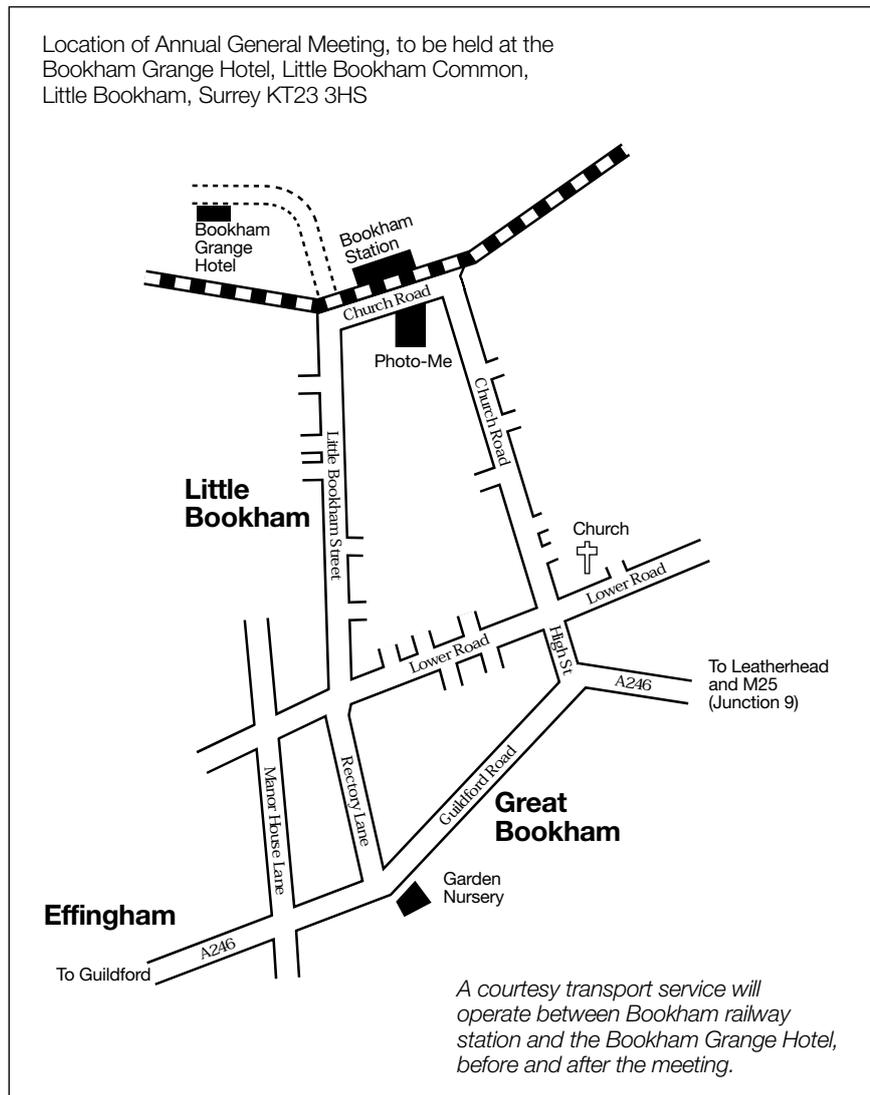
Provisions of the Companies Act 2006 enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information. The Company will send individual requests for consent to shareholders in due course.

27 Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power to replicate the equivalent position in the Current Articles which contain the equivalent power under the Companies Act 1985.

28 Directors' indemnities, loans to fund expenditure and insurance

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles also contain a provision permitting the Company to purchase insurance for its directors and officers in respect of liabilities arising in the discharge of their duties. The scope of the powers of a company to indemnify auditors has been narrowed by the Companies Act 2006 so the provisions on indemnities and insurance no longer extend to auditors in the New Articles.



Proxy Form

for use by members only

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 15 September 2010 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).**Ordinary Business**

			For	Against	Vote Withheld
Ordinary Resolutions	No. 1	To receive and adopt the Report of the directors and the Accounts for the year ended 30 April 2010.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No. 2	To approve the Remuneration report for the year ended 30 April 2010.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No. 3	To declare a final dividend for the year ended 30 April 2010 of 1.0p per share, payable on 5 November 2010.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No. 4	To re-appoint KPMG Audit Plc as auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No. 5	To authorise the directors to fix the remuneration of the auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No. 6	To re-elect Mr Emmanuel Olympitis as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Ordinary Resolution	No. 7	To authorise the directors to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolutions	No. 8	To enable directors to allot shares for cash without first offering them to existing shareholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No. 9	To authorise the Company to make market purchases of its own shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	No. 10	To adopt new articles of association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature Date2010

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 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.
- 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 above. 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).
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 10p per minute plus network extras; overseas telephone number +44 20 8639 3399) lines are open Mon-Fri 8.30am – 5.30pm, or you may copy this form.
- When you have completed this form, sign it and return it by pre-paid post to Business Reply Licence Service RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham BR3 4TU or by freepost to Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham BR3 4TU. Any alteration or deletion must be signed or initialled.
- 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.
- 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.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be lodged with the Company's registrars, Capita Registrars Limited, Freeport RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours before the time of the meeting (or any adjournment thereof).
- 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).
- Except as mentioned in note 7 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.