

This document is important and requires your immediate attention.

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

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

Photo-Me

Photo-Me International plc

Church Road
Bookham
Surrey KT23 3EU
Tel: +44 (0)1372 453399
Fax: +44 (0)1372 459064

24 July 2014

Dear Shareholder

2014 Annual Report and Annual General Meeting

Those of you who have chosen to receive hard copies of the Annual Report, or shareholders who have joined the register since 5 June 2013, will find the 2014 Annual Report enclosed. The Annual Report can also be found on the Company's website at http://investor.photo-me.com/financial_reports. Please note that you will need suitable internet web browser software installed on your computer, or any other web enabled device, to download documents from the Photo-Me website. If at any time you would like to change your preference on how you receive documents such as the Annual Report, please contact our Registrars, Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

This year's Annual General Meeting will be held at the Preston Cross Hotel, Rectory Lane, Bookham, Surrey KT23 4DY on Thursday 23 October 2014 at 12.30 p.m.

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.

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 please complete and return the accompanying proxy form in accordance with the instructions set out therein. Completion and return of the proxy form will not preclude you from attending and voting at the meeting.

As at 15 July 2014 (being the last practicable date before the publication of the Notice convening the Annual General Meeting) the issued share capital of the Company was £1,859,873.89 divided into 371,974,778 Ordinary shares of 0.5p each. Therefore the total number of voting rights in the Company as at that date was 371,974,778.

Yours faithfully



John Lewis
Chairman

Registered in England and Wales: number 735438 Registered Office: Church Road Bookham Surrey KT23 3EU England.
Tel: +44 (0)1372 453399 Fax: +44 (0)1372 459064
www.photo-me.co.uk

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the fifty-second Annual General Meeting of Photo-Me International plc (the "Company") will be held at the Preston Cross Hotel, Rectory Lane, Bookham, Surrey KT23 4DY on Thursday 23 October 2014 at 12.30 p.m. to consider and, if thought fit, pass the following Resolutions, which will be proposed in the case of Resolutions 1 to 9 as Ordinary Resolutions, and Resolutions 10 and 11, as Special Resolutions.

As Ordinary Business

Ordinary Resolutions

- 1 THAT the Company's Accounts and the Reports of the directors and the auditor for the year ended 30 April 2014 be received.
- 2 THAT the directors' remuneration report for the year ended 30 April 2014 as set out on pages 36 to 48 of the Annual Report (other than the part containing the directors' remuneration policy) be approved.
- 3 THAT the directors' remuneration policy set out in the directors' remuneration report for the year ended 30 April 2014 be approved.
- 4 THAT a final dividend of 1.95p per Ordinary share in respect of the year ended 30 April 2014 be declared to be payable on 6 November 2014 to shareholders on the register at the close of business on 26 September 2014.
- 5 THAT KPMG LLP be re-appointed auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
- 6 THAT the directors of the Company be authorised to fix the remuneration of the auditor.
- 7 THAT Mr John Lewis be re-appointed as a director.

As Special Business

Ordinary Resolutions

- 8 THAT the proposed revised form of the rules of the Photo-Me Executive Share Option Scheme, the principal terms of which are summarised in the Appendix to this Notice of Annual General Meeting, as set out in the form produced to the meeting and, for the purposes of identification, initialled by the Chairman, be approved to become the Photo-Me Executive Share Option Scheme 2014 (the "2014 Scheme") and the directors be authorised to:
 - (a) make such modifications to the 2014 Scheme as they may consider appropriate to take account of the requirements of HM Revenue & Customs and for the implementation of the 2014 Scheme and to adopt the 2014 Scheme as so modified and to do all such other acts and things as they may consider appropriate to implement the 2014 Scheme; and
 - (b) establish further plans based on the 2014 Scheme but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2014 Scheme.
9. THAT the directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise during the period ending 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 (and thereafter in pursuance of any offer or agreement made by the Company before 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 £619,338 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.

Special Resolutions

10. THAT, subject to the passing of Resolution 9 above, the directors be empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) wholly for cash, pursuant to the authority conferred on them by Resolution 9 above, and to sell Ordinary shares in the capital of the Company which are held by the Company in treasury, as if Section 561 of the Act did not apply to any such allotment or sale PROVIDED THAT this power shall be limited:

- (i) to the allotment of equity securities and the sale of treasury shares for cash in connection with any rights issue, open offer or any other pre-emptive offer in favour of the holders of Ordinary shares in the capital of the Company at such record date or dates as the directors may determine for the purpose of the issue where the equity securities respectively attributable to the interests of all such holders are proportionate (as near as may be) to the respective numbers of Ordinary shares held by them at such record date or dates so determined subject always to such exclusions or other arrangements as the directors may deem necessary or appropriate to deal with fractional entitlements, treasury shares, record dates, or legal, regulatory or practical difficulties which may arise in or under the laws of any territory, or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities and sale of treasury shares for cash up to an aggregate nominal value not exceeding £92,994 being equal to 5% of the issued Ordinary share capital of the Company as at 15 July 2014.

The power hereby conferred on the directors by this Resolution shall (unless previously revoked or renewed by Special Resolution of the Company) cease to have effect when the authority under Resolution 9 above is revoked or would (if not renewed) expire, save that the Company may, before the power given by this Resolution expires, make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold for cash after such expiry and the directors may allot equity securities or sell treasury shares for cash pursuant to such offer or agreement as if the power conferred by this Resolution had not expired.

11. THAT the Company be generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 0.5p each in the Company provided that:

- (i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 37,197,478, representing 10% of the issued Ordinary share capital of the Company as at 15 July 2014;
- (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, or
 - (b) the higher of the price of the last independent trade or the highest current independent bid on the London Stock Exchange at the time the purchase is carried out; and
- (iv) unless renewed, the authority conferred by this Resolution shall expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 18 months from the passing of this Resolution, whichever is the first to occur, save that the Company may, before such expiry, enter into a contract or contracts to purchase Ordinary shares which would or might be executed wholly or partly after such expiry and make purchases of Ordinary shares in pursuance of such contract or contracts.

By order of the Board

Del Mansi

Company Secretary

Photo-Me International plc
Church Road
Bookham
Surrey KT23 3EU
24 July 2014



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

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the register of members of the Company as at 6.00 p.m. on 21 October 2014 (or, in the case of an adjournment, 6.00 p.m. on the day which is two working days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 p.m. on 21 October 2014 (or, in the case of an adjournment, 6.00 p.m. on the day which is two working days before the time of the adjourned meeting) shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.

If you are not a member of the Company but you have been nominated by a member of the Company under Section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"), you do not have a right to appoint any proxies under the procedures set out above. If you are a Nominated Person, you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

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

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

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

- (i) register of interests of directors in the share capital of the Company;
- (ii) service contracts of executive directors;
- (iii) letters of appointment of the non-executive directors; and
- (iv) the draft rules of the Photo-Me Executive Share Option Scheme 2014.

A copy of the draft rules of the Photo-Me Executive Share Option Scheme 2014 will also be available for inspection at the offices of New Bridge Street at 10 Devonshire Square, London EC2M 4YP during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the conclusion of the Annual General Meeting.

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.

Voting using CREST's electronic proxy appointment service

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent RA10 by 12.30 p.m. on 21 October 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

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

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

Under Section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out below, may, subject to conditions, require the Company to give

to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that:

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

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

Under Section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a "matter of business").

The conditions are that:

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



continued

Members' qualification criteria

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

- (i) circulation of a resolution to be proposed at the Annual General Meeting; or
- (ii) a matter of business to be dealt with at the meeting;
the relevant request must be made by:
 - (a) a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or
 - (b) at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

Submission of hard copy and electronic requests

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

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

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

- (a) hard copy request which is signed by you, states your full name and address and is sent to Photo-Me International plc, Church Road, Bookham, Surrey KT23 3EU for the attention of the Company Secretary, Del Mansi;
- (b) a request which is signed by you, states your full name and address and is sent by fax to +44 (0)1372 459064 marked for the attention of the Company Secretary, Del Mansi; or
- (c) a request which states your full name and address, and is sent by e-mail to IR@photo-me.co.uk. Please state "AGM 2014" in the subject line of the e-mail.

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

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



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

Resolution 1: To receive the 2014 Annual Report

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 2014. These are contained in the Company's Annual Report. Shareholders may raise any questions on the 2014 Annual Report under this resolution.

Resolution 2: Approval of the directors' remuneration report

New regulations for directors' remuneration reports by quoted companies came into force in 2013. As a result of these regulations, the directors' remuneration report is now divided into three parts: (i) an annual statement, which is shown on page 36 of the annual report and accounts, (ii) an annual report on remuneration, which starts at page 42 of the annual report and accounts (together the "annual remuneration report"), and (iii) the directors' remuneration policy (the "remuneration policy"), which starts on page 37 of the annual report and accounts.

The annual remuneration report is subject to an annual advisory vote by way of ordinary resolution. This is sought in Resolution 2.

Resolution 3: Approval of the remuneration policy

The new regulations also require the Company to seek shareholder approval of the remuneration policy at its first AGM after the new regulations have come into effect. This is a binding policy and, after it takes effect, the directors will not be entitled to remuneration unless such remuneration is consistent with the approved policy from time to time or shareholders otherwise approve the remuneration. Approval of the policy is sought in Resolution 3 and, if approved, the policy will take effect from the end of the Annual General Meeting. The Company is then required to seek shareholder approval of a remuneration policy at least every three years.

Resolution 4: To declare a final dividend

The final dividend of 1.95p per share is recommended by the directors for shareholders on the register at the close of business on 26 September 2014. If Resolution 4 is approved, the dividend will be paid on 6 November 2014.

Resolution 5: Appointment of auditor

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

Resolution 6: Authorising directors to fix the remuneration of the auditor

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

Resolution 7: Re-appointment of Mr John Lewis (Non-executive director and Chairman)

The Company's Articles of Association require that any director appointed by the Board retires and seeks re-appointment at the first Annual General Meeting following their appointment and that all directors stand for re-appointment every three years. Mr Lewis joined the Board in July 2008 and was appointed Chairman in May 2010. He is Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees. Currently he is a consultant to Messrs Eversheds and a director of an AIM traded company, Prime People plc as well as various private companies. Mr Lewis was previously a practising solicitor and partner in Lewis, Lewis and Co. which became part of Eversheds after a series of mergers. Mr Lewis also previously served as chairman of Cliveden Plc and Principal Hotels plc and as vice chairman of John D Wood & Co plc and Pubmaster Group Ltd.

Mr Lewis wishes to stand for re-appointment. The Nomination Committee (with Mr Lewis abstaining) considers that Mr Lewis is independent and that, following formal performance evaluation, his performance remains effective especially with regard to his responsibilities as Chairman of the Board and as a member of other Board Committees. The Board recommends his re-appointment as a director.

Resolution 8: Renewal of Company Share Option Scheme

The Remuneration Committee of the Board of directors (the "Committee") has recently undertaken a review of the Company's existing long-term incentive arrangement, the Photo-Me Executive Share Option Scheme (the "Existing Scheme") as approved by shareholders in November 2004.

The Existing Scheme provides for the grant of market-priced employee share options that ordinarily become exercisable three years from grant subject to the grantee's continued service and to the extent to which a performance condition is met over a three-year measurement period.

The Committee's review concluded that, subject to shareholder approval, the Existing Scheme should be renewed and updated to govern future grants under the name of the Photo-Me Executive Share Option Scheme 2014 (the "2014 Scheme").

The terms of the 2014 Scheme materially follow the terms of the Existing Scheme save for certain revisions to take account of current market practice and changes in relevant legislation governing HMRC tax-advantaged share options.

In connection with the implementation of the 2014 Scheme, the Committee proposes to introduce a requirement upon the exercise of an option by any executive director not at such time already holding an interest in shares worth at least 100 per cent of salary to retain shares upon exercise that are equal in value to at least one-half of the net-of-tax gain delivered under such option until such shareholding guideline is achieved.



continued

Resolution 8: Renewal of Company Share Option Scheme continued

It is intended that the first options under the 2014 Scheme to the Company's executive directors would be granted in 2015 following the announcement of the Company's results for its current financial year. The last round of option grants under the Existing Scheme to the Company's executive directors were granted in July of this year.

A summary of the principal terms of the 2014 Scheme is set out in the Appendix to this Notice of Annual General Meeting.

Resolution 9: General authority to allot shares

The effect of Resolution 9, if passed, would be to authorise the directors to allot shares up to a maximum amount of £619,338 (being equal to approximately 33.3% of the Company's issued Ordinary share capital as at 15 July 2014 (being the latest practicable date before the publication of the Notice of Annual General Meeting, hereinafter called the "Latest Practicable Date"). The directors have no present intention of exercising this authority, which would expire at the conclusion of the next Annual General Meeting or, if earlier, 18 months from the date on which the Resolution is passed, other than in respect of the Company's share option schemes. This authority supersedes all previous authorities and the directors intend to seek its renewal at next year's Annual General Meeting. The Association of British Insurers (the "ABI") guidelines issued in December 2008 (as amended on 30 November 2009) 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 10 and 11 are Special Resolutions, which will be passed if at least 75% of the votes cast are in favour.

Resolution 10: Disapplication of pre-emption rights

The effect of Resolution 10, if passed, would be to enable the directors to issue shares for cash on a rights issue (or other pre-emptive offer) up to the maximum permitted by Resolution 9. It would also enable the directors to issue shares for cash (or sell shares held as treasury shares) up to an aggregate nominal amount not exceeding £92,994 (being equal to 5% of the Company's issued Ordinary share capital as at the Latest Practicable Date) without first offering them to existing shareholders on a proportional basis. In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding: (i) cumulative usage of authorities within a rolling three-year period without prior consultation with shareholders, and (ii) issuing no more than 5% of the ordinary share capital on a non pre-emptive basis in any one year. Therefore over a rolling three-year period, except in a rights issue or pre-emptive offer, this disapplication shall not exceed 7.5% of the issued ordinary share capital. Unless renewed, this power would expire when the authority given by Resolution 9 to allot shares expires (whether or not renewed) or is revoked (if this is earlier) and the directors intend to seek its renewal at next year's Annual General Meeting.

Resolution 11: Authority to purchase own shares

Shareholder approval is being sought to renew the general authority to the Company to make market purchases of its own shares. The authority will be in respect of up to 37,197,478 Ordinary shares (being equal to 10% of the Company's issued Ordinary share capital as at the Latest Practicable Date and will be effective until the conclusion of the next 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 its own shares.

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

The Company purchased no shares during the year to 30 April 2014.

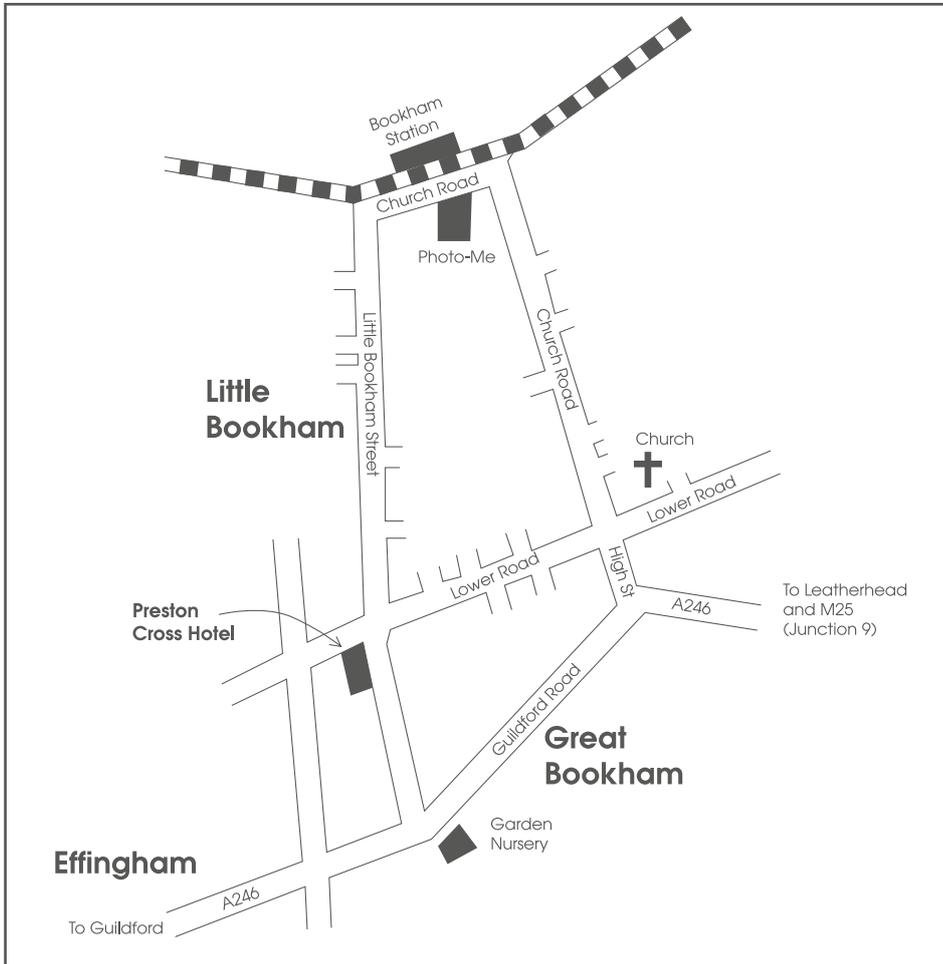
The Company's issued share capital as at the Latest Practicable Date was £1,859,873.89 divided into 371,974,778 Ordinary shares of 0.5p each. As at the Latest Practicable Date the total number of voting rights in the Company was 371,974,778.

The total number of options over Ordinary shares outstanding as at the Latest Practicable Date was 7,721,793, representing approximately 2.08% of the issued share capital. If the authority to buy back shares under this Resolution were exercised in full, the total number of options to subscribe for Ordinary shares outstanding as at the Latest Practicable Date would, assuming no further Ordinary shares are issued, represent approximately 2.3% of the issued share capital.

Location of Annual General Meeting



Location of Annual General Meeting, to be held at the Preston Cross Hotel, Rectory Lane, Bookham, Surrey KT23 4DY



A courtesy transport service will operate between Bookham railway station and the Preston Cross Hotel, before and after the meeting.

Your Notes



A series of horizontal dotted lines for taking notes.

Proxy Form for use by members only



Photo-Me International plc
(the "Company")

Photo-Me

I/We (BLOCK CAPITALS)

of (address)

being a member of the Company, hereby appoint

Name of proxy

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

or, failing him/her, the Chairman of the meeting (see Note 2) to act as my/our proxy and on a poll to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 23 October 2014 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

1	To receive the Accounts and Report of the directors and the auditor for the year ended 30 April 2014.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To approve the directors' remuneration report (other than the part containing the directors' remuneration policy) for the year ended 30 April 2014.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To approve the directors' remuneration policy set out in the directors' remuneration report for the year ended 30 April 2014.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To declare a final dividend for the year ended 30 April 2014 of 1.95p per share, payable on 6 November 2014.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	To re-appoint KPMG LLP as auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	To authorise the directors to fix the remuneration of the auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	To re-appoint Mr John Lewis as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Ordinary Resolutions

8	To approve renewal of the Company's executive share option scheme.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	To authorise the directors to allot shares and grant rights to subscribe for, or convert any security into, shares up to a maximum amount.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Resolutions

10	To enable directors to allot shares for cash without first offering them to existing shareholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	To authorise the Company to make market purchases of its own shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature

Date

2014



1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes. Please indicate with a cross in the appropriate box how you wish the proxy to vote. In the absence of any indication, the proxy will exercise his/her discretion as to whether, and if so how, he/she votes. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
2. The Chairman of the meeting will act as proxy unless another proxy is desired, in which case, insert the full name of your proxy in the space provided. A proxy need not be a member of the Company but must attend the meeting in person. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this Proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

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 9 a.m. – 5.30 p.m.), or you may copy this form.
3. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
4. When you have completed this form, sign it and return it by pre-paid post to Business Reply Licence Service, RLUB-TBUX-EGUC, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF or by freepost to Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, BR3 4TU Any alteration or deletion must be signed or initialled.
5. 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.
6. 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.
7. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power or authority, must be lodged with the Company's registrars, Capita Asset Services, Business Reply Licence Service, RLUB-TBUX-EGUC, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF not less than 48 hours before the time of the meeting (or any adjournment thereof).
8. 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).
9. Except as mentioned in Note 8 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.



Summary of the principal terms of the proposed Photo-Me Executive Share Option Scheme 2014

Operation

The remuneration committee of the board of directors of the Company (the “**Committee**”) will supervise the operation of the Photo-Me Executive Share Option Scheme 2014 (hereinafter the “**Scheme**”).

Eligibility

Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the Scheme at the discretion of the Committee.

Grant of options

The Committee may grant options to acquire ordinary shares in the Company (“**Shares**”) within six weeks following the Company’s announcement of its results for any period. The Committee may also grant options within six weeks of shareholder approval of the Scheme or at any other time if the Committee considers there are sufficiently exceptional circumstances which justify the granting of options.

It is intended that the first options under the 2014 Scheme to the Company’s executive directors would be granted in 2015 following the announcement of the Company’s results for its current financial year.

An option may not be granted more than 10 years after shareholder approval of the Scheme.

No payment is required for the grant of an option. Options are not transferable, except on death. Options are not pensionable.

The Scheme has two parts. Part A provides for the grant of HMRC tax-advantaged options and Part B provides for the grant of non- tax-advantaged options. Save for minor differences to take account of relevant tax legislation governing HMRC tax-advantaged options, the terms of such parts are materially identical.

Individual participation

An employee may not receive options in any financial year over Shares with a market value exceeding 150 per cent of his annual base salary in that financial year.

The individual limit on tax-advantaged options available under the Scheme is a maximum holding of no more than £30,000 worth of such options at any one time by reference to grant value or such other limit that may apply from time to time under the relevant tax legislation.

Option price

The price per Share payable upon exercise of an option will not be less than:

- (a) the middle market price of a Share on the London Stock Exchange on the dealing day immediately before the date of grant (or by reference to a short averaging period not exceeding five days looking back from the date of grant); and
- (b) if the option relates only to new issue Shares, the nominal value of a Share.

Performance condition

The Committee may impose a performance condition on the exercise of options and shall always do so in the case of options granted to the Company’s executive directors.

It is proposed that the performance condition for the first options under the 2014 Scheme to the Company’s executive directors will be based on the Company’s earnings per share performance as at the end of a three-year measurement period comprising three consecutive financial years of the Company, starting with the financial year in which the options are granted.

The earnings per share targets set for such options will be suitably challenging and set on a sliding scale basis. Full details of such targets will be disclosed as at the time of the grant of the options and set out in the Company’s next Annual Report & Accounts.

The Committee may vary the performance condition applying to options following grant if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance condition, provided in the case of options to the Company’s executive directors the Committee considers the varied condition is fair and reasonable and not materially less challenging than the original condition would have been but for the event in question.

**Exercise of options**

Options will normally become capable of exercise three years after grant to the extent any performance condition has been satisfied and provided the participant remains employed in the Company's group. Options will lapse on the day before the seventh anniversary of the date of grant or after such shorter period as determined by the Committee at the time of grant.

Shares will be allotted or transferred to participants within 30 days of exercise. The Committee can decide to satisfy options which are not tax-advantaged by the payment of a cash amount or Shares equal in value to the gain made on the exercise of the option. It is not, however, the Company's current intention to use this facility.

Leaving employment

As a general rule, an option will lapse upon a participant ceasing to hold employment or be a director within the Company's group.

However, in the case of non-tax-advantaged options, if a participant ceases to be an employee or director in the Company's group by reason of his death, injury, ill health, disability (each evidenced to the satisfaction of the Committee), TUPE transfer, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee, then at its discretion the Committee may determine "good leaver" status for the participant for the purposes of the Scheme.

Where the Committee exercises such discretion, such "good leaver's" non-tax-advantaged options shall either become exercisable for a limited period following the time of cessation or continue on normal timetable.

In the case of tax-advantaged options, if a participant ceases to be an employee or director in the Company's group by reason of retirement, redundancy or for any of the reasons noted above, then his option will become exercisable for a limited period following the time of cessation.

The extent to which an option will become exercisable in these situations (whether non-tax-advantaged or tax-advantaged) will depend upon: (i) the extent to which any performance condition has been satisfied by reference to the date of cessation; and (ii) the pro-rating of the option to reflect the period between its grant and the time of cessation, although the Committee can decide not to pro-rate an option if it regards it as inappropriate to do so in the particular circumstances.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all options will become exercisable early to the extent to which any performance condition has been satisfied at that time and then remain exercisable for a limited period. In such circumstances options will be pro-rated, although the Committee can decide not to pro-rate options if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation options will be replaced by equivalent new options over shares in a new holding company unless the Committee decides that options should become exercisable on the basis which would apply in the case of a take-over as described above.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that options will vest on the basis which would apply in the case of a takeover as described above.

Variation of capital

In the event of any variation in the Company's share capital (for example, a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital), the Committee may make such adjustment as it considers appropriate to the number of Shares under option and the price payable on the exercise of an option. Options under the non-tax favoured part of the Scheme which are therefore not tax-advantaged may also be adjusted in the event of a demerger, special dividend or other similar event which materially affects the market price of Shares.

Rights attaching to Shares

Any Shares allotted when an option is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date before their allotment).

Overall Scheme limits

The Scheme may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten-calendar-year period, the Company may not issue (or grant rights to issue) more than:

- (a) 10 per cent of the issued ordinary share capital of the Company under the Scheme and any other employee share plan adopted by the Company; and
- (b) 5 per cent of the issued ordinary share capital of the Company under the Scheme and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless the institutional investors decide that they need not count.

Clawback

The Committee may decide within three years of a non-tax-advantaged option vesting, that a participant's option will be subject to clawback where, broadly, there has been a material misstatement in the Company's financial results, an error in assessing any applicable performance condition or in the event of the dismissal of the participant due to misconduct.

The clawback may be satisfied by way of a reduction in the amount of any future bonuses, the vesting of any subsisting or future non-tax-advantaged options/awards and/or the number of shares under any vested but unexercised option granted under certain share incentive plans. The Committee may also require the participant to make a cash payment.

Alterations to the Scheme

The Committee may, at any time, amend the provisions of the Scheme in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be provided or acquired and the adjustment of options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group. Prior shareholder approval will also not be required for any amendment to any performance condition applying to an option under the Scheme to the extent it is amended in accordance with the constraints relating to adjusting performance conditions described above.

Overseas plans

The shareholder resolution to approve the Scheme will allow the Board, without further shareholder approval, to establish further plans for overseas territories, any such plan to be similar to the Scheme, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Scheme.

Draft rules on display

A copy of the draft rules of the Photo-Me Executive Share Option Scheme 2014 will be available for inspection at the registered offices of the Company and at the offices of New Bridge Street at 10 Devonshire Square, London EC2M 4YP during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes before, and during, the Annual General Meeting.

Photo-Me

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24 July 2014