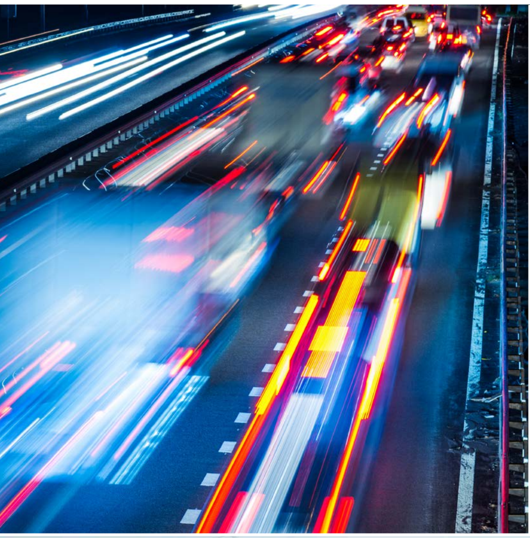
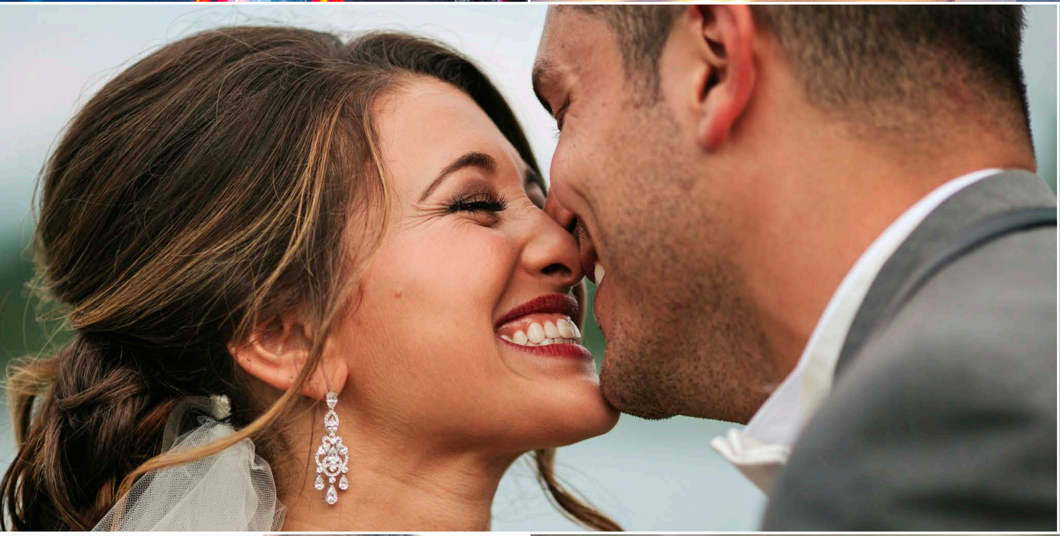
Kodak alaris





Unlocking the power of **digital transformation** in business and in life

Annual Report & Accounts | 2019


Alaris
S2070

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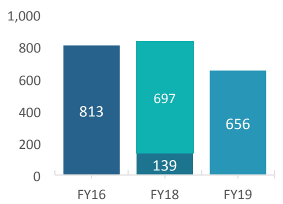
HP2 7YU, United Kingdom
Company registration No. 8550309

1 Strategic Report

Highlights[1]

- For the 12-month period the Group had revenue of $656m, adjusted EBITDA[2] of $48m and, at the end of the year, there were closing net assets of $110m including a cash balance of $100m
- Group loss after tax was reduced to $40m for the 12-month period (2018: $192m)
- Significant progress has been made following the shareholder's instruction to monetise their holding in the Group. In the process, $5m (2018: nil) of transaction costs were incurred in the year
- A total of 830 individuals were relocated across four countries to new future-proof premises with no disruption to our customers or day-to-day activities
- Cost savings of $18m for the 12-month period across R&D and SG&A driven by transformation, and restructuring projects, partially offset by $12m of non-recurring corporate costs
- Engineering investment of $49m for the year (2018 15-month period: $70m) to develop innovative and sustainable technology for our customers that will continue to drive profitability across our businesses
- Alaris continues to win awards for its innovative product portfolio, and has acquired new public and private sector customers globally, notably including China, South Africa and Saudi Arabia
- The PPF business has seen a resurgence in traditional photography driving growth in film capture products during the year. This business continues to be classified as 'held for sale'
- Despite lower revenue, Kodak Moments maintained gross profit, before the impact of foreign exchange headwinds, through improved margins
- AI Foundry developed a Cognitive Business Automation Platform, incorporating the latest in Artificial Intelligence and machine learning, which launched in March 2019

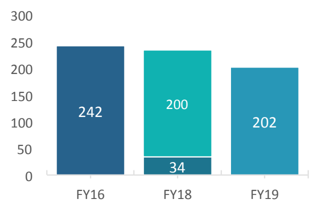
REVENUE $m



$656m revenue in FY19 including discontinued operations of $151m (FY18: $192m)

Year-on-year revenue contraction of 6% to $656m for FY19, driven by challenging market and economic conditions

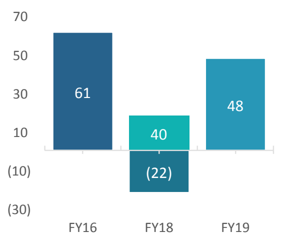
GROSS PROFIT (GP) $m



GP percentage point increase of 2% to 31% in FY19 (FY18: 29%) driven by product portfolio mix

In addition, cost of sales reduced due to supply chain efficiencies, primarily in transportation and resourcing

ADJUSTED EBITDA $m[2]

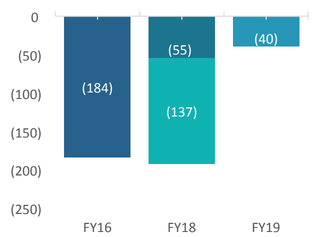


Adjusted EBITDA of $48m for FY19, supported by business transformation activities and an improvement in gross margin

Cost savings driven by transformation activity, improved cost effectiveness and business efficiency

Additional costs included $5m of spend on strategic review of the group and $7m of legal costs related to defending a legal action

LOSS AFTER TAX $m

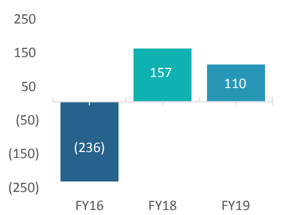


Significant reduction in Loss for the period compared with the previous 12 months, an improvement of $97m

FY18 was impacted by impairment of $168m, depreciation and amortisation of $77m. This was partially offset by a net benefit of $69m on the sale of the Harrow manufacturing site

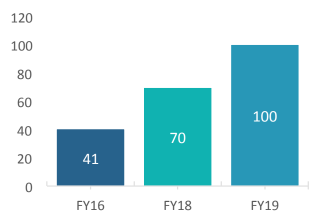
There was no impairment charge in FY19

NET ASSETS $m



Reduced borrowing and the benefit of balance sheet restructuring lowers interest charge to $11m from $24m in FY18

CLOSING CASH $m



Operating cash inflow of $10m (FY18: $36m) driven by strong trading cash flows

Received $37m for the second tranche of proceeds from the sale of Harrow manufacturing site during the year

Strong liquidity supported by $100m cash balance

FY 16: 1 January 16 - 31 December 16 | FY 18: 1 January 17 - 31 March 17 | FY 18: 1 April 17 - 31 March 18 | FY 19: 1 April 18 - 31 March 19

1 Throughout the Strategic Report, FY18 results have been presented on a 15-month basis in-line with Kodak Alaris' year-end change and includes continuing and discontinued operations. See page 105 for the summary of continuing and discontinued operations. In addition, the unaudited 12-month results to 31 March 2018 are used throughout the Strategic Report as a comparative to the previous year ended 31 March 2019. See the 5 Year Summary on page 104.

2 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-recurring items and is referenced throughout the Strategic Report. See page 105 for the non-GAAP reconciliation.

Chairman's Statement

The Board of Kodak Alaris Holdings Limited is pleased to report its results for the year to 31 March 2019. These results reflect the total business performance of the Company and its subsidiaries, together referred to as the 'Group.'

The last year has proved to be a period of substantial progress across the business with several important technology, product, customer and cost reduction achievements. There was a further significant improvement in the liquidity of the balance sheet.

The Group's trading performance in the year was strong across our core businesses with all three of our established businesses delivering results either in line or substantially ahead of the Board's expectations - a notable achievement given the continued challenges for the end markets in which we compete.

We continued to make progress in the transition of the portfolio from the legacy technology offerings to a more "digital portfolio".

Throughout the year the management team and Board devoted considerable time to the strategic review of the portfolio to consider the possibility to dispose of the group or some of the operating businesses - as instructed by our sole shareholder, KPP2.

Overall adjusted EBITDA for the year for the Group was $48m, $40m for the comparative year (unaudited 12 months to 31 March 2018) - a result of improved pricing, better product mix and successful cost saving initiatives across the Group.

Our management teams continue to focus on two prime objectives - of (i) driving the turnaround and transformation of our component businesses to maximise near term operational performance whilst also (ii) progressing the potential sale of our business, or elements of the group, in line with instructions received from KPP2 in 2018.

Potential change of ownership

The Group's sole shareholder, KPP2, is a UK pension fund. KPP2 has continued to struggle with a large funding deficit generated during their sponsorship by Kodak Limited, who filed for chapter 11 bankruptcy protection in 2012. That ultimately led to the formation of the Group and its ownership by KPP2.

A strategic review performed for KPP2 in the first half of 2018, highlighted that the fund, of which the Group is a substantial asset, was unlikely to meet the long-term liabilities of the pension fund - the payment of ex-EKC employees' pensions over several decades.

As a result, KPP2 commenced and completed a review with the UK Pension Regulator (TPR) and the Pension Protection Fund (body corporate under the UK Pension Act 2004), during FY19 leading to a conclusion in March 2019 for the KPP2 to enter an "Assessment Period" prior to the Fund moving in to the Pension Protection Fund.

As previously reported, KPP2 issued an instruction to the directors of the Company in September 2018 to undertake the active exploration of an orderly disposal of the Group or its component businesses, within the Kodak Alaris portfolio.

This action is not a reflection of the financial strength, viability or future potential of Kodak Alaris but reflects the long-term challenges for KPP2. Given the instruction received, the directors and management team have actively progressed the planning and options to monetise the business and return funds to the shareholder over the coming years, recognising that this process is likely to take some considerable time.

The Company has appointed advisors and prepared an initial view of likely valuations and timing to achieve such objectives. However, the exact nature, requirements and timing of this process will of course be determined by the nature of potential buyers and which assets are ultimately disposed. Despite the possibility of significant disruption to our businesses and management teams it is pleasing that our businesses continue to trade normally and ahead of their targets.

Throughout this period, the Board has held discussions with KPP2, TPR and the Pension Protection Fund regarding the options for the Group. The Pension Protection Fund has confirmed its desire to maximise the value of the Group, for both KPP2 and itself in the future. To this extent the Pension Protection Fund has confirmed that it will retain ownership of the Group, or parts of it, if appropriate fair valuations are not achieved through the sales process. In this event, the Pension Protection Fund has also confirmed to the Board that it intends to maintain the existing Board and executive management structure, for the foreseeable future. This is in order to provide appropriate oversight to continue to invest in its technology, products and people, to ensure the maximum value, through future operations - for assets and businesses not disposed of during the future sales process.

In assessing the Group's solvency and liquidity risks, the directors have considered all the available planning information, including the current year budget, most recent forecasts and the latest 5-year plan. In each scenario there is sufficient headroom to achieve all the covenant requirements of the Group's HSBC Revolving Credit Facility (RCF). There is also sufficient liquidity to be able to pay liabilities as they fall due, through to the end of the period reviewed, being March 2021.

The Group has a strong cash position with access to committed funding lines (in place until June 2020). The directors are confident that the Group has sufficient liquidity over the medium-term to continue operating and deliver this disposal process, as well as provide financial support to each of its 30 legal entities, if required.

In the medium-term, after settling all its obligations in a full divestiture scenario, the Company will liquidate any remaining legal entities of the Group. Therefore, in accordance with the going concern concept of preparing financial statements discussed in the conceptual framework in IAS 1, the directors have concluded that the financial statements cannot be prepared on a going concern basis. For the avoidance of doubt this is not related to the Group's current or future expected solvency or liquidity position during the divestiture period.

All three core businesses (PPF, Kodak Moments and Alaris) operate in markets that are mature and we are undertaking a series of transformation activities in each one. Our plans remain focused on driving the maximum value from these core businesses, exiting lower return activities while adapting to create new opportunities for growth in an adjacent digital world, built on our core engineering, market and customer knowledge and technical expertise.

During the prior year the Board approved a plan to sell the PPF business. While progress on a satisfactory disposal was made the expected sale has been delayed. However, the Board continues to expect that the PPF business will be disposed of within the current financial year delivering a net cash benefit to the Group.

As a result, the PPF business continues to be presented in these accounts as 'held for sale,' with the relevant financial disclosures included in the financial statements and notes, as well as the split between continuing and discontinued operations which is summarised on page 105.

This has been a testing period for our businesses and our people, to whom I, and the Board, owe our deepest gratitude for their significant efforts and achievements delivered over the last year. I know the Board members feel extremely fortunate to have so many talented and dedicated people across our businesses, as we progress the turnaround and likely disposal of our business.

Investment focus

I am pleased with a strong year of progress in Alaris, Kodak Moments and more recently positive indicators of opportunity within AI Foundry. The business divisions and Group's focus on investing in future technology, product and our people continued through FY19 with strong discipline in our capital allocation decisions.

This remains the key operational focus for our leadership teams and continues despite the start of a process to sell the businesses.

Financial results from operations

The financial results continue to reflect the significant investments being made across the Group to rationalise the portfolio, reduce cost and improve productivity in its core businesses and position the portfolio in the right growth markets going forward. This activity continues in each business even as we made significant headway on options for an orderly disposal of the business.

Revenue - The Group generated revenues of $656m in the year to 31 March 2019 and $697m of revenue for the unaudited 12 months to 31 March 2018 (2018: $836m). The declines, on a year-on-year basis, related primarily to weaker foreign exchange rates in LATAM and EMEA with small declines in each of the core businesses - all of which performed better than their respective markets with both PPF and Alaris improving market share through the year.

Adjusted EBITDA - The slight decline in underlying volumes was more than offset by a strong performance in gross margins and good cost control across our businesses and corporate functions.

The benefits of cost reduction, restructuring and productivity improvements from this and prior years, continue to create a positive impact on earnings and cashflow. These improvements, along with changes in the back-office structure as we simplify the business, organisational structure and processes, will benefit future years - whether under existing ownership or a future owner for these businesses.

These actions, together with increased focus on overhead spend, helped deliver earnings before interest, tax, depreciation, amortisation, impairments and non-recurring items (adjusted EBITDA) of $48m (2018: $18m).

This performance was all the more satisfying given that the year also included $5m of additional costs relating to transactions associated with the strategic review of disposal options plus $7m related to legal and associated costs for the litigation process defending a claim from a prior partner (ITyX Technology GmbH) in AI Foundry.

5 Chairman’s Statement (continued)

Group loss - Overall, the Group reported a loss after tax of $40m for the year. This loss reduced significantly compared to the previous 12 months, and represents a strong result given the $12m of one-off expenditure relating to legal costs and the ongoing strategic review of our portfolio. The 2018 loss reflected an impairment charge of $168m whereas no impairment charge was required for the year ended 31 March 2019. See detailed explanation of these areas in the Financial Performance Review on pages 21 to 23.

Cash - Cash balances of $100m at the end of the period (2018: $70m) reflected a strong period of trading performance and improved working capital management such that the Group finished the year with a strong balance sheet - an important asset as we move in to this period of potential business disposals.

Dividends

While the Group’s balance sheet and liquidity is in a strong position, the Board concluded that no distribution should be proposed for the period. The Board has reviewed this position on a regular basis over the last two years. The expected trigger to propose a future distribution to our shareholder will be the end of the strategic review or the successful disposal of the group or one or more of our businesses.

This decision reflects the increased uncertainty as we move into a phase of potential business disposals. During this time, it is important to retain financial strength and flexibility to continue running the business and invest in the right technologies, products and people to drive the performance and value of each business.

Financial outlook and risks

We believe the actions of the last period to resize the businesses and support functions, and reposition investment into digital growth opportunities, provides an encouraging and robust business from which to continue the transformation of our company.

The successful completion of the sale of the PPF business in the next year, and the progress of a potential broader sales process, will remain a critical focus for the Board and management team.

Within this context, I am pleased to have a capable and experienced Board and leadership team. There is a strong balance sheet and significant liquidity which gives me confidence as we take the businesses forward to their next stage of evolution.

Respectfully submitted,

Mark Elliott

Mark Elliott
Chairman of the Board
1 August 2019

Chief Executive's Letter

Now well into my third year as CEO of Kodak Alaris, I look back at the transformation journey the team has been on and cannot help but feel proud of our employees for their energy, perseverance, resilience, creativity and sheer tenacity to deliver a performance in FY19 which exceeded the Board's expectations to a greater extent than any other in the history of Kodak Alaris.

Overcoming competitive market conditions, working through some headwinds early in the year, the Group turned in a strong operational and financial performance across all its core businesses. Kodak Moments (KM), Alaris and Paper, Photochemicals and Film (PPF) all delivered strong revenues and operating profits. We also saw a momentum upswing in AI Foundry towards the end of the year, which set up the AIF business well for a very positive FY20, with real recurring revenue now locked in contractually with key customers, convinced of the value of AI Foundry's technology and commercial offerings.

FY19 revenue for the Group was $656m ($697m for the unaudited 12 months to 31 March 2018) and adjusted EBITDA was $48m ($40m for the unaudited 12 months to 31 March 2018), with 60 per cent of the revenue decline due to weaker foreign exchange rates particularly in LATAM and EMEA. The detailed operating results of our businesses are set out in the Business Review section. Performance consistently beat the Board's expectations throughout the year and this was combined with tight control of operating costs. This was achieved despite considerable additional work preparing for the potential sale of our businesses per our shareholder's instructions, whilst continuing to drive strong performance in our day-to-day operations.

As Chief Executive, it has been gratifying to watch the team grow, perform and deliver.

Our mission at Kodak Alaris remains crystal clear; to transform and improve the profitability of the portfolio of businesses that make up Kodak Alaris, to create further value in a culturally renewed values-driven Company; a Company that invests in growth businesses, systematically and reliably delivers on its financial commitments, operates within an efficient, cost-effective infrastructure and based on a cultural foundation of innovation, transparency, discipline and accountability. This strong platform will allow us to maximise the value of these businesses as we explore this potential divestiture on behalf of our shareholder.

Our vision for each one of our businesses remains constant: to be recognised by the market as the leading provider of products and services in each of the segments we participate in. We want to lead in each key industry we participate in through better products, better quality and reliability, better customer service, the best and the brightest employee talent, along with world class partners around the globe.

Our well-established Kodak Alaris values that we live and breathe by can be defined by the acronym **I-ACT**:

- **I**nnovation as the core of Kodak Alaris as a technology company
- **A**ccountability to deliver on our commitments
- **C**ustomer Satisfaction in all aspects of our business
- **T**eamwork in how we resolve issues and grow our portfolio

These are all underpinned by four foundational strategic pillars that drive our action plans, priorities and investments: Financials, Growth, Transformation & Simplification and People.

Financials

The Group has delivered a robust and resilient set of results despite challenging market conditions. This took place across key financial metrics (revenue, adjusted EBITDA, cash generation) and resulted in an improved liquidity position, with a strong balance sheet. We remain in compliance with all RCF covenants and our overall liquidity remains strong with our credit lines undrawn at the end of the year.

Growth

We have seen strong year-on-year progress in a number of operational and product areas of our businesses as we continue to position Kodak Alaris as a premium provider of digital technology products and services by investing in growth opportunities.

Kodak Moments - despite the reduction in total revenue, growth came from across Kodak Moments core accounts globally thanks to enhanced premium product offerings and traffic/demand generation programmes. These delivered strong year-on-year same store growth, which doubled our new product revenue and connected services. New premium cost-efficient photo product kiosk concepts, targeted at new channels, are showing exciting potential and promise to reach even more consumers. Our AI-powered photo books technology offered the Kodak Moments customer a powerful new Moments Finder feature: 'The Easiest Photo Book You Will Ever Make'.

continued overleaf

Alaris - made solid market share gains in key geographies and market sectors, in particular in new deals with US Government customers. We were pleased to secure a new Original Equipment Manufacturer (OEM) partnership with Pantum in China. The scanner market was stronger than anticipated and against this context, Alaris market share represented 24% in the Production Capture sector (26% in 2018) whilst also retaining a 7% share of the Distributed Capture sector (2018: 8%). Both changes in market share were due to active management of inventory in APAC. Investments in upcoming new platforms and product concepts are fueling growth projections in key segments and allowing us to pursue new markets.

PPF - the core PPF business continued to be well managed and cost controlled and delivered a 29% volume growth in our Film business, driven by the continued resurgence of interest in film photography. This growth was achieved despite being supply constrained due to high demand, particularly on our relaunched Ektachrome line of film products, offsetting the anticipated decline in colour negative paper revenue.

AI Foundry - thanks to continued investments in fundamental research and product and offering development, the AI Foundry team delivered its very own IP in its cutting-edge technology, blending artificial intelligence and machine learning with image science applied to robotic process automation. This is opening doors into new marquee accounts and delivering an order-of-magnitude better performance in the classification and extraction of data in document intensive processes, such as residential mortgages in the United States. An innovative cloud-based Software as a Service (SaaS) subscription model is proving to be attractive to customers looking for cost improvements and performance enhancements in notoriously tight margin processes with high cost for inaccuracy and exceptions.

Transformation & Simplification

Transformation in any organisation, while running the day to day business, is always a challenging endeavour so I am very excited by what the team has continuously been able to improve and achieved across our businesses over this past year.

The Kodak Alaris team has continued to focus on key cost and structural adjustments through on-going transformation and simplification of our organisation, infrastructure and business processes. On-going rationalisation of our geographic footprint, streamlining customer interactions, business processes and tools, and strengthening our financial reporting discipline, which has led to improved business control, and faster decision making.

During the year, both the Alaris and Kodak Moments businesses continued to make significant progress in managing their organisations, investments and cost structures, which is clearly reflected in their yearly financial results.

People

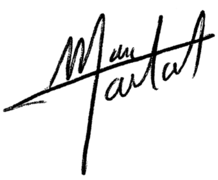
With major plant and office relocations impacting more than 40 per cent of our people into better, modern, more appropriate, purpose built and future proof locations, we have dramatically improved the daily work environment for our employees around the globe boosting productivity and cost savings, in particular in Rochester, Stuttgart, Paris and Guadalajara. These locations now display environments that reflect who we are as Kodak Alaris, that we are proud to work in, host customers in and which enable us to attract new talent.

Key metrics around the transformation of our Kodak Alaris Culture are impressive and unprecedented in such a short span of time: 73% of our employees now say "I have seen a positive change in our culture". 79% (up from 44%) now say they would recommend Kodak Alaris as a place to work. 78% (up from 42%) feel that their work is recognized and appreciated. 66% (up from 38%) indicate that "leadership at Kodak Alaris listens to feedback". While we still have work to do on presenting career path opportunities to our employees (only 49% indicate they feel there are opportunities to advance their career at Kodak Alaris), overall Kodak Alaris leadership is more and more trusted and transparent (Glassdoor CEO Approval at 85% up from 35% early 2017).

Regular communications tools are now consistently deployed across all levels and regions of the company, highlighting new states of productivity and profitability as well as celebrating success and adaptive learning of employees and teams who consistently live and are acting by our Kodak Alaris values.

Future outlook

Looking ahead operationally, our leadership continues to focus on job number one: deliver on our financial commitments while delighting customers with our innovation, service levels and product performance. With the clear instructions received from our shareholder KPP2 to actively explore the sale and monetization of some or all of the company's businesses and assets, I look forward to the continued resourcefulness, energy and passion of the Kodak Alaris team to be adaptable and drive both our day to day business performance as well as executing on the divestiture exploration to maximize the value returned to our shareholder.



Marc Jourlait
Chief Executive Officer
1 August 2019

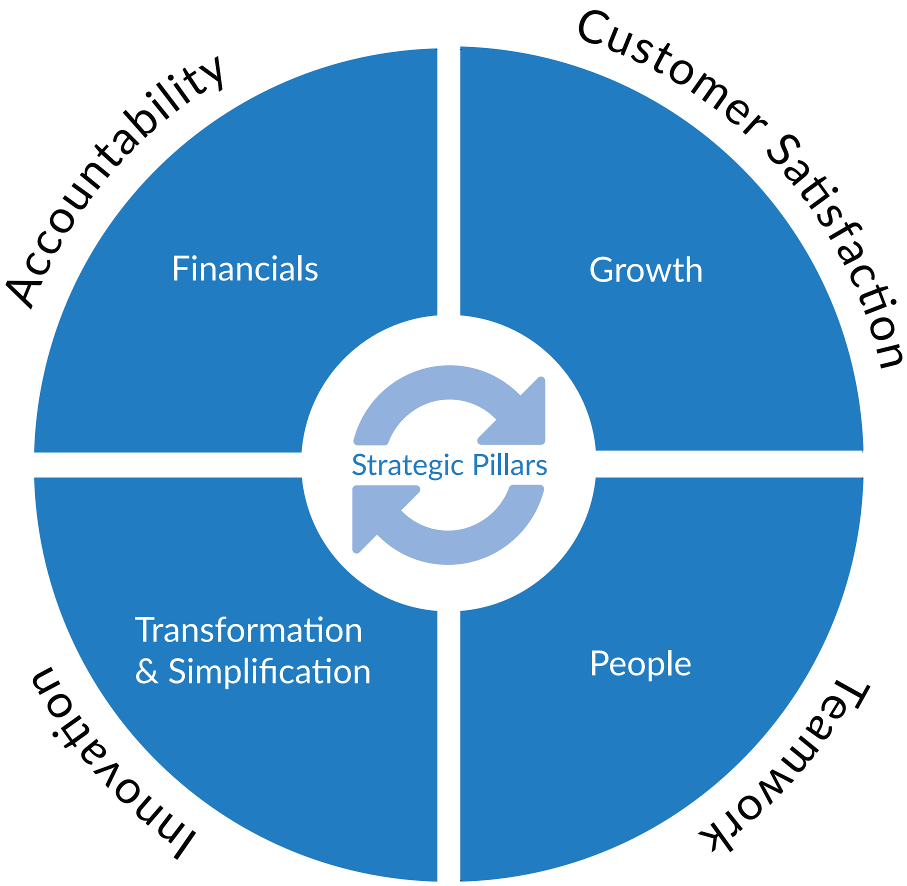
Mission	Transform and grow the Kodak Alaris portfolio to create value
Vision	To be recognised by the market as the leading provider of products and services across the Kodak Alaris portfolio
Values	I-ACT

I nnovation in product, knowledge and expertise, the markets we play in and the way we do business

A ccountability for results and performance

C ustomer Satisfaction in performance, quality and customer-first service (for partners, end consumers, internal customers)

T eamwork with start-up like passion, empowerment and delegation, and cohesive and effective collaboration



Kodak alaris

Kodak Alaris is a company born from one of the world's most iconic brands, Kodak. Kodak Alaris is passionate about using technology to transform organisations and improve people's lives across the globe.

Our digital scanners and intelligent state-of-the-art software services manage data in some of the world's largest companies, and our photographic paper production, printing kiosks and suite of consumer apps help people capture and connect with the emotional moments that define all our lives.

We are on a mission to unlock the power of images and information in the world. We work behind the scenes, making the connections, pushing the boundaries of technology and helping make sense of and exploit the ever-expanding volume of data that is the hallmark of the 21st century.

Who we are and where we're going

Kodak Alaris was formed in 2013 by the UK Kodak Pension Plan, after it had taken over the Kodak Personalised Imaging and Document Imaging businesses from the Eastman Kodak Company (EKC). At the behest of the UK pension regulatory authority, it was subsequently transferred to a new pension plan, KPP2, its sole shareholder.

In 2018, KPP2 instructed the directors of the Company to explore the sale of some or all of its component businesses if an attractive offer could be achieved. Today, the executive management team are actively exploring opportunities to deliver on this mandate.

What our businesses do

Kodak Moments

We help the consumer bring their everyday moments to life with retail photo kiosks and dry lab systems found in many of the top retailers around the globe and at theme parks, iconic destinations and resorts worldwide. When it comes to souvenir digital imaging keepsakes that enhance and extend a consumer's memorable experience; our innovative technologies and services are among the leaders of the photographic world.

Alaris

Information is the lifeblood of any organisation, large or small. Business. Government. Healthcare. Insurance. The common denominator is that data forms the basis of every decision and every action. The most successful organisations are those that know how to harness the value of information to better serve customers. Alaris helps to transform and modernise businesses with the latest scanner hardware and software technology. Our offerings include: award winning document scanners and capture software; information management software; a wide range of professional services that are continually expanding; and a global service and support team.

Paper/Photochemicals/Film (PPF)

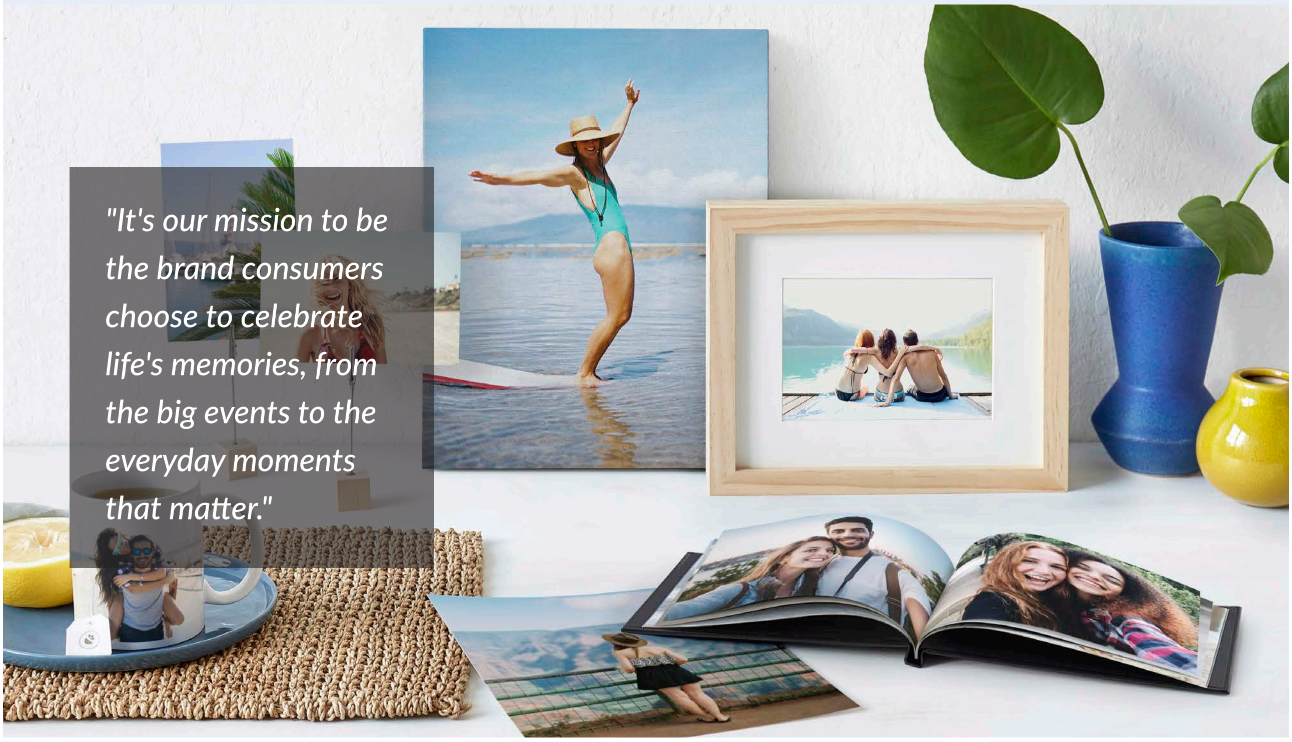
PPF aims to meet the demands of professional photographers, retailers, photo speciality stores, professional and wholesale labs and consumers with a broad portfolio of photo-paper, workflow solutions and film capture products.

AI Foundry

AI Foundry is an Intelligent Process Automation provider, focused initially on the mortgage processing and mortgage servicing in the financial services industry. AI Foundry offers an end-to-end service platform and solution improving accuracy, materially reducing errors and increasing processing volumes.

Kodak Moments

Kodak Moments is a leading global provider of photo products and services to retailers, consumers, and entertainment venues.



Kodak Moments inspires consumers to bring their memories to life - delivering innovative, high-quality photo products and experiences they find truly meaningful. Powered by over 100,000 consumer touchpoints globally, the Kodak Moments App and KodakMoments.com, it's our mission to be the brand consumers choose to celebrate and preserve life's memories, from the big events to the everyday moments that matter.

Business overview

This was a transformative year. A disciplined approach to expansion and a strong commitment to developing consumer-centric products has enabled us to grow our new products and maintain financial strength. With our ongoing investment in brand, channel, product and technological innovation we will continue our dynamic transformation and reshape our category participation.

Our extensive installed consumer touchpoint base with a global span of 30 countries, delivered a portfolio of high-quality photo products - prints, enlargements, and photo merchandise - to consumers via our retail partners. Our offerings included Kodak Moments iOS and Android mobile apps as well as Kodak Moments desktop and mobile websites for order creation with both ship-to-home and BOPIS (Buy Online Pick-Up In Store) fulfilment options. Additional consumer reach was increased in FY19 by expanding total photo category participation (including prints and do-it-yourself products) supported by the Kodak Moments To Go self-service kiosks aimed at channel expansion.

Kodak Moments strengthened its global supply chain reach with converting and packaging facilities around the world for delivery to channel partners. Our in-store equipment continues to be sourced from original manufacturing partners and is assembled by third-party integrators located in the U.S. and Germany. Our retail printing consumables are manufactured in our ISO certified (ISO 9001 Quality Management System and ISO 14001 Environmental Management) facility in the U.S. and through our strategic partner in Germany.

Industry dynamics

Kodak Moments' market participation is based on the overall global photo output market, which was valued at $18bn in 2018, split between the prints market at $11bn and photo merchandise (e.g. home décor, photo books, cards, and mugs) at $7bn. The five-year projections for the overall market are for slight growth on an overall basis, with photo merchandise products growing between 2-3% but prints declining between 1-2% (both being geographic market dependent).

Kodak Moments participates predominantly within the dry technology retail segment of the photo output market. Our global share of this highly competitive environment was 22% (2018: 24%), based on the latest available information. The change results from the loss of a key APAC customer.

The continued penetration of smartphones is putting cameras in the pockets of billions of people who are capturing more than 1 trillion images each year. Furthermore, a greater share of consumer spending is being done through e-commerce. The opportunity lies in an omni-channel approach - including app, web, and in-store - leveraging the strength of our brand, technology, and retail partners to deliver truly innovative photo solutions to consumers.

Key achievements

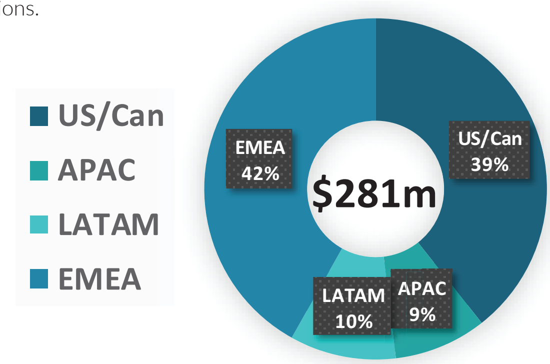
The year saw a continuation of investment in high-velocity technology development across all platforms. The Moments Finder™ was introduced to build a state-of-the-art AI technology to produce the "easiest photo books you'll make." New image science features and new underlying technology bases were added to the Kodak Moments website and mobile apps. In retail, improved self-service technologies were successfully trialled in multiple locations.

With highly effective direct-to-consumer advertising spending, revenue results were achieved by reinforcing the brand quality and value positioning focusing on the premium product set, reducing reliance on discounting, and deploying a data-driven digital marketing plan. As a result, FY19 direct-to-consumer product margins increased 6.3%, Average Order Value (AOV) increased 11% and premium products garnered a larger share of the revenue mix. Maintaining price in a dominant low-cost leader space demonstrates the continued brand strength.

Efforts also extended to ongoing customer experience enhancements through new and improved workflows and new merchandising products. Many retailers saw an increase in same store sales as a result. Premium licensed content, 2" by 6" photo strip formats, photo panels with home décor content and DIY seasonal photo gifting merchandise were all made possible by new consumer workflows. BOPIS user experience improvements contributed to double-digit revenue growth in our connected services. Innovative workflow changes also solved the problem of consumers being blocked from accessing iCloud images in-store. Monthly new product revenue for both retailers and Kodak Moments grew by over 100% from the start of the year. In total, 85 new retailer product features were introduced during the year.

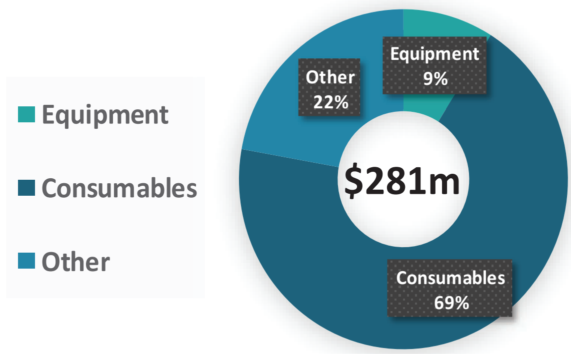
Kodak Moments financials

Our geographic revenue composition is relatively evenly split between operations in the Americas and those within the EMEA/ APAC regions.



Revenue by region for 12 months to 31 March 2019
(2018: US/Can 40%, LATAM 11%, APAC 10%, EMEA 39%)

Our revenue composition from the products and services we provided to our customers[1] was as follows:



Revenue by segment for 12 months to 31 March 2019
(2018: Consumables 68%, Equipment 9%, Other 23%)

Revenue for the fiscal year ended 31 March 2019 was $281m (unaudited 12 months to 31 March 2018: $297m). More than half of the revenue decline was driven by the unfavourable impact of changes in foreign currency exchange rates. The remainder resulted from a small decline in total global print volume, which was only partially offset by growth in our premium product portfolio.

Gross profit for the fiscal year ended 31 March 2019 was $83m (unaudited 12 months to 31 March 2018: $87m). Despite lower revenue, gross profit was flat year on year when excluding the impact of foreign exchange, as margins were improved by means of growth in our premium product portfolio and global cost-savings initiatives, offsetting declines in our total global print volume.

Future outlook

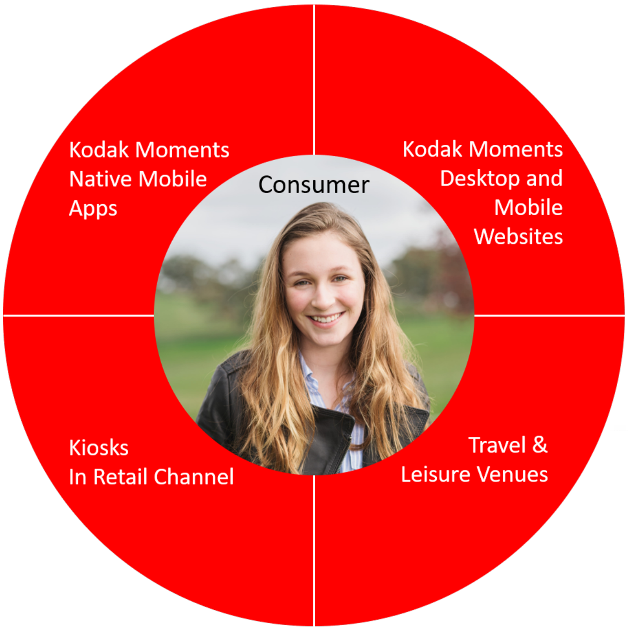
We operate in a very competitive market that includes the challenge of retail transformation. Our focus for 2018 will be continued innovation on mobile centric, multi-channel photo printing and gifting — making it easy to create and purchase high quality Kodak Moments photo products. These exciting developments fill us with confidence as we look towards the future of the business.

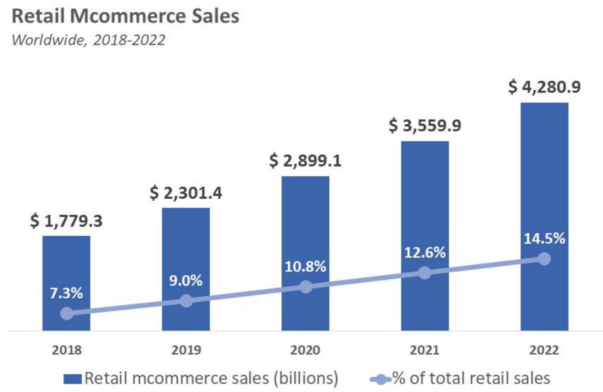
1 Other revenue includes service revenue and associated equipment/consumables

Kodak Moments

Case Study
Kodak Moments Positioning for Growth

Photo Market Digital Transformation Continues.



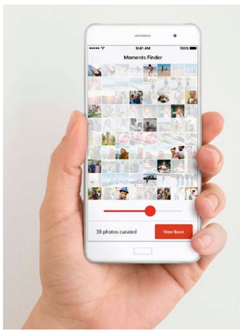


Source: eMarketer, December 2018

Kodak Moments provides a great connected consumer experience across all of our touchpoints.

Physical retail continues to transform to engage with the increasingly digital consumer by focusing on better services and multiple fulfilment options.

Retail spending is expected to grow more than 4% over the next 5 years with 35% coming from digital commerce, an increase of 16% since 2010[1]. The continued penetration of smartphones and direct-to-consumer brands are driving this spending and retailers' solutions providers must continue to innovate to serve the empowered consumer.



Mobile commerce as a percentage of total retail sales will double by 2022[2]. Retailers are embracing the omni-channel solution, allowing shoppers to buy online and pick up in store (BOPIS), ship to home, or purchase in store. Omni-channel consumers consist of approximately 10% of consumers but almost 30% of sales[3].

The photo market is experiencing a parallel transformation at physical retail. The U.S. has led the trend of consumers ordering photo products out of store for pick up that same day in store, and that trend is increasing globally as well. It is expected that 75% of U.S. consumer retail photo orders will be utilizing Net-To-Retail services for BOPIS by 2023. Over that same period, physical retail locations are projected to continue to maintain a leading share of consumer choice for delivery of their photo products[4].

As early as the late 1990s, Kodak Moments introduced a photo ordering service that allowed photo products to be ordered in-store at a kiosk and fulfilled at a central processing lab for delivery to store for consumer pick up. The global service was expanded in 2003 to enable consumer online orders to be fulfilled at a central processing lab and shipped to home. Recognizing the consumer need and the beginning of the BOPIS trend, the service was further expanded in 2009 to manage photo orders from online for same-day customer pickup in store.

The business has continually invested in this service enabling features such as product catalogue and pricing management, store equipment status, order tracking, consumer notification emails and more - positioning the photo ordering service to take advantage of the ever-increasing opportunity that smartphone imaging is bringing to the market. The convenience of having access to a full photo service on their personal device is powerful to consumers - consumers' treasured memories are created, ordered and paid for all with privacy and ease from their smartphone.

The combination of Kodak Moments focussed investments and increasing consumer demand have generated strong growth in our net-to-retail solution. Illustrating this, print orders from web and mobile apps for pick up in retail have delivered compound annual growth of 43% from 2015 to 2018. Our focus on consumer experience and customer needs will continue to drive growth in this area.

1 eMarketer, November 2018
2 eMarketer, December 2018
3 Criteo, "Global Commerce Review: United States" Q1, 2018
4 Keypoint Intelligence - InfoTrends US Consumer Photo Prints Market Forecast: 2018-2023

Alaris

a Kodak Alaris business

Alaris is a leading provider of information capture solutions that automate business processes. We exist to help the world make sense of information with award-winning solutions powered by decades of image science innovation.

The Alaris business designs and manufactures a full portfolio of document scanners. It also develops capture software and delivers repair and maintenance services, as well as value-added professional services. Our award-winning range of scanners, software and services are used by more than 80,000 end customers in over 100 countries, including numerous Fortune 500 companies.

Business overview

Alaris is a leading provider of information capture solutions that serves customers through a uniquely differentiated portfolio of scanning hardware, capture software and associated services. Alaris scanning solutions enable organisations to automate information workflows by digitising paper-based business inputs, thereby speeding up business processes, reducing cost and time of handling business documents and increasing end customer satisfaction.

Industry dynamics

The Alaris market opportunity is driven by Digital Transformation, which is a key strategic goal for most businesses and public organisations. The automation of content centric processes is an important milestone and information capture is the first critical step toward eliminating inefficient paper-based processes as a major obstacle.

Analysts consider the automation of content centric workflows to be far from being mature, with 67% of organisations classified as being in an early automation stage.

Business drivers for information capture start with the inherent pressure to accelerate business processes in order to reduce cost and provide a better customer experience. It also allows organisations to gain deeper business insights through data analytics. The pressure on compliance and security requirements continue to increase.

Technology enablers for process automation like Robotic Process Automation (RPA) increase the importance of superior image quality in document capture. There is an increased market demand for usage based business models and solution packaging offering flexible pricing and scalability.

The increasing market demand for information capture is evidenced in the market growth experienced in FY19. After two years of slowing demand the global market for Production Scanners increased by 7% in FY19 compared to the prior year. This increase is driven by large US government projects as well as strong market demand in APAC influenced by demand for automation enabled by Artificial Intelligence (AI)/RPA deployment, for example in the Education sector.

Alaris portfolio and go-to-market model

The Alaris portfolio spans Production Scanners and Distributed Scanners as well as Capture Software solutions supported by a global service offering.

Production Scanners are used by enterprises to reliably capture large volumes of documents in back-office, centralised environments with highly demanding requirements, e.g. business process outsourcing, government tax records and medical records.

Distributed Scanners are used by departments, workgroups or individuals within larger organisations or smaller businesses. They are designed to simplify day-to-day scanning of documents in processes requiring decentralised document capture, e.g. insurance underwriting, patient admissions and other customer-facing transactions.

Software and solutions include capture software designed for departmental level capture into repositories and business processes as well as web-based capture solutions for transaction-based batch or decentralised workflows. Software offerings are available as perpetual licenses or subscriptions.

Service offerings include best in class preventative, repair and replacement services, as well as professional services including product installation and optimisation together with managed content services.

Alaris has an established two-tier distribution network to sell its scanners, capture software and solutions as well as services to end customers. This global channel network includes over 2500 value-added resellers, distributors, system integrators and independent software vendors.

Alaris collaborates with its distribution partners to optimise and position its offers to fulfill automation needs in key verticals and industry applications.

Key achievements

Alaris has a leading scanner portfolio evidenced by its top 2 revenue share position in Production Scanners and top 5 share position in Distributed Scanners. What differentiates Kodak and Alaris branded scanners is decades of industry leading image science expertise and innovations. This is evidenced by Alaris' patents for innovations in image capture and processing. As of 31 March 2019 Alaris has been granted 71 patents and 9 patents are pending.

In the Production Scanner segment Alaris held the number 2 position (FY18 number 1) with a 24% market share in FY19, this compares to 26% in FY18. In the addressable Distributed Scanner segment Alaris accounts for 7% in FY19 (8% FY18). Both changes were due to actively managing APAC inventory levels.

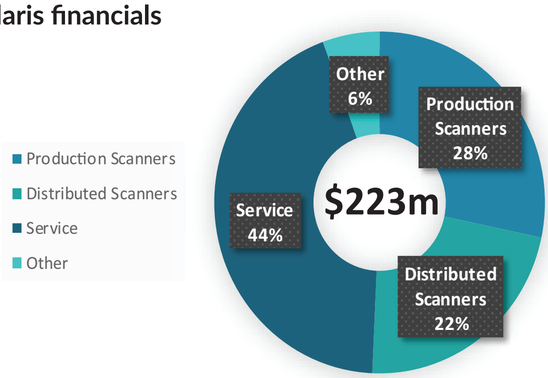
Alaris continues to win industry awards for its innovative product portfolio including BLI awards for Scanner Line of the Year[1], 2018 and 2019 Outstanding Department Scanner and 2018 Outstanding Achievement in Innovation. KMWorld has recognised Alaris' Capture Software as one of the Trend-Setting Products of 2018. PC Magazine awarded Alaris with their Editors' Choice award for the second year in a row, most recently for the Alaris S2060w Scanner.

In FY19 Alaris expanded its innovative S2000 Scanner line to offer the S2040 model as the entry level option. The S2040 scanner offers industry-leading capabilities in image quality and document feeding technologies like Alaris' 'Perfect Page' technology and Active Feed Technology.

In response to market demand Alaris Capture Pro Software and Alaris Info Input Solution are now available as one-year subscriptions in addition to existing perpetual licensing options.

Alaris has been recognised for its Partner Program, earning a 5-Star rating[2] in the 2017, 2018 and 2019 Partner Program Guide of CRN Magazine[3].

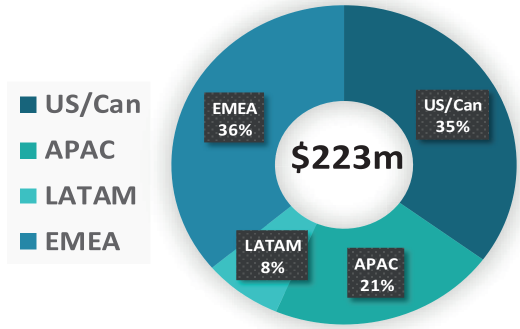
Alaris financials



Revenue by segment for 12 months to 31 March 2019
(2018: Production Scanners 26%, Distribution Scanners 24%, Service 43%, Other 7%)

1 BLI analysts bestow the coveted Line of the Year honour annually to the vendor whose product line is rated the best overall, with models at every level excelling in BLI's rigorous two-month laboratory evaluations.
2 The 5-Star rating recognises an elite subset of companies that offer solution providers the best partnering elements in their channel programmes.
3 This annual guide is the definitive listing of partner programmes from technology vendors that provide products and services through the IT channel.

Alaris generated revenues of $223m for the 12 months to 31 March 2019, a reduction of 7% compared to the same prior year period (unaudited 12 months to 31 March 2018: $239m), driven partly by adverse foreign exchange rates and by the continued decline of the scanner maintenance service market.



Revenue by region for 12 months to 31 March 2019
(2018: US/Can 32%, LATAM 8%, EMEA 36%, APAC 24%)

Improved pricing controls and channel management established by management in FY19 allowed Alaris to reduce inventory levels in APAC to align with current business demand.

Gross profit for the 12 months to 31 March 2019 amounted to $98m, representing a decline of 4% year-over-year (unaudited 12 months to 31 March 2018: $102m). Gross profit, as a % of sales increased from 43% to 44% compared to unaudited 12 months to 31 March 2018, a result of improved price controls and productivity initiatives.

A leaner organisation has been focused on future business growth in FY19 with additional enhancements of sales talent, investment in sales and marketing automation, digital marketing and channel sales tools. The investment in channel support was complemented by channel expansion, e.g. additional partners added in China and the emerging parts of EMEA, which will allow a deeper penetration of these growth markets.

Future outlook

Kodak Alaris will continue to maintain a strong presence through its leading technology and award-winning portfolio in an attractive market with growth prospects. Our emphasis on leading the standard in scanning solutions is supported through continued investment providing innovative solutions in pursuit of opportunities in Information Capture including:

- Applying the differentiating "System on a Chip" (SOC) architecture, introduced with the S2000 scanner platform, to the broader scanner portfolio, which makes the scanner more powerful and less PC dependent.
- Collaborating with integration partners on INfuse, the next generation of smart, connected scanning solutions.
- Offering Internet of Things (IoT) solutions and Simple Network Management Protocol (SNMP) connectors as well as service analytics and reporting capabilities.

Alaris is also making sizable growth investments in adjacent markets, where market requirements can be covered by leveraging our key competencies in image science e.g. the Metrology market. The portfolio investment is accompanied with investments in sales and marketing automation and channel support tools for our partner network.

Alaris

a Kodak Alaris business

Case Study

Gulf Bank's digital transformation

Leading bank in Kuwait takes the first step on the road to Digital Transformation by digitising documents.

Through digitising 50 million documents, the bank has dramatically reduced physical storage space which has resulted in huge cost savings. Document retrieval now takes just a few clicks. Processes that once took weeks are now completed in a few minutes.

Gulf Bank is one of the leading banks in Kuwait and offers a broad portfolio of consumer banking, wholesale banking, treasury, and financial services through a large network of branches. In order to maintain its position as the leading financial institution in the country, the bank has a strong focus on Digital Transformation including the digitisation of documents and establishment of an enterprise document management system.

Gulf Bank contracted Ashraf & Co ltd. Kuwait, an Alaris partner and leading IT solutions provider, to significantly reduce the cost of document storage, comply with regulatory requirements, increase the security of documents and make the task of retrieving documents easier, more efficient and cost effective.

Backlog and daily scanning take place at a central location using production, departmental and desktop document scanners from Alaris, a Kodak Alaris business. Scanner models i5250, i4200, & i1420 are used for backlog scanning and scanner models i5250, i4200 & i3500 for daily scanning.

Approximately 50,000 pages are processed daily with a total number of around 15 million documents per year. The digitised data is stored in an SQL database. The scanning and capture solution integrates with other business systems. Ashraf & Co. has developed DocSearch, a document retrieval tool for the bank to use for indexing and quick retrieval of documents.

Over 50 million documents have been scanned, which has resulted in significant cost savings due to the reduced physical storage space. The majority of document retrieval requests are now self-serviced by bank employees using the DocSearch retrieval tool. Previously bank staff used to spend a major part of their working hours filing, organizing, storing and retrieving documents related to various processes. The task of retrieving documents is now easier, more efficient and cost effective as it can be done with a few clicks.

The successful completion of the project delivered a contract with the bank for the next three years. Ashraf & Co Ltd. noted that in the Gulf Bank project, the Alaris scanners were running around the clock for scanning millions of documents with not a single breakdown. This is a testament to the world class quality and durability of Alaris products.

Gulf Bank has been able to accomplish its initial Digital Transformation goals by managing information with greater efficiency, facilitating better sharing and collaboration, reducing costs, enhancing security and compliance, boosting productivity and improving the bottom line.

Kodak alaris
Paper/Photochemicals/Film

With a legacy of outstanding innovation and performance in professional films, papers and media, Kodak Alaris Paper, Photochemicals and Film (PPF) delivers the world's best imaging media for the professional market, helping photographers produce powerful images with the most comprehensive and technically superior professional film and paper portfolio available today.

Our output solutions are designed to meet exacting needs in a variety of professional lab and studio workflows. From trusted products focused on print perfection to innovative, practical software that streamlines workflow and creates profitable new possibilities, we are focused on solutions for photographers, consumers and business success.

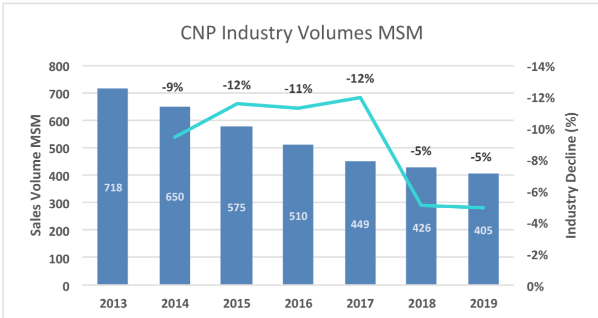
Business overview

The PPF business is a leading provider of consumer and professional photographic products. It supplies the world's highest quality consumer and professional Colour Negative Paper (CNP), associated photo chemicals and display films and is a market leader in providing consumer and professional photographic film and one-time-use cameras. PPF serves customers in over 50 countries with over 50% of revenues shipped from North America.

Industry dynamics

PPF is one of the leading global players in the imaging market with the majority of the PPF revenues coming from the CNP (49%) and Film (36%) product segments, with the balance from display media and photochemicals.

The CNP industry continues to experience modest decline driven primarily by improvements in dry technologies. The market is also impacted by anti-dumping legislation in the Chinese market, providing a cross-border duty protection advantage to local competitors enabling them to operate with an advantaged pricing model. Whilst competitors have compromised price to gain volume share, PPF have operated at the high end of the market enabling stable margin and profitability.



CNP Industry volumes 2013 - 2019 in million square meters (MSM)

Film industry sales transitioned from a modest decline rate in FY18 to slight growth in FY19 due to the continued resurgence of interest in film photography. The PPF business capitalised on the resurgence with the re-introduction of P3200 and Ektachrome films. PPF also benefitted from a strong social media campaign. The combination of the additional products and the marketing campaign helped to deliver a double-digit revenue percentage increase versus FY18.

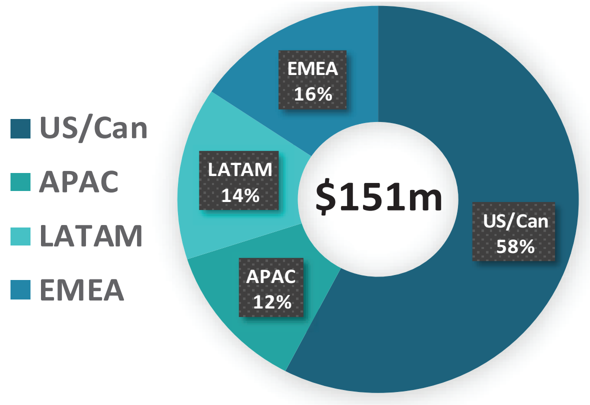
Given the long-term industry dynamics over many years the PPF business has progressively moved to a fully outsourced manufacturing model, except for our paper finishing operations in Manaus, Brazil.

PPF has also developed strong distribution partnerships enabling working capital optimization and the ability to minimize selling and overhead costs supporting the business.

Key achievements

The reintroduction of Ektachrome Film garnered a great deal of excitement in the photographic industry and positive press for Kodak-branded films.

Delivering the world's best film for the professional market, helping photographers take powerful images with the most comprehensive and technically superior professional film portfolio available today.

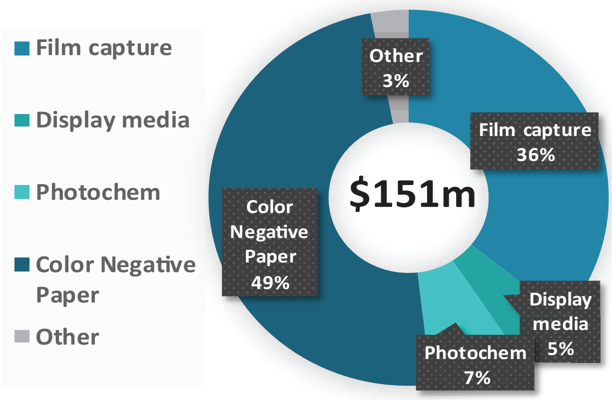


Revenue by region for 12 months to 31 March 2019
(2018: US/Can 52%, LATAM 15%, EMEA 14%, APAC 19%)

In the CNP segment the PPF team focused on productivity projects required to maintain margins in this highly competitive segment. In 2019, PPF's CNP revenue was consistent with the expected decline and productivity projects enabled improved margin performance versus prior year performance.

The business has also made progress toward the anticipated divestiture in FY20.

PPF financials



Revenue by segment for 12 months to 31 March 2019
(2018: Film 27%, DM 6%, Photochem 8%, CNP 53%, Other 6%)

PPF revenues for the 12 months to 31 March 2019 were $151m and for the unaudited 12 months to 31 March 2018 were $159m. The primary drivers of reduced revenue were $6m of adverse currency exchange and the ongoing impact of industry decline and aggressive competitive pricing in the CNP and Photochemical markets. These factors were partially offset by film sales growth.

Gross Profit for the 12 months to 31 March 2019 was $20m compared to $12m for the unaudited 12 months to 31 March 2018. The primary reasons for this improvement were film sales growth and cost saving initiatives.

Future outlook

For the PPF business, CNP volumes are expected to stabilize over the coming years as productivity projects will allow the business to compete more effectively in price-sensitive markets. Film volumes are expected to be relatively stable for the foreseeable future with profitable opportunities to expand the product portfolio.

Kodak Alaris made progress on efforts initiated in FY18 to divest the business. The planned sale of the PPF business will allow Kodak Alaris to invest in its other core business segments, enabling greater returns, as well as continuing to help simplify and restructure the organisation.

AI Foundry is an Intelligent Process Automation (IPA) provider, focused initially on mortgage processing and mortgage servicing in the financial services industry. AI Foundry offers an end-to-end service platform and solution improving accuracy, materially reducing errors and increasing processing volumes.

Business overview

IPA is the application of artificial intelligence, computer vision, cognitive automation and machine learning to process automation. During FY19, AI Foundry focused on developing and launching its Cognitive Business Automation platform and Agile Mortgages™ solution which automates the entire mortgage loan process, reduces manual document review and enhances performance, while reducing timeframes and cost for the mortgage provider.

In FY19, AI Foundry focused on developing the platform and solution and hired a small team of data scientists to use state-of-the-art machine learning and vision-based image recognition to build a leading-edge solution that can provide improved speed and accuracy for the improved management of document intensive processes. The business is currently geographically focused within the United States, but management recognises the potential application of its proprietary technology platform globally.

On 13th December 2018, AI Foundry and Ellie Mae®[1] signed a partnership agreement to integrate Agile Mortgages into Ellie Mae's Encompass® Digital Lending Platform. Ellie Mae is the leading cloud-based platform provider for the mortgage finance industry in the US. Their technology solutions enable lenders to originate more loans, lower origination costs, and reduce the time to close, all while ensuring the highest levels of compliance, quality and efficiency.

AI foundry's Actionable Intelligence Lifecycle

Through a combination of subject matter expertise and data science, AI Foundry's Agile Mortgage solution is disrupting the mortgage market by offering a next generation lending automation solution that employs superior document capture and workflow technology to:

- eliminate up to 50% of the loan processing or servicing costs;
- significantly improve the volume of loans that can be processed by existing loan employees; and
- provide a far superior experience for the consumer and the back-office employees handling the loans.

As a result, we see opportunities to grow our business in this sector.

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Business Review | AI Foundry (continued)

Industry dynamics

The mortgage industry in the US is fragmented between several large mortgage companies and banks, and hundreds of small independent banks, non-bank lenders and credit unions. There are more than 9,000 companies in this market segment, and in 2017 there were an estimated 11 million mortgages processed per year by these companies.

Mortgage originators advise borrowers, process loan files, collect and verify data upon which lending decisions are based. In most cases, they also fund and close mortgage loans. They rely heavily on the collection, interrogation and processing of enormous amounts of data, causing significant cost in the process.

We estimate that lenders spend approximately $300-$600 per loan on data processing and diligence and that our platform and solution can reduce these costs.

Key achievements

AI Foundry successfully developed and launched its next generation Cognitive Business Automation Platform, with the new Agile Mortgages solution.

Management also invested in people and formed a new data science function to lead the platform and solution development effort in the new state-of-the-art machine learning and vision-based image recognition platform and solution. This along with a move to a Software-as-a-Service (SaaS) business model will deliver increased value and flexibility for our customers and partners to scale up or down without the need for significant upfront investment.

The business continued to add new customers during the year, including a top 10 US mortgage lender. The 3-year deal with this customer has the potential to be worth approximately $2m per annum in incremental revenues based on our current expectations.

AIF Financials

During the year the business took a strategic decision to stop selling its products packaged with third party licensed software, on a perpetual license basis, and instead started pre-selling and marketing the internally developed Agile Mortgages solution, on a SaaS basis.

This transition period had a negative impact on revenue and earnings during the year, however, the investment in internally generated intellectual property, along with the strategic partnership with Ellie Mae is expected to drive the future growth and competitive advantage for the business.

The Agile Mortgages solution was launched in the final quarter of 2019 and signed 5 customers including the second largest correspondent lender in the US.

Revenue was $1m for the 12 month period to 31 March 2019, a $1m decrease from 2018, reflecting the impact of the strategic review and the change in direction of the business.

There was an EBITDA loss of $7m for the year (2018: $10m loss), an improvement of $3m compared to the previous period, reflecting improved cost control.

Future outlook

Management expects to build on momentum at the end of FY19, adding up to 15 new customers during FY20 and delivering a step change in revenue and earnings.

Key milestones in the next year will be to prove the capability of the new platform across multiple customers and at scale.

By the end of FY20, we expect around 25,000 loans to be processed through AI Foundry's Agile Mortgages solution each month.

Achieving these goals will serve as a platform for continued future growth and success.

Case Study

AI Foundry's Cognitive Business Automation Platform

> AI, Machine Learning and Machine Vision provide a higher level of problem solving and decision making.

Our next generation Cognitive Business Automation Platform is a complete solution for intelligently automating the data processing tasks associated with document-centric business processes which can be either paper or electronic documents. The platform is built on patent-pending technology and incorporates the latest in AI, machine learning and machine vision to recognize, process and mine data from document images with a high degree of accuracy and speed.

The platform supports the grouping of documents into logical collections named 'packages' that represent the final product from business processes, like mortgage or loan applications. Large volumes of documents can be continuously ingested from a diverse set of data sources in a variety of different forms and placed into workflow-based pipelines for individual processing. These pipelines are built from a combination of automated and manual tasks that typically extract specific data elements from the documents; and utilize robotic processing to validate the completeness and integrity of the packages to which the document belongs.

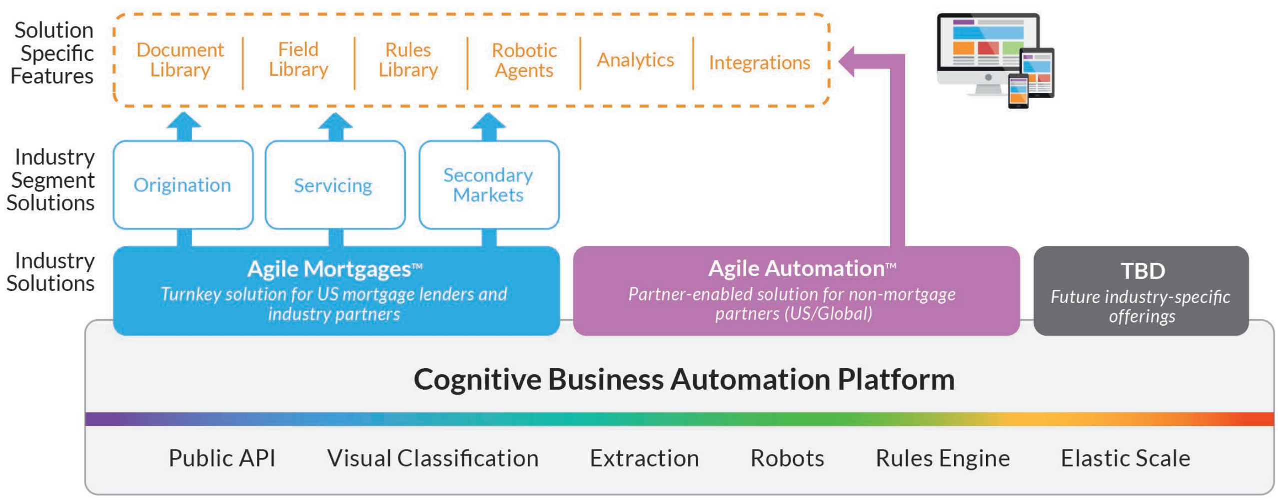
There are various levels of automation in the platform and the data can automatically be reviewed and decisions made based upon the established business rules.

The rules engine enables users to make actionable inferences that trigger remedial events early in the document-processing and exception-handling phases, thereby reducing overall cycle time and the cost of remediation. Our Cognitive Business Automation Platform takes traditionally sequential processes and allows them to be run in parallel.

The Cognitive Business Automation Platform incorporate many leading-edge components which enables organizations to truly optimize, automate and digitally transform their organizations. Three of the key components include:

- Fast and Accurate Document Image Classification and Extraction - The platform can accurately and efficiently classify document images and extract data from them and achieve accuracy levels greater than 90% across several hundred document types with less resource consumption, and significantly lower run-times.
- Extensive Mortgage Document Model - The model enables any lender to upload its loan application material and in return receive fully indexed and extracted data within seconds. The model delivers 95 percent accuracy and was trained on more than 100,000 mortgage documents, 300 document types and 2,000 data extractions to date, using both cognitive and deep neural network techniques.
- Robotic Process Agents - Can take a variety of actions including sending notifications, requesting additional data, and flagging important issues that require manual attention.

Further details can be found at www.aifoundry.com



Financial Performance Review

The Group delivered a strong operating performance relative to expectations, whilst also making considerable progress with preparing for potential transactional activity. This is evidenced by the strength of the balance sheet including closing cash balances of $100m.

Given the change in the Group's strategy to explore the sale of some or all of our assets and return funds to our Shareholder, KPP2, management has continued to deliver improved operating performance and cost savings during the year, whilst preparing for the potential sale of the business.

Trading performance in the year was strong across our core businesses, exceeding the Board's expectations, characterised by positive customer reviews and order volume of the relaunched Ektachrome film range in PPF and continued uptake of premium products globally across Kodak Moments.

Alaris reported a decline in revenue and gross profit, whilst increasing average gross margin. This was in spite of some emerging challenges during the year, including the ongoing trade dispute between the U.S. and China which has impacted some product lines. The management team have been actively monitoring the situation and has put in place protective measures to secure the supply chain and route to market, while protecting financial performance.

Overall gross profit for the Group was $202m, an improvement of $2m on the previous unaudited 12 months to 31 March 2018, despite a 6% reduction in total revenue of $41m from the equivalent prior year, to $656m.

Gross Margin was 31% which reflects an improved quality of earnings from our operating business initiatives and cost savings from supply chain efficiency projects.

Total cash increased to $100m at the end of the year reflecting strong operating performance and receipt of the final tranche of proceeds from the Harrow manufacturing site disposal. This partially offset a decrease in other working capital.

Whilst the Group works towards the potential sale of some or all of its assets, management remains committed to investment in our portfolio, including engineering and new product development, spending $49m during the year on projects that we confidently expect to yield long term value.

The entire PPF business continues to be shown as assets held for sale and discontinued operations in these financial statements, and the sale is expected to complete during the financial year to 31 March 2020.

Kodak Alaris $m	Audited 12 Months to 31 March 2019	Unaudited 12 Months to 31 March 2018	Unaudited 3 Months to 31 March 2017	Audited 15 Months to 31 March 2018
Revenue	656	697	139	836
Gross profit	202	200	34	234
Gross profit %	31%	29%	25%	28%
Adjusted costs[1]	(154)	(160)	(56)	(216)
Adjusted EBITDA[2]	48	40	(22)	18
Closing cash	100	70	32	70
Net working capital	87	80	95	80
Net Assets	110	157	(287)	157
Net Loss	(40)	(137)	(55)	(192)

Extracts from consolidated income statement and balance sheet[3]

1 Costs before non-recurring costs, interest, tax, depreciation and amortisation

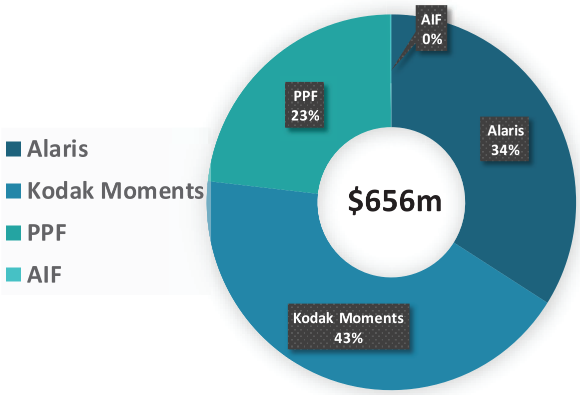
2 Earnings before non-recurring costs, interest, tax, depreciation and amortisation

3 Includes continuing and discontinued operations

Financial Performance Review (continued)

Revenue - the Group generated revenues of $656m for the 12 months to 31 March 2019, a reduction of $41m (6%) compared with the equivalent prior year of $697m for the unaudited 12 months to 31 March 2018 (2018: $836m). Whilst all business units saw a decline in revenue, the level of gross profit was maintained by improving overall margins.

Alaris revenue declined by $16m (7%), driven by the expected market decline of scanner maintenance services. Kodak Moments revenue also declined by $16m (5%), of which more than half was driven by currency headwinds, with the remainder resulting from a decline in global print volume, only partially offset by growth in premium products. PPF revenue declined by $8m (5%), with a key driver being aggressive competitive pricing in the CNP Photochemical markets.

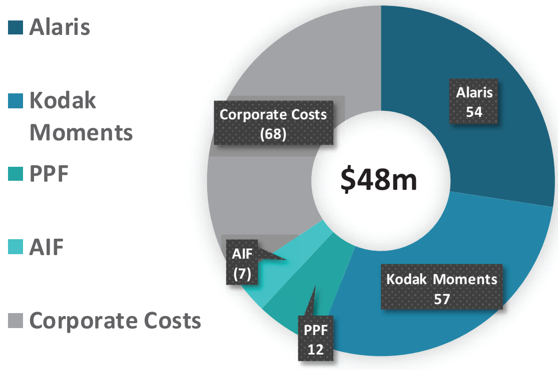


Revenue by business for 12 months to 31 March 2019

(2018 Unaudited: Alaris 34%, KM 43%, PPF 23%, AIF 0%)

Engineering - the business continues to invest significantly in the products and technologies where we see strong financial return opportunities in our chosen sectors. This led to spend of $49m for the 12 months to 31 March 2019 (unaudited 12 months to 31 March 2018: $56m) on the development of both current and future products. Approximately $8m (2018: $16m) of this was capitalised into intangible assets with the remainder being expensed to the income statement as either R&D or as cost of sales.

Adjusted EBITDA[1] - despite lower revenues, adjusted EBITDA increased to $48m for the 12 months to 31 March 2019, compared to $40m for the unaudited 12 months to 31 March 2018. Gross profit improved to $202m ($200m for the unaudited 12 months to 31 March 2018), as although revenue was lower for the Group, gross profit % was higher across all of the core businesses, reflecting strong progress in cost reduction plus improved revenue mix.



Adjusted EBITDA by business for 12 months to 31 March 2019

(2018 Unaudited: Alaris $57m, KM $48m, PPF $4m, AIF ($8m), Corp. ($61m))

Restructuring - restructuring costs for the 12 months to 31 March 2019 were less than $1m, a significant reduction from the $9m of restructuring costs for the 15 months to 31 March 2018. The most significant developments during the prior period were the consolidation of the Global Shared Service Centre (GSSC) into a single location and a comprehensive review of the Global Operations structure.

Non-recurring items - the business incurred non-recurring costs during the year of $12m (2018: $69m benefit), $7m (2018: $10m) of which related to interest charges on the prior year litigation award of damages[2] and the ongoing litigation costs arising from the discontinuation of the relationship with ITyX Technology GmbH. A further $5m (2018: $nil) related to transaction costs for actively exploring the disposal of the Group's businesses. Non-recurring income of $2m (2018: $23m) in respect of fair value adjustments relating to the reverse earn out provisions was offset by restructuring, relocation and transformation costs.

Loss on disposal of assets - loss on disposal amounted to $1m in the 12 months to 31 March 2019; in the prior period the disposal of the Harrow manufacturing site generated $69m of profit on disposal. The second tranche payment of $37m in relation to this disposal was received in April 2018.

Impairment - the carrying value of intangible assets is tested on an annual basis. These assessments have been completed taking account of the instruction to dispose of the businesses, the preliminary valuation work and estimated transaction costs to achieve this. No impairment charge is required for the 12 months to 31 March 2019 (2018: $165m) as the recoverable amount for the business units remains consistent with the prior period.

continued overleaf

1 Earnings before non-recurring costs, interest, tax, depreciation and amortisation

2 Damages were awarded against Kodak Alaris Inc in a litigation action brought in November 2018 by ITyX Solutions AG

Financial Performance Review (continued)

Interest - lower debt levels as a result of the balance sheet restructuring in April 2017 has reduced the interest expense to $11m (2018: $24m), a reduction of more than 50% compared to the 15 months to 31 March 2018.

Tax - tax expense was $10m for the year ended 31 March 2019 (15 months to 31 March 2018: $20m), which is split into both current and deferred tax and driven by a mix of income from various taxing jurisdictions, many of which have higher statutory tax rates than the UK. The difference between current and deferred tax results from the difference in timing of taxability or deductibility of various income items.

Loss after tax[1] - the Group reported a loss after tax and interest of $40m for the year to 31 March 2019 (15 months to 31 March 2018: $192m loss). This includes $45m (2018: $245m) of depreciation, amortization, loss on disposal and impairment and non-recurring items of $12m expense (unaudited 12 months to 31 March 2018: $70m net benefit).

Revolving credit facility - the Group retained a multicurrency revolving credit facility with its principal lender which expires in June 2020, with an option to extend to June 2021 subject to lender agreement. The facility amount was reduced to $55m after proceeds were received from the sale of the Harrow manufacturing site and was further reduced to $50m on 30 June 2019. As of 31 March 2019, the Group had drawn nil of the available facility, but $2m (2018: $3m) was utilised by way of outstanding trade guarantees, provided in the normal course of business to certain trading counterparties.

This facility remains undrawn, other than guarantees, and is fully available at the date of signing this Annual Report and Accounts.

Cash and investments - the Group ended the year with significant liquidity with closing cash balances of $100m as at 31 March 2019 (31 March 2018: $70m).

Net working capital - totaled $87m at 31 March 2019, an increase of $7m from the position at 31 March 2018 of $80m (unaudited 31 March 2017: $95m). This increase was due to a reduction in accounts payable as at 31 March 2019, which reflects timing in general procurement cycles and is partially offset by lower inventory holdings, reflecting the improved management of stock levels.

Dividends - as a result of the direction provided to the Board to actively explore an orderly disposal of the Group and its component businesses, no dividend was paid in the year or has been declared since.

M. Alflatt

Mark Alflatt
Chief Financial Officer
1 August 2019

1 See page 105 for reconciliation between adjusted EBITDA and Group loss

Risk Report

Kodak Alaris as a global business, inherently faces a diverse range of risks and uncertainties. We intrinsically believe that an effective risk-management process and culture is essential in underpinning the successful delivery of our strategic objectives, as well as driving our short and medium-term goals.

Our approach

Our Risk Management framework currently applies a top-down approach to identifying the Group's key risks and we are in the process of further improving our framework to identify, evaluate, mitigate and monitor the risks we face as a business. The Corporate Risk register identifies the principal risks facing the business and we have extracted the top eight risks for this report. We are extending our approach to include a bottom-up process to identify operational, functional and regional risks.

We have identified experienced risk champions across all areas of the business and functions. We will also be assessing the need for relevant training programmes for different levels of the organisation.

Corporate oversight

Risk management

We operate a Risk Committee which performs a thorough, quarterly assessment of the key risks facing the business with the Board reviewing the outputs twice annually. This Committee comprised of the Kodak Alaris Executive Committee (KAEC) members and a mix of senior management specialists from the business and operations.

In addition, all business units will continue to review and update their risk registers to ensure coverage of their principal, sale and specific local risks, relevant to the market in which they operate. These will then feed up into the Corporate risk register, for a bottom-up as well as top-down approach.

Financial control

The Group continues to standardise and enhance its system of accounting and financial management controls. The accounting controls ensure data in the Group's financial statements are reconciled to the underlying financial systems. A review of the data is undertaken to provide assurance that the position of the Group is fairly reflected, through compliance with approved accounting standards and practices.

Financial Risk Committee

The team, which includes the CFO, the VP Tax & Treasury and the Group Financial Controller, focuses on managing various financial risks, primarily liquidity, currency and counterparty risk. The team has implemented a foreign currency hedging programme, as well as managing commodity hedging. They will also approve any investments made by the company to ensure they are in line with Group policy and the terms of the Revolving Credit Facility (RCF). They are also responsible for reviewing and ensuring compliance with the conditions of the RCF.

Political risk

The Brexit Assessment team continues to meet on a regular basis to discuss recent developments and action items. The members of the team include the CFO, the VP Tax & Treasury and other key members of operational management.

The Brexit deadline was extended to 31 October 2019, however the Brexit transition date remains December 2020. Whilst this development has allowed additional time, there still have not been any advanced discussions regarding treaty negotiations, customs regulations, mobility of people, or other important issues. However, we continue to believe that there will be no significant impact on the Group's businesses from Brexit.

The key areas of focus for the Group in relation to Brexit include:

- Financial Markets - access to funding
- Financial Markets - FX Risk Management
- Supply Chain / European hub structure
- Tax considerations

Key areas of risk focus

We will continue to challenge and improve the quality of risk information generated across the business. We will complete 'deep dives' on targeted risks when appropriate, these will be selected where there has been an increase in the risk score, or it is a new risk. The purpose of these sessions will be to assess the strength of the control(s) in place and the effectiveness of the awareness, communication and requirements of the mitigating actions.

Business assurance

The Audit Committee annually reviews and approves the business assurance audit programme for the year. It reviews progress against the plan on at least a quarterly basis, considering the adequacy of audit resource, the results of audit findings and any changes in business circumstances which may require a change in audit focus or additional audits.

The results of audits are reported to the KAEC and senior management and, where required, corrective actions are agreed. These results are summarised for the Audit Committee along with progress against agreed actions. It is noted that the overall ratings of the audits have continued to improve in the year.

Risk appetite

The Group approach is to minimise exposure to environmental, health & safety, reputational and operational risks leading to financial risk whilst accepting and recognising a risk/reward trade-off in the pursuit of its strategic and commercial objectives. The businesses operate in challenging and highly competitive markets and as a result recognise that strategic, commercial and investment risks will be required to seize opportunities and deliver results.

Cybersecurity/General Data Protection Regulation (GDPR)

During the year there have been meaningful developments and improvements in both the Information Security and Data Privacy areas.

Most significantly, a programme was launched by IT to identify undocumented and/or unevaluated information systems within the Group and implement an improved process. The programme is ahead of schedule with further meetings planned to discuss required process changes within the businesses to support future compliance.

In the privacy space, we continue to process a steady but small number of requests under GDPR. We continue to monitor enforcement actions under GDPR for the purposes of gaining insights to improving our own programme. Our primary focus in the coming months will be reviewing and modifying (if necessary) our privacy programme in anticipation of the new data privacy law going into force in California starting January 1, 2020.

There have been no major incidents in either the Privacy or Information Security areas.

Transactional activity

The focus in this area is to monitor and manage the risk of not creating sufficient value from acquisitions and divestitures. The risk is managed directly by the executive management and the Board, supported by knowledgeable and experienced external advisors.

Kodak Alaris principal risks - The principal risks have been updated to reflect developments in our strategic priorities. The table below identifies the Group's top eight risks as agreed by the KAEC and Board:

RISK DESCRIPTION	IMPACT	MITIGATION	TREND
Transactional activity Transactions will impact on all existing risks and create the risk of not creating sufficient value from disposals	Declining revenues Reduction in EBITDA and cash Customer/supplier discontent Reduced productivity Reduced proceeds	Dedicated resource supporting the additional workload Regular business unit reviews with KAEC to assess performance Focus on retention and communication to internal and external stakeholders Use of external advisors to help control the sales process and maximise proceeds	NEW
Growth initiatives Business is unable to execute on all growth areas and insufficient opportunities in the pipeline	Declining revenues Reduction in EBITDA and cash	Regular business unit reviews with KAEC against plan In-depth reviews with Board of Directors Adjust funding levels as appropriate to maximise returns Global technology initiatives	⇔
People Talent Management, inability to attract and retain high calibre staff	Decreased productivity Increased staff turnover Reduction in staff morale Lack of skillset for growth	Talent management and development plans Focus on recognition, retention and regular communication Developing and recruiting appropriate skills to support growth areas	⇔
Cyber security / data privacy Business is hit by a cyber-attack or significant data loss	Reputational damage Regulatory fines Loss of revenue	Up-to-date tools to support the detection and prevention of unauthorised access Information security training program Robust incident response plan Dedicated team with appropriate expertise	⇔
Market competitiveness Failure to identify and adapt to changing technology and market trends	Declining revenues Reduction in EBITDA and cash	Set up of innovation team to help broaden the portfolio and drive opportunities throughout the organisation CTO established Greater utilisation of voice of the customer and market segment research	⇔
Regulation and political Impact of political unrest and trade war/tariffs	Declining revenues Reduction in EBITDA and cash Foreign exchange losses	Reviewing supply chain and key customer strategies Financial Risk committee activity Active lobbying regarding trade tariffs	⇔
Dependence on key suppliers Issues with any of our single suppliers could lead to higher prices or unavailability	Quality and timeliness of supply Customer disruption Reduction in EBITDA and cash	Identifying and working with potential alternative suppliers Monitoring performance of supply chain	⇔
Dependence on key customers One or more of the company's largest customers fails or discontinues doing business with us	Declining revenues Reduction in EBITDA and cash	Agreement of mid to long term contracts that renew at different times Continuing to develop our portfolio including alternative retail channels Adapt to create new opportunities for growth	⇔

KEY: ⇕ Risk remaining unchanged NEW New risk

Summary

There is one new risk which has impacted the business during the last financial year:

- **Transactional activity** - poor execution would have major effects throughout the business and may not maximise transaction proceeds. The use of a multi-functional project team will greatly reduce risk as will regular and in-depth reviews by KAEC and the Board of Directors against the project plan. Specialist advisors will be used to throughout the Project when it is appropriate to do so.

There are seven risks where the assessed risk remains unchanged over the last financial year:

- **Market competitiveness** - all businesses are seeing greater market competitiveness pressure than was already anticipated. This has resulted in greater revenue declines in the Alaris business.
- **Regulation and political** - regulation and political risk which may affect sales or supply.
- **People** - due to targeted retention plans, succession plans and non-cash retention activity the risk has been assessed as remaining unchanged.
- **Cyber Security/data privacy** - it is generally accepted that despite significant development of defences and strengthening of controls taking place in these areas, the general risk trend continues to rise.
- **Growth initiatives** - there have been delays in realising the growth in revenues that were projected. Whilst the pipeline remains strong, AI Foundry revenues have been delayed by the challenges of contracting in a highly regulated market, direct-to-customer revenues have been lower than expected and will require further investment to maximise returns.
- **Dependence on key customers** - this remains unchanged due to the mid/long term contracts that are in place as well as the initiatives.
- **Dependence on key suppliers** - as our manufacturing base decreases and we purchase finished goods, we are naturally becoming less dependent on our key suppliers.

Corporate Social Responsibility

At Kodak Alaris we have a history of investing in the communities in which we live and work. We are proud to report our continued commitment to environmental responsibility and giving back through global initiatives and programmes so as to enrich the lives of all those connected to Kodak Alaris.

Our focus

Safeguarding the health, safety and wellbeing of our employees, reducing our environmental pollution impact, and caring for the people in our communities continues to be a priority and we will continue to make a positive difference around the world. We protect and enhance Kodak Alaris's reputation by leveraging our resources, reach, and expertise to drive economic growth and social impact for all stakeholders and the communities where we operate.

Our governance structure

We have made great progress in the year to 31 March 2019 and will continue to evolve an even stronger, diverse programme. Since 2014, Corporate Social Responsibility (CSR) oversight has resided with the CSR governance committee, which is responsible for reviewing the CSR strategy and results of social responsibility performance and practices with our Executive Management Team and with our Board of Directors.

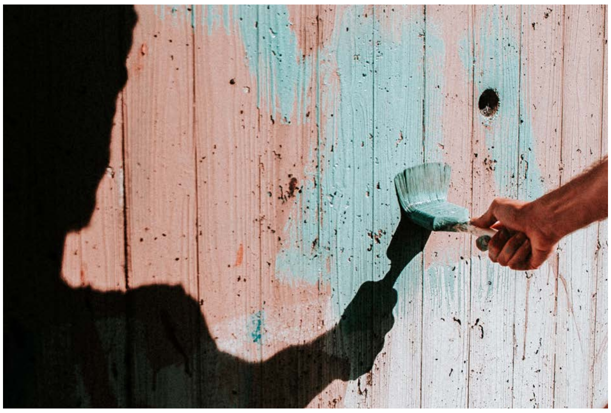
In 2019 alone, Kodak Alaris employees dedicated more than 2,000 hours of volunteering and fundraising time to local causes around the world. These hours and donations were in addition to Kodak Alaris funding contributions.

Community outreach and wellness

Our community outreach strategy places priority on organizations that will help people in our communities further higher-level education, advance medical research and awareness, disease prevention, good health and well-being, and improve daily life for those who are in need. The challenges, opportunities and interests facing our communities are diverse and complex. We strive to act with integrity to maintain and uphold a strong reputation that reflects our company employees and products. We believe that focusing on the health and well-being of our communities will help build stable, growing and prosperous communities into the future.

Our Community Outreach programme promotes volunteering endeavors by offering each employee 16 hours of paid volunteer work per year for work in the community. This means that employees, with the support of Kodak Alaris, are giving their time and talents and contributing to the environment, investing in research of disease and health advancement, and providing shelter and food for local communities and wellness causes.

Kodak Alaris works to create economic, social, and environmental value through our CSR activities with stakeholders and through our interactions with the world around us. We are proud of the work and contributions our employees have made in contributing to strong communities and healthy environments. The following examples show a few of the ways that we made a difference in 2019:



United States & Canada: Provided In Kind support from our Kodak Moments organization to an annual Oscar Awards gala event benefitting the George Eastman House located in Rochester, NY. Participation in the annual Heart Walk & Run event raised more than $7,800 as a result of employee driven fundraising activities. In sponsoring higher-level education, Kodak Alaris was a proud participant in a Fall STEM event which promoted the benefits of education and technical careers to school aged women in the Rochester area. Every year our employees enjoy taking part in the United Way's Day of Caring event to make a difference in our communities where we live and work and as part of the annual fundraising campaign for United Way, employees have pledged $65,000 over the course of 12 months.

Asia-Pacific: In support of the importance of education, In Kind support of company scanner, laptop, and projector products was extended to education teaching sites/primary schools in Lingchuan County, Lijiang, China.

Latin America: Brazil supported a local Down Syndrome organization by providing donations to allow for the purchase of much needed products.

Europe, Middle East & Africa: Fundraising events that intertwined creativity, fun, and employee wellness were held in support of Sport Relief, Cancer Research, and Alzheimer's Society.

Employee experience

Kodak Alaris is a keen advocate of the promotion and well-being of its employees. We believe that an engaged employee is a successful employee. The Employee Experience initiatives cut across the following areas of employment here at Kodak Alaris:

- Our work and specific roles and responsibilities;
- Our people, culture, the teams we work with, our management and senior leadership teams;
- Career opportunities as well as training and development;
- Compensation, benefits, and employee recognition; and
- Company policies and practices inclusive of work-life balance that offer our employees the flexibility to manage the demands of work and life and maintain a focus on wellbeing.

Environment, health and safety (EH&S)

We are on a mission to maintain safe, injury-free work places along with providing products and services that are environmentally responsible and safe throughout their lifecycle. We have established a worldwide EH&S policy whose objectives include:

- prevention of injury and pollution; and
- protection of health and the environment.

continued overleaf

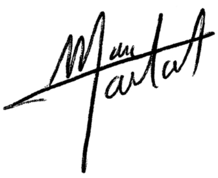
Corporate Social Responsibility (continued)

The policy states that new products will be developed to minimise the EH&S risks throughout their lifecycle. We are committed to being good citizens in every community in which we operate. We communicate to suppliers our expectation that they conduct their operations in a responsible manner. We have maintained our strong emphasis on injury prevention, resulting in a low annual injury rate of one lost time injury per 1000 employees in calendar year 2018. In addition, there were no penalties, fines, safety recalls, or enforcement actions for products or our worldwide operations. Furthermore, we have increased our long-term business sustainability through voluntary, "beyond compliance" 5-year environmental goals, approved by the Board in October 2016, covering products and services that are environmentally responsible and safe throughout their lifecycle.

5-Year Environmental Goals:

GOAL	PROGRESS
Reduce our total greenhouse gas (GHG) emissions (tCO2-eq) per US $ Revenue by 5% compared with 2015	In calendar year 2018, we updated our GHG emissions materiality assessment (based on 2017 data) to measure interim progress. Most activities have reduced their CO2 emission intensity (i.e. emissions per kg of product) and our tCO2-eq decreased by 90,000 tonnes compared with 2015. However, the GHG emissions ratio to US $ revenue has gone up by 6%. Since we linked the reduction goal to revenue, the decrease in revenue has led to an increase in the ratio. We remain committed to reach this challenging goal within the next three years.
Maintain uninterrupted ISO 14001 Environmental Management System certifications	We maintained five externally accredited ISO 14001:2015 Environmental Management Systems. One for environmental oversight and governance and product stewardship and the others for our manufacturing sites. These management systems require policy and senior management leadership and commitment, compliance with legal and other requirements, risk management, annual internal and external audits with the goal of continuous improvement and minimisation of environmental impacts.
Meet Australian Packaging Covenant (APC)	This voluntary agreement between government and industry's goals are to reduce the environmental impacts of packaging, to design more sustainable packaging, increase recycling rates and reduce packaging litter. While the program is based in Australia, we can leverage the improvements globally. We have been APCO members since 2016. In our 2018/19 annual APCO report, our sustainability score rose from 33% to 40%; in our first year, it was 17%. We have achieved an overall status of level 2, i.e. 'good progress'.
All Scanners will meet Electronic Product Environmental Assessment Tool (EPEAT) criteria (100% Bronze, 80% Silver and 10% Gold)	EPEAT is a global three tier rating system (Eco Logo) to recognise environmental performance of electronic products. EPEAT is third-party verified and covers the full product lifecycle, from design and production to energy use and recycling. We are ahead of our goal as 100% of our entire scanner portfolio is currently registered at EPEAT Silver level.

The Strategic Report was approved by the Board and signed on its behalf by Marc Jourlait.



Marc Jourlait
Chief Executive Officer
1 August 2019

Corporate Governance Statement

The Board is ultimately responsible to the shareholder for all the Group's activities, its strategy and financial performance, the efficient use of the Group's resources, and social, environmental and ethical matters.

Introduction

The Group adopts as far as is reasonably practical given it is a privately-owned Group and not a listed Group, the principles of the UK Corporate Governance Code (July 2018) (the "Code"). The adoption of these principles is designed to drive high standards of corporate governance through the Group and as a consequence secure long-term value for the shareholder.

Compliance

With the assistance of the Audit Committee, the Board approves the Group's governance framework and reviews its risk management and internal controls processes with a view to maintaining high standards of corporate governance across the Group.

As reported in last years' annual report, we changed the accounting period of the Group and a number of its subsidiaries to 31 March, where feasible. Our analysis of this change over the past 12 months has shown positive results as it permitted the Group to focus primarily on customer service and cash collection during September to December, the peak trading period for the Alaris and Kodak Moments businesses.

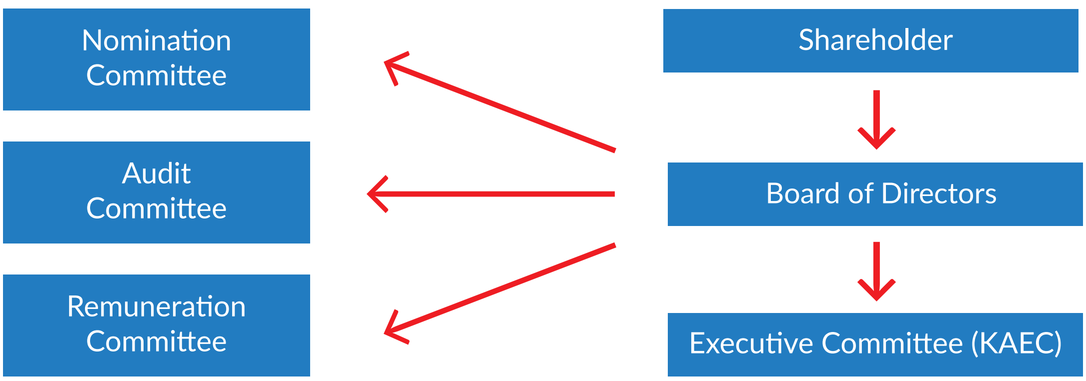
Following work carried out within the Group, led by the Chairman of the Audit Committee, we are also pleased to report the continued maturing of the risk management governance structure. During the period the Board undertook several reviews of the Group's emerging and principal risks together with how these are being managed and mitigated.

In addition, during the period we have also made supplementary preparations for the potential consequences of Brexit. Whilst the nature of the exit is still uncertain we are confident in the resilience of the business and our financial resources to deal with unforeseen circumstances. With a strong direct presence in the EU, the Group is well placed to address any challenges that may arise in the future relationship between the UK and the EU and the Risk Committee continues to monitor this situation closely in order to quickly assess any required actions as the terms of the UK's exit becomes clearer.

We also continued to mature our Compliance Programme during the financial period. Some key activities included the maturing of our Information Security programme; and continued work on implementing the standards introduced under the General Data Protection Regulations (GDPR), across all the Group's legal entities.

In order to promote honesty and integrity amongst employees, the Board has matured the anti-corruption culture and ensured it is properly embedded in the Group's Business Conduct Guide.

The Group also provides the means for any employee to raise confidentially any matters of concern. This facility is available anonymously to employees 24/7 across the World and accommodates over twenty languages. Any matters reported are initially reviewed by the Group Compliance Officer and independently investigated in accordance with an agreed protocol. Investigations are reviewed by the Board at each Board meeting together with details of any follow-up action. These efforts were complimented by e-learning modules and in-person training to emphasise compliance.



Furthermore, the Board has taken steps to consider the interests of the Group's other stakeholders as laid out in section 172 of the Companies Act 2006. Examples of this include having a representative of KPP2's and the Pension Protection Fund's trustees sitting on the Board, as well as Mr Wells the Group's HR director regularly attending Board and remuneration meetings.

Finally, during the financial year, work has been done on improving the contract management software tool in order to deliver a stronger governance framework to contracting and approvals processes within the Group.

Governance framework

The Board is committed to high standards of corporate governance and ethical behaviour in directing the Group's affairs. The Board is responsible for the oversight of the corporate governance framework and its implementation within all Group operating companies.

The Group General Counsel and Company Secretary is responsible for advising the Board on all governance matters and supports the Chairman in this capacity.

The Board is supported by the Kodak Alaris Executive Committee (KAEC), and three Board Committees which operate on a Group-wide basis - Audit, Nomination and Remuneration. The Board structure is designed to enable the Board and its Committees to receive the appropriate business and functional support required to discharge their responsibilities and to facilitate an appropriate level of information to allow constructive challenge and debate at Board level.

Board responsibilities, attendance and activities

The Board of Directors is responsible for the overall management of the Group and maintaining effective operational control of the Group, including significant financial, organisational, legal and regulatory matters.

During the period the Board met on twelve scheduled occasions, at which, all Board directors were present. At each Board meeting, to ensure independent judgment, the directors were invited to disclose any conflicts of interest and in addition any external appointments proposed to be undertaken that required the prior approval of the Board were also disclosed. The CEO then provided an update on the Group's key activities and the CFO provided an update on the Group's financial performance for the year.

One of the Company Secretary's responsibilities is to ensure the business and the outcomes of each Board meeting is properly reflected in the Board minutes, together with any concerns noted by the Board. Board minutes were taken at each Board and Committee meeting throughout the year.

Board evaluation and outcome

In the current circumstances the Nomination Committee has not undertaken a formal or rigorous annual evaluation of the Board, its Committees, the Chair or individual Board members. An internal review of the performance of the Board was however carried out by the Chair. The appointment of all non-executive Directors will be reviewed at the latest in April 2020.

The Board has considered a range of matters during the period including amongst other items:

- Business performance - financial, operational and strategic performance updates on the Group's businesses were provided by the relevant business Presidents (CEO/CFO).
- Strategy and annual budget - the Group's strategy was reviewed, and the annual budget was approved. The Group's overall financial performance and those of its Businesses were reviewed against budget on a routine basis (CEO/CFO).
- Technology - progress updates on the development of the Direct-To-Consumer, Precision Imaging and AI Foundry technologies and businesses (CEO).
- Environment Health and Safety (EH&S) - the Group's strategy on EH&S matters and performance against that strategy (Group General Counsel and Group Secretary/Group EH&S Director).
- Disputes/litigation and Compliance - updates on any material disputes and compliance concerns faced by the Group (Group General Counsel and Company Secretary).
- HR Initiatives - review of employee productivity improvements, talent development and culture evolution (Group HR Director).

Board composition

The Board is led by an experienced independent Chairman and comprises seven Directors (including the Chairman). In addition to the Chairman, the Board includes four independent Non-Executive Directors one of whom until recently represented the Group's shareholder. See pages 35 and 36 for more detail on the directors.

Role of the Chairman - The Chairman is responsible for leading the Board and ensuring its effectiveness in governing the affairs of the Group. The Chairman ensures that links between the KAEC and the Group's shareholder are transparent and robust, whilst also providing support and challenge to the Executive Board members.

Role of the Chief Executive (CEO) - The CEO is responsible for the implementation and execution of the Group's strategy and for the day to day management of the Group. The CEO is supported by his fellow Executive Directors and the KAEC members.

continued overleaf

Role of the Non-Executive Directors - The Non-Executive Directors provide constructive challenge to the Executive Board members; monitor the delivery of the agreed strategy and provide strategy and market input to the Group's four businesses. This input ensures appropriate co-ordination and sharing of knowledge, information and best practice across the Group.

The Board is satisfied that the Chairman and each of the Non-Executive Directors have committed sufficient time during the period to enable them to fulfil their duties as Directors of the Group.

Board changes - There have been no changes to the Board through the period.

Kodak Alaris Executive Committee (KAEC)

The KAEC consists of senior Kodak Alaris employees - specifically the Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Presidents of each of the Businesses Units, Human Resources Director and Group General Counsel and Company Secretary. Seven members of the KAEC are male, and one member is female.

In order to improve employee engagement, the CEO and other members of the KAEC provide regular face-to-face updates to employees through townhall meetings, early career and Q&A events to name a few. These updates provide a summary of the Group's strategy and performance, together with details of the challenges and opportunities faced by the Group. These events are designed to update employees on the progress of the Group and provide them with an opportunity to ask questions regarding the business.

Audit Committee

During the year, the Audit Committee was chaired by Stephen Webster. Stephen Webster is an independent Non-Executive Director with extensive financial experience gained in a number of prior senior positions. Following the year end, Mark Elliott resigned from his position as a member of the committee and now attends by invitation only. This was in order for the Group to comply with Provision 24 of the revised UK Corporate Governance Code 2018, which requires that the Chairman should not be a member of the Audit Committee. The composition of the Audit Committee includes 4 of the 5 Non-Executive Directors. The CFO is required to be present at all meetings. The quorum for the Audit Committee is two.

The Audit Committee has responsibility for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgments contained in them;
- providing advice on whether the annual report and accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholder to assess the Group's financial performance, business model and strategy;
- reviewing the internal financial and risk controls within the Group;
- monitoring and reviewing the effectiveness of the internal audit function;
- conducting the tender process and making recommendations about the appointment, renewal and removal of the external audit and reviewing and approving any fees relating to the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the quality of and effectiveness of the external audit process; and
- developing a policy on the engagement of the external auditor for the supply of non-audit services.

During the period the Audit Committee met on five scheduled occasions at which all members were present.

Nomination Committee

The Nomination Committee is chaired by Mark Elliott. Mark Elliott is also Chairman of the Board of Kodak Alaris Holdings Limited. The composition of the Committee includes all the Non-Executive Directors. The quorum for the Nomination Committee is two.

The Nomination Committee has responsibility for:

- succession planning, appointments to the Board and key roles within the Group;
- Board evaluation and development activities;
- reviewing leadership development programmes for the Group and to consider programmes for the continuing development of Non-Executive Directors.

The Committee discharges its responsibilities through its meetings which are normally held at a minimum twice per year and at other times as needed.

During the period the Nomination Committee only met on one scheduled occasion at which all members were present.

Mr. Elliott, Mr. Larcombe, Mr. de Smedt and Mr. Webster were all appointed to the Board following a recruitment process undertaken by an external search agency.

Remuneration Committee

The Remuneration Committee is chaired by Brian Larcombe. Brian Larcombe is an independent Non-Executive Director with extensive Board level experience and served on other remuneration committees prior to his appointment. The composition of the Committee includes all the Non-Executive Directors. The quorum for the Remuneration Committee is two.

The Remuneration Committee has responsibility for:

- determining the overall framework and policy for the remuneration of the Chairman, Executive Directors and other senior Executives;
- employee remuneration and related policies, and the alignment of incentives and rewards with culture;
- the appointment of any remuneration consultant as required;
- setting a remuneration policy in respect of Executive Directors and senior management to provide market competitive packages that are intended to attract, motivate and retain high calibre individuals necessary to develop the Group.

Items discussed included senior management objectives, performance management, incentive schemes and Board appointments. The retained advisor for remuneration is Willis Towers Watson.

The Committee discharges its responsibilities through its meetings which are held at a minimum twice per year and at other times as needed.

During the period the Remuneration Committee met on five scheduled occasions at which all members were present.

Mark Elliott
Chairman
1 August 2019

Board of Directors

Mark Elliott

Non-Executive Chairman of the Board and Chairman of the Nomination Committee

Mark was appointed Chairman to the Board in May 2014.

Experience:
Mark has extensive experience in the technology services sector particularly in the US and Europe. He worked for IBM for over 30 years where he occupied a number of senior management positions, including General Manager of IBM Europe, Middle East and Africa and was a member of IBM's Worldwide Management Council.

External directorships:
Mark recently retired from his position as Chairman at Qinetiq Group plc. His previous positions also include a Non-Executive Director of Reed Elsevier Group plc (and also Chairman of its Remuneration Committee) and Reed Elsevier NV from April 2003 until April 2013 and a Non-Executive Director of G4S plc, where he was the Senior Independent Director and Chairman of the Remuneration Committee.

Committees:
Mark is a member of Remuneration Committee and is also Chairman of the Nomination Committee.

Marc Jourlait

Chief Executive Officer and Executive Director

Marc was appointed Chief Executive Officer in January 2017.

Experience:
Prior to Kodak Alaris, Marc was Deputy CEO at Navico, a global leader in Marine Electronics, a Private Equity owned portfolio Group bought by Goldman Sachs in 2016. Before Navico, he was Vice President and General Manager of Bose Europe, where he ran the European business for Bose. Previously Marc held senior general management, product and marketing positions over the course of his 30-year career in some of the world's leading companies including Apple, HP, Seagate and Technicolor.

With triple citizenship (France, USA, Canada), he now resides in Manhattan and has lived and worked around the world, including France, the United States both in Silicon Valley and New York City, Japan and Canada.

Marc has overall leadership responsibility for Kodak Alaris, its financial and operational performance and strategy, as well as cultural transformation.

External directorships:
None.

Steven Ross

Non-Executive Director representing Ross Trustees Services Limited and until recently Chairman of Kodak Pension Plan (No.2) (KPP2)

Steven as a representative of Ross Trustees Services Limited was appointed to the Board as a Non-Executive Director in May 2013. He also acts as the Senior Independent Director.

Experience:
Steven led the Kodak Pension Plan in its acquisition of the assets which now form Kodak Alaris and during late 2013 and 2014, he led the recruitment of the Board of Kodak Alaris and its management team.

Steven spent much of the 1980s advising companies and trustees upon commercial pension issues (such as scheme mergers and the pensions aspects of Group sales or acquisitions) and negotiating solutions to meet their challenges. In 1992 Steven established what became one of the leading Trustee companies which he led until eight years ago when he formed Ross Trustees. Many of the trusteeships that Steven has undertaken have been high profile and involved complex negotiations and commercial arrangements.

External directorships:
Steven is a director of Ross Trustees Services Limited which is a director of the following:
Sterling Insurance Trustees Limited, Loomis UK Pension Trustee Limited, Cereal Partners U.K. Pension Trust Limited, ITV Pension Scheme Limited, Smurfit Kappa Staff Trustees Limited, Clement Clarke Pension Trustees Limited, Bovis Homes Pension Scheme Trustee Limited, UTV Pension Scheme Limited, Sodexo Trustee Services Limited, Charter Pension Trustee Limited, Meredith Pension Trustee Limited, Rockwool Trustee Limited, Cabi Pension Trustee Limited, NPS Pension Trustees Limited, AXA UK Pension Trustees Limited, Barloworld Pension Trust Limited, Muntons Pension Trustees Limited, UGC Pension Trustees Limited.

Committees:
Steven is a member of the Audit, Nomination and Remuneration Committees.

Mark Alflatt

Chief Financial Officer and Executive Director

Mark was appointed Chief Financial Officer in February 2016.

Experience:
Mark was previously CFO of the Marine division within Rolls-Royce plc having spent more than 20 years in various financial and operational senior management roles across the Group.

Mark has responsibility for the global finance, operations and IT organisations across the Group.

External directorships:
Wedinitaly Limited.

Patrick J. de Smedt

Non-Executive Director

Patrick was appointed a Non-Executive Director in June 2014.

Experience:
Patrick is an investor in several European technology companies. Patrick's previous executive career includes 24 years with Microsoft during which time he founded the Benelux subsidiaries, led the development of its Western European business and served as Chairman of Microsoft for Europe, Middle East and Africa.

External directorships:
Patrick is currently Non-Executive Chairman of CGI Management Services Limited, Non-Executive Chairman of KCOM Group plc and the Senior Independent Director of PageGroup plc.

Previously Patrick was a Non-Executive Director and Chairman of the Remuneration Committee of Morgan Sindall Group plc, Victrex plc and CPP Group plc.

Committees:
Patrick is a member of the Audit, Nomination and Remuneration Committees.

Brian Larcombe

Non-Executive Director and Chairman of the Remuneration Committee

Brian was appointed to the Board as a Non-Executive Director in June 2014.

Experience:
Brian is a Partner in a private equity business in India that invests in fast growing private companies tied to the growth in India's consumer spend.

His executive career was previously largely with 3i, a leading international private equity investor, with approximately $15bn of owned and managed assets. Brian headed its main investment business, became CFO in 1992 and after a successful IPO on the London Stock Exchange, was appointed CEO in 1997. He retired from 3i in 2004 and has since sat on the boards of many private and public companies and served on various business and educational councils.

External directorships:
Brian was previously a Non-Executive Director at Cape plc, Gallaher, Gategroup, Incisive Media and the Senior Independent Director at Smith & Nephew plc.

Committees:
Brian is a member of the Audit and Nomination Committees and is also Chairman to the Remuneration Committee.

Stephen P. Webster

Non-Executive Director and Chairman of the Audit Committee

Stephen was appointed a Non-Executive Director in June 2014.

Experience:
Stephen was Chief Financial Officer for more than 15 years at Wolseley plc, a leading specialist distributor of plumbing and heating products and building materials and a FTSE 100 Group based in the UK with operations in 25 countries. Prior to joining Wolseley, he was a partner for more than eight years at PricewaterhouseCoopers. Stephen is a Fellow of the Institute of Chartered Accountants.

External directorships:
Stephen has held a number of other non-executive appointments and has chaired three Audit Committees prior to joining the Board of Kodak Alaris.

Until recently, he was a consulting member of the Gerson Lehrman Group Research Council.

He was also a Non-Executive Director of Aventas Group, an internationally diversified industrial manufacturing business headquartered in Ireland, where he was the Senior Independent Director and a member of the Audit and Remuneration Committees, and a Non-Executive Director of Aqualisa Group, a leading shower designer and manufacturer in the UK where he was Chairman of the Audit Committee.

Committees:
Stephen is a member of the Nomination and Remuneration Committees and is also Chairman of the Audit Committee.

John O'Reilly

Group General Counsel and Company Secretary

John joined Kodak Alaris in September 2014 as the Group General Counsel and Company Secretary to the Board.

Experience:
As well as having overall responsibility for the Group's Legal and Compliance functions, John is also a member of the Executive Committee.

Previously John was the General Counsel for the EMEA and APAC regions at Parker Hannifin, a global engineering business based out of Cleveland, Ohio and prior to this Corporate M&A counsel at Rolls-Royce plc.

Before moving in-house, John spent 8 years in private practice as an M&A lawyer. He is a qualified Solicitor in England and Wales.

Directors' Report

Principal activities

The principal activities of the Group and its subsidiaries are the sale of scanning hardware, capture software and associated services, consumer and professional photographic products, photographic paper, associated chemicals, photo kiosks and dry technology photo labs and event imaging systems, and actionable intelligence management solutions.

The review of performance during the year ended 31 March 2019, expected future development, and principal values and uncertainties are contained in the Strategic Report on pages 1 to 29.

Directors

The Directors who held office during the period were as follows:

- Mark Elliott (Chairman) - Independent Non-Executive Director
- Marc Jourlait (Chief Executive Officer) - Executive Director
- Mark Alflatt (Chief Financial Officer) - Executive Director
- Ross Trustees Services Limited represented by Steven Ross - Independent Non-Executive Director
- Patrick J. de Smedt - Independent Non-Executive Director
- Brian Larcombe - Independent Non-executive Director
- Stephen P. Webster - Independent Non-Executive Director

Steven Ross acts as the Senior Independent Non-Executive Director.

Director indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles, the Group has purchased Directors' and officers' liability insurance, which remains in place at the date of this report. The Group reviews its insurance policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Sole shareholder

The Group is wholly and ultimately owned by KPP (no. 2) Trustees Limited (a company registered in England with registered number 8819827) in its capacity as trustee of the Kodak Pension Plan (no. 2) ("KPP2"). The Chairman, Chief Executive Officer and Chief Financial Officer regularly attended meetings of KPP2 throughout the period to report to the shareholder on all key matters of importance, and to seek feedback on the strategy being undertaken and the performance of the Group. The Chairman reported to the Board at each Board meeting to ensure the feedback of the shareholder was known to the Board.

Financial risk management

Details of the Group's financial risk management policies and objectives in respect of its use of financial instruments are included in Note 24 to the consolidated financial statements, together with a description of its exposure, including its exposure to market risk, credit risk, liquidity risk and capital risk of the Group, in connection with such financial instruments.

Subsequent events and future developments

As previously reported, the shareholder has issued an instruction to the directors to undertake the active exploration of an orderly disposal of the Group or its component businesses. On 25 March 2019 KPP2 entered an assessment period with the Pension Protection Fund. It is the Board's current understanding that the assessment period will last up to 24 months and once this period has been concluded the assets and liabilities of KPP2 (including the Group) will formally transfer to the ownership of the Pension Protection Fund.

Given the instruction received, the directors and management team are actively progressing the planning and options to monetise the business and return funds to the shareholder over the coming years, recognising that this process is likely to take some considerable time. The Group has appointed advisors and is making significant progress in the advancement of the planning and execution of these instructions. Nevertheless, the exact nature, requirements and timing of this process will of course be determined by the nature of potential buyers and which assets are ultimately disposed. In the meantime, pleasingly, our businesses continue to trade normally.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

However, given the instruction by the shareholder, in a full divestiture scenario, the Group will liquidate any remaining legal entities of the Group. Therefore, in accordance with the going concern concept of preparing financial statements discussed in the conceptual framework in IAS 1, the Directors have concluded that the financial statements cannot be prepared on a going concern basis. For the avoidance of doubt this is not related to the Group's current or future expected solvency or liquidity position during the divestiture period.

The directors have considered all the available planning information, including the current year budget, most recent forecasts and the latest 5-year plan. In each credible scenario there is sufficient headroom to achieve all the covenant requirements of the Group's HSBC Revolving Credit Facility (RCF). There is also sufficient liquidity to be able to pay liabilities as they fall due, through to the end of the period reviewed, being

March 2021. The Group has a strong cash position with access to committed funding lines (in place until June 2020). The directors are confident that the Group has sufficient liquidity over the medium-term to continue operating and deliver this disposal process, as well as provide financial support to each of its 30 legal entities, if required.

Research and development

During the year ended 31 March 2019 the Group invested a total of $28 million (2018: $46 million) in research and development expenditure to support the development of future products and markets. A total of $20 million (2018: $30 million) was charged to the income statement in the year. In addition, $8 million (2018: $16 million) was capitalised as internally developed intangible assets. The investments improved and expanded our Kodak Moments, Alaris and PPF software applications and enhanced our kiosk, dry lab and scanner product lines. The Group plans to continue to invest in research and development.

Branches outside UK

The Group has subsidiaries and associates outside the UK which are set out in Note 4 of the Company Financial Statements.

Political donations

Neither the Group nor any of its subsidiaries made any political donations or incurred any political expenditure during the period (2018: nil).

Dividends

Kodak Alaris Holdings Limited Dividend Policy:

In 2018 and subsequent years, subject to any limitations noted here, the Group will pay KPP2 (by way of cash dividend) dividends deemed appropriate by the Board. The dividends will be subject to any limitations required by third party debt providers such as any Revolving Credit Facility or other Term Debt Facility providers and subject to the Board being satisfied on the availability of minimum cash and liquidity levels, the future cash needs of the business for normal operations including cash requirements for investment and otherwise that the payment is in the best interests of the Group.

As a result of the direction provided to the Board to actively explore an orderly disposal of the Group and its component businesses, the Board did not declare the dividend planned to be paid to KPP2 in September 2018 and has not declared a dividend since. The Board determined it was in the best interests of the Company given the potential divestitures at the appropriate time to return as much of the proceeds of sale as reasonably practicable taking into consideration the ongoing liquidity requirements of the Group.

Employee matters

The Group and its subsidiaries recognise that its employees are key to successfully delivering its strategy and sustaining future business. With an average of 1,974 employees employed during the year (2018: 2,207) in 27 countries (2018: 27), the Group relies on talented people who are committed to achieve its objectives.

The Group recognises the importance of engaging its employees to help them make their fullest contribution to the business. Through a variety of channels, our leadership seeks to listen to employees' views and opinions and keep them informed about developments and prospects for the business.

The Group invests in the workforce in a number of ways including holding regular performance reviews with employees to identify learning and development needs and supporting where appropriate, facilitating employee participation in corporate social responsibility activities and holding workshops to educate employees in areas of health and safety, mental wellbeing and similar.

The Group is committed to creating an inclusive work environment where a diverse range of talented people can work together to ensure business delivery. Increasing diversity amongst the Group's workforce is a significant force for innovation and continuing initiatives in this area will improve diversity and enable better customer service.

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. Further, the Board considers the annual report and accounts to be fair, balanced and understandable and provides the information necessary for the shareholder to assess the Group's position, performance, business model and strategy.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the board on 1 August 2019 and signed on its behalf by

Mark Alflatt
Director, Chief Financial Officer

Audit Committee Report

Presented below is Kodak Alaris's Audit Committee Report for the year ended 31 March 2019, which provides an insight into our work, the key issues handled and the focus of the Audit Committee. The Audit Committee monitors the Group's accounting policies, control environment and financial reporting process on behalf of the Board of Directors. The Group's management has primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting.

System of risk management and internal control

The Audit Committee has been delegated, by the Board, the responsibility of monitoring the effectiveness of the Group's system of risk management and internal control.

It does so through:

- reviews and discussions with management and executives;
- review of business assurance reports, which focus on the Group's highest risk areas; and
- the use of external audit reports as part of the year-end audit and on-going review processes

Key weaknesses identified through this process are discussed by the Audit Committee with actions, owners and timelines being agreed, implemented and monitored. The Audit Committee regularly reviews the risk management process and its development (see Risk Report on pages 24 to 26 for more detail) and it receives regular updates from the Group's VP Tax & Treasury, the compliance officer and updates on the Group's whistleblowing policy.

Configuration

The Audit Committee comprises 4 of the 5 Non-Executive Directors of the Board (Stephen Webster, Patrick De Smedt, Brian Larcombe and Steven Ross), whose relevant experience is set out on pages 35 and 36. In addition, by invitation, the Non-Executive Chairman, Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Group General Counsel, the Group Financial Controller and the Director of Business Assurance attend all meetings of the Audit Committee together with the Group's external auditors.

Responsibilities

The Audit Committee has been established to monitor the integrity of the Group's financial statements, the effectiveness of the internal financial controls and to approve relevant accounting policies. The terms of reference for the Audit Committee were last reviewed in November 2017 and amended to reflect current requirements, where appropriate. During the year, the Audit Committee, within their scope, supported management, external and internal auditors and other members of the senior management team, in fulfilling their responsibilities.

The key responsibility of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by monitoring:

- financial reporting processes;
- key accounting policies;
- the effectiveness of the Group's internal control and internal audit, where applicable;
- the Group's risk management systems;
- the external audit of the financial statements; and
- the independence of the external auditors and in particular the provision of additional services to the Group.

The Audit Committee regularly informs the Board of its activities and recommendations. Where it is dissatisfied with, or if it considers that action or improvement is required concerning any aspect of financial reporting, risk management, internal control, compliance or business assurance related activities, it promptly raises these concerns at the Board. The Audit Committee has no executive role and the directors remain responsible for the Group's affairs.

Activities and major areas

The Audit Committee met on 5 occasions during the year and there was full attendance at each meeting. Meetings are scheduled to coincide with key dates in the financial reporting cycle. The Audit Committee has a rolling programme of agenda items to ensure that relevant matters are properly considered.

The main activities of the Audit Committee were:

AUDIT COMMITTEE ACTIVITIES	MAY '18	AUG '18	OCT '18	DEC '18	MAR '19	MAY '19	JUL '19
Review of the annual report and financial statements				√			√
Review of the CFO's report on accounting issues, standards and judgements	√	√	√	√	√	√	√
Review and approval of business assurance's audit plan including the results of audit work	√	√	√	√	√	√	√
Risk management update and review	√		√	√	√		√
Review of financial and IT controls			√			√	
Review of external auditor's reports to the Board	√	√	√	√	√	√	√
Review of external auditor's fees, engagement letter and independence	√	√		√	√	√	√

The major areas arising in relation to the financial reporting process which were considered by the committee were as follows:

AREA	ISSUE	RESOLUTION
Valuation of Goodwill & Intangible Assets	Reflecting the appropriate amount of goodwill and intangible assets carried in the financial statements.	Fair value less costs to sell calculations were prepared by management based on Board approved financial forecasts. The Audit Committee reviewed, discussed and challenged the management reports prepared and the models/assumptions were also reviewed in detail by KPMG as part of the audit. As the recoverable amounts for each business exceed the carrying value of the net assets no impairment is proposed for the year ended 31 March 2019.
Assets held for sale	Ensuring that the assets held for sale remain appropriately classified as held for sale in the financial statements..	Management has presented a report to the Audit Committee to demonstrate that assets held for sale are available for immediate sale in their present condition and that the sale is highly probable. The Audit Committee reviewed, discussed and challenged the report prepared and the assumptions were also reviewed in detail by KPMG as part of the audit. Where these conditions are not met the relevant businesses are shown within continuing operations.
Revenue Recognition	Review and monitoring of the implementation of a new policy.	The Audit Committee reviewed and approved the Group's IFRS 15 revenue recognition policy which was effective from 1 April 2018.
Taxes	The determination of tax assets and liabilities requires the application of judgement as to the ultimate outcome and can change over time depending on facts and circumstances.	The Audit Committee reviewed management updates and external auditor assessments on tax matters to confirm appropriateness of treatment.
IT Controls	Addressing the weakness of system controls due to new IT systems implementation.	The Audit Committee reviewed the mitigating plans which included improvements in segregation of duties, user access, privileged user access, automated system controls as well as the introduction of business operating standards and scrutinised the actions taken to improve the IT system controls. It requested and was provided with additional information from both business assurance and the external auditors on reasonable and fit-for-purpose IT controls.
Business and Finance Controls	Improving business processes and finance controls is a continuous process.	The business assurance team have continued to encourage the business units, IT and finance teams to increase the number and improve the quality of their key controls. The Audit Committee reviewed and approved the roadmap and timeline and have discussed progress made throughout the year. A number of process improvement projects have been carried out or are underway across the businesses and functional areas. The Audit Committee has reviewed and monitored the progress of these.
Risk Management	Developing and improving a lean and sustainable risk management process which adds value to the business.	The newly formed Risk Committee initially defined the risk appetite whilst setting direction and risk policy. Quarterly reviews of the Corporate Risk Register have taken place during the year, making changes where necessary. The output from these sessions formed the basis of the updates for the half-yearly Audit Committee risk reviews. Risks relating to potential M&A transactions were the significant additions to the corporate risk register.
Going concern	The directors are required to state whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as and when they fall due over the period of their assessment.	Management have presented a report to the Audit Committee to demonstrate the ongoing solvency and liquidity of the Group, considering all the available planning information, including the current year budget, most recent forecasts and the latest 5-year plan, together with additional liquidity scenarios. Taking account of reasonably possible changes in trading performance and cost mitigation, there is sufficient headroom to achieve all covenant requirements of the Group's HSBC facility and sufficient liquidity to be able to pay liabilities as they fall due, up to and including at least March 2021. The Audit Committee also reviewed external auditor assessments on going concern to confirm appropriateness of treatment. As a result of KPP2's instruction, in a full divestiture scenario the Company will, after settling all its obligations over the medium-term, liquidate any remaining legal entities of the Group. Therefore, in accordance with the going concern concept of preparing financial statements discussed in the conceptual framework in IAS 1 and consistent with the prior period, the directors have concluded that the financial statements should not be prepared on a going concern basis.

Business assurance

The role of business assurance is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

In December 2017 the Audit Committee reviewed and agreed the 2018/19 business assurance annual audit plan, which they believed was appropriate to the scope and nature of the Group. The audit plan is risk based, taking strategic priorities and the strength of the control environment into consideration - with finance, all 4 businesses and regions covered each year. Additional areas were added to the plan as required throughout the year, when appropriate.

The Audit Committee reviewed the business assurance summary reports at each meeting, enabling it to monitor the progress of the audit plan, discussed key findings and subsequent plans to address them, in addition to status updates of previous key findings. The Audit Committee was satisfied that the business assurance function is working effectively and improves risk management throughout the Group. The Chairman of the Audit Committee met the Director of Business Assurance twice in the year, without management present, to discuss scope and any issues arising from audit activities.

In March 2019, the Audit Committee reviewed and agreed the 2019/20 business assurance annual audit plan, which they believed was reasonable and fit for purpose.

External audit

The Audit Committee retains responsibility for overseeing the Group's relationship with the external auditor. This includes reviewing the quality and effectiveness of its performance, its external audit plan and process, its independence from the Group, its appointment and its audit fee proposals. The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit, at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.

Performance and audit plan

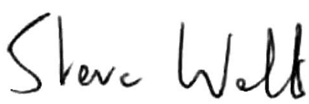
Following the completion of the 2018 period-end audit, the Audit Committee carried out an informal review of the audit process and general effectiveness. Prior to commencement of the of the 2019 year-end audit, the Audit Committee reviewed, challenged and approved the external auditors work plan and resources and agreed with them the various key areas of focus including revenue recognition, impairment, IT controls as well as particular focus on certain higher risk audit areas. The Audit Committee met once with the external auditors without management being present. This provided the opportunity for direct discussion and feedback between the two parties where they discussed the key audit points. The Audit Committee also concluded that the auditor remains effective as external auditors going forwards.

Independence and objectivity

The Audit Committee is responsible for ensuring that the appointed auditor is objective and independent. KPMG have been the Group's external auditor since September 2013, with the lead audit partner being rotated every five years. A rotation of the lead audit partner took place on 31 March 2019 with the new incumbent Sean McCallion having shadowed key meetings during the prior financial year and engaged in a thorough handover. The Audit Committee has received confirmation from KPMG that they are independent of the Group, that they were not aware of any relationship between the Group and the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

Non-audit services

In order to further ensure independence, the Audit Committee has a policy, updated in 2017, on the provision of non-audit services by the external auditor that seeks to ensure that the services provided are not, and are not perceived to be, in conflict with their auditor independence.



Stephen Webster
Audit Committee Chairman
1 August 2019

Financial Statements

Statement of Directors' Responsibilities

Statement of directors' responsibilities in respect of the annual report, the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

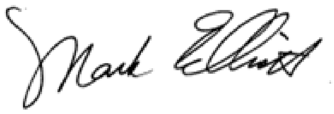
Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so (as explained in note 2C, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Mark Elliott
Chairman
1 August 2019

KPMG

Independent auditor’s report

to the members of Kodak Alaris Holdings Limited

1. Our opinion is unmodified

We have audited the financial statements of Kodak Alaris Holdings Limited (“the Company”) for the year ended 31 March 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, Company Cash Flow Statement and the related notes, including the accounting policies in note 2. In our opinion:

— the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 March 2019 and of the Group’s loss for the year then ended;

— the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);

— the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to entities with listed debt. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: group financial statements as a whole	$6.4m (2018:$8.2m) 1% (2018: 1%) of group revenue	
Coverage	83% (2018: 90%) of group revenue	
Risks of material misstatement		**vs 2018**
Recurring risks	Revenue Cut-Off	◄►
	Going Concern	▲
	Carrying Value of Goodwill and Intangibles	▼
	Carrying value of investments in subsidiaries (parent company only)	▼
Event driven:	New: The impact of uncertainties due to the UK exiting the European Union of our audit	▲

2. Key audit matters: Including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 25 (risk report) and page 31 (governance statement).	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates, in particular as described in Carrying value of goodwill and intangibles and Carrying value of investments below, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the group's future prospects and performance. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: — **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. — **Sensitivity analysis:** When addressing Carrying value of goodwill and intangibles and Carrying value of investments and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. — **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on Carrying value of goodwill and intangibles and Carrying value of investments we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.
Going Concern *Refer to Note 2C (accounting policy).*	**Going Concern basis and disclosure:** We draw attention to note 2C to the financial statements which indicates that the financial statements have not been prepared on a going concern basis as a result of the instruction received from the shareholder during the year to conduct an orderly disposal of the component businesses and in due course wind up the entity. There is little judgement involved in the directors' conclusion that risks and circumstances described in note 2C to the financial statements represent a material uncertainty over the ability of the group and company to continue as a going concern. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation is a key financial statement disclosure and so was the focus of our audit in this area.	Our procedures included: **Assessing transparency:** Assessing the completeness and accuracy of the matters covered in the going concern disclosure by: — **Understanding the instruction:** A copy of the instruction from the shareholder was reviewed and management were challenged as to their response and impact on the going concern assumption. — **Challenging completeness and accuracy of the presentation:** Challenged key assumptions used within the forecasts, such as future refinancing needs and ensuring these are fully disclosed.

2. Key audit matters: including our assessment of risks of material misstatement

	The risk	Our response
Revenue Cut-Off ($656 million; 2018: $836m) *Refer to Note 2Q (accounting policy) and Note 3 (financial disclosures).*	**Cut-Off risk:** Revenue recognition surrounding cut off is considered a significant risk due to the presumed risk of fraud that exists in all revenue and a significant risk of error due to risk of inaccurate sales cut off and potential errors in deferring revenue to service contracts.	Our procedures included: — **Process understanding:** Obtained an understanding of the different revenue streams for in-scope components in order to appropriately define and respond to the different risks within each revenue stream. — **Substantive testing:** Performed substantive test work over revenue items through the period, ensuring recognition is appropriate in line with applicable IFRS standards. — **Cut-Off testing:** Reviewed sales transactions either side of the balance sheet date as well as credit notes issued post year end to ensure revenue has been recognised in the appropriate period.
Carrying value of goodwill and intangibles ($107 million; 2018: $131m) *Refer to Note 2N (accounting policy) and Note 13 (financial disclosures).*	**Valuation of goodwill and intangibles:** The recoverable amount of the Alaris and Kodak Moments Cash-Generating Units to which goodwill and intangible assets are allocated is determined from fair value less cost to sell calculations. This represents a key judgment area as inappropriate assumptions, particularly relating to forecast cash flows, discount rates or disposal costs could result in a material misstatement of the goodwill and intangibles balances as a result of the level of headroom associated with these CGUs.	Our procedures included: — **Assessed reasonableness of discount rates:** Obtained an understanding of discount rates used by management. Engaged Corporate Finance specialists to assess whether the discount rates utilised are reasonable. — **Benchmarking assumptions:** Challenged assumptions used in the cash flows and valuations included in the impairment model based on our knowledge of the Group and the industry and markets in which the subsidiaries operate. — **Central allocations:** Assessed the appropriateness of models used for balance sheet and central cost allocation by cash generating unit. — **Sensitivity Analysis:** Performed analysis to assess the sensitivity of the impairment review to changes in the key assumptions above. — **Assessing transparency:** Assessed whether the Group's disclosures about the impairment testing appropriately reflected the risks inherent in the valuation of goodwill and intangible assets.
Parent company risk area – Carrying value of investments in subsidiaries ($188 million; 2018: $188 million) *Refer to Note 1 (parent accounting policies) and Note 4 (parent financial disclosures).*	**Overstatement of value of investments in subsidiaries:** The carrying amount of the parent company's investments in subsidiaries represents 39.6% (2018: 45.5%) of the company's total assets. Their recoverability is directly correlated to the valuation of the CGUs assessed in the Group accounts, where we consider there to be a high risk of significant misstatement. This is therefore considered to be the area that has the greatest effect on our audit of the parent company.	Our procedures included: — **Net assets & earnings review:** Reviewed investments and intercompany receivables as a combined balance of each individual subsidiary entity against the net assets and EBIT (earnings before interest and tax) of that individual subsidiary. — **Impairment review:** For any investment with an indicator of impairment, a detailed impairment review was performed and challenged in line with goodwill and intangible asset impairment review above.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at $6.4m for the year ended 31 March 2019 (15 month period ended 31 March 2018: $8.2m), determined with reference to a benchmark of Group revenue of $656m (2018: $836m), of which it represents 1% (2018: 1%).

The benchmark is consistent with prior year, and has been utilised due to the business being in a loss making position and as such, the result before taxation isn't deemed an appropriate benchmark.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.3m (2018: $0.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the 27 (2018: 28) components which report to group, we subjected 11 (2018: 12) to audits for Group reporting purposes and none (2018: none) to specified risk-focused audit procedures. The components within the scope of our work accounted for the following percentages of the group results:

The remaining 17% (2018: 10%) of total Group Revenue, 6% (2018: 3%) of Group Loss before Tax and 12% (2018: 7%) of total group assets is represented by 16 reporting components, none of which individually represent more than 5% of any of total Group revenue, Group loss before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level to support that there were no significant risks of material misstatements within these entities.

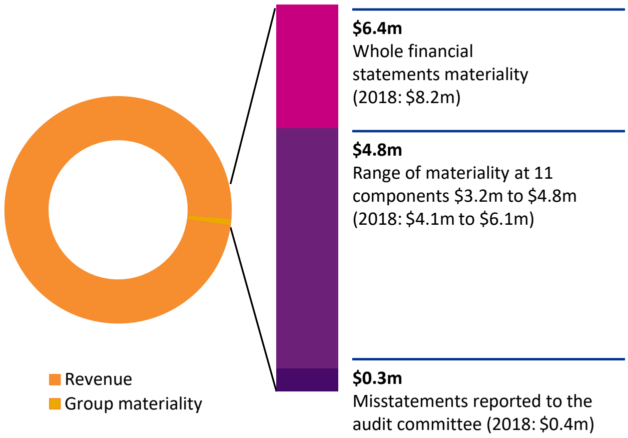
The Group audit team instructed component auditors as to the significant risks to be covered, including the revenue recognition and management override of controls as outlined above. Carrying value of Intangibles and Goodwill was assessed at a Group level. The Group audit team determined the component materiality's which ranged from $3.2m to $4.8m (2018: $4.1m to $6.1m). Component materiality was set with regard to the mix of size and risk profile of the components relative to the Group.

As part of determining the scope and preparing the audit plan and strategy, the Group team led planning calls with in scope components to discuss key audit risks and obtain input from component teams. The Group team visited 3 components (2018: 2) who are recognised as being individually financially significant. File reviews by senior members of the audit team were also conducted to ensure that work performed over significant risk areas was appropriate. Conference calls were also held with other components when required. At these visits and meetings the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group Audit team was then performed by the component auditor.

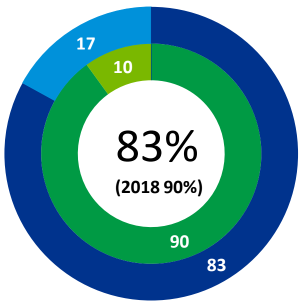
The materiality for the Parent Company financial statements as a whole was set at $4.8m for the year ended 31 March 2019 (2018: 15 month period $3.5m).

Revenue $656m (2018: $836m)

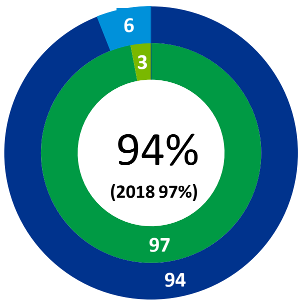
Group Materiality
$6.4m (2018: $8.2m)



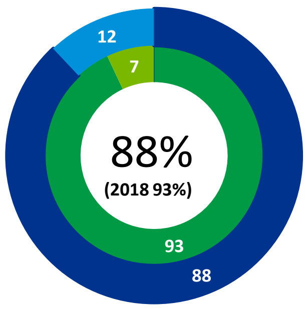
Group revenue

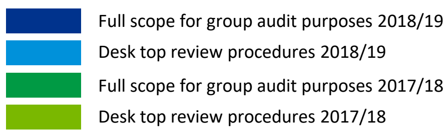


Group profit before tax



Group total assets





4. Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 2C to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 44, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

S. McCallion

Sean McCallion

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

1 August 2019

KPMG

Consolidated Income Statement

for the year ended 31 March 2019

	Note	12 Months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Continuing operations			
Revenue	*3*	**504,656**	643,553
Cost of sales		**(326,788)**	(426,979)
Gross profit		**177,868**	216,574
Administrative expenses	*4*	**(184,857)**	(418,131)
Research and development expensed		**(19,801)**	(28,654)
Operating loss		**(26,790)**	(230,211)
Financial income	*8*	**681**	11,422
Financial expenses	*8*	**(20,780)**	(24,404)
Loss before tax		**(46,889)**	(243,193
Income tax provision	*9*	**(4,442)**	(2,976)
Loss from continuing operations		**(51,331)**	(246,169)
Discontinued operations			
Profit from discontinued operations, net of tax	*10*	**11,677**	54,268
Loss for the year		**(39,654)**	(191,901)
Adjusted earnings before non-recurring items, interest, tax depreciation and amortisation (adjusted EBITDA)	*11*	**30,106**	11,189

Total loss for the year is attributable to the equity holder of the parent.

See page 105 for summary of continuing and discontinued operations and reconciliation of loss for the period to adjusted EBITDA.

The notes on pages 55 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2019

	Note	**12 Months to 31 March 2019 $000**	**15 Months to 31 March 2018 $000**
Loss for the year		**(39,654)**	(191,901)
Other comprehensive (expense) / income:			
Items that will not be recycled to profit or loss			
Re-measurements of defined benefit liability	*21*	**109**	3,423
Deferred tax on other comprehensive loss for the year	*15*	**(19)**	(749)
Commodity hedge loss		**-**	(68)
Items that may be recycled subsequently to profit or loss			
Change in fair value of assets classified as held for sale		**175**	-
Foreign currency translation differences – foreign operations	*23*	**(3,964)**	9,393
Other comprehensive (expense) / income for the year, net of tax		**(3,699)**	11,999
Total comprehensive expense for the year		**(43,353)**	(179,902)

The notes on pages 55 to 93 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

at 31 March 2019

	Note	31 March 2019 $000	31 March 2018 $000
Assets			
Property, plant and equipment	*12*	**40,903**	47,535
Intangible assets	*13*	**86,961**	108,626
Goodwill	*13*	**20,276**	22,371
Trade and other receivables	*17*	**1,055**	14,778
Investments in equity-accounted investees	*14*	**214**	235
Deferred tax assets	*15*	**16,819**	18,462
Non-current assets		**166,228**	212,007
Inventories	*16*	**40,286**	49,465
Trade and other receivables	*17*	**105,911**	136,413
Cash and cash equivalents	*18*	**100,346**	69,936
		246,543	255,814
Assets classified as held for resale	*10*	**19,318**	23,348
Current assets		**265,861**	279,162
Total assets		**432,089**	491,169
Liabilities			
Other interest-bearing loans and borrowings	*19*	**(116,304)**	(109,514)
Other payables	*20*	**(15,907)**	(18,378)
Employee benefits	*21*	**(18,250)**	(19,824)
Provisions	*22*	**(3,932)**	(2,811)
Deferred tax liabilities	*15*	**(10,569)**	(12,186)
Non-current liabilities		**(164,962)**	(162,713)
Other interest-bearing loans and borrowings	*19*	**(902)**	(1,228)
Trade and other payables	*20*	**(141,626)**	(150,842)
Income and other tax payable	*9*	**(938)**	(3,413)
Provisions	*22*	**(11,695)**	(14,408)
		(155,161)	(169,891)
Liabilities classified as held for resale	*10*	**(1,927)**	(1,333)
Current liabilities		**(157,088)**	(171,224)
Total liabilities		**(322,050)**	(333,937)
Net assets		**110,039**	157,232
Equity attributable to equity holders of the parent			
Share capital	*23*	**167,000**	167,000
Retained deficit	*23*	**(618,463)**	(575,059)
Capital contribution reserve	*23*	**573,348**	573,348
Translation reserve	*23*	**(11,846)**	(8,057)
Total surplus		**110,039**	157,232

The notes on pages 55 to 93 form part of these financial statements.

These financial statements were approved by the Board of Directors on 1 August 2019 and were signed on its behalf by:

M. Alflatt

Mark Alflatt
Chief Financial Officer

Company registered number: 8550309

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

	Note	Share premium $000	Capital contribution reserve $000	Share capital $000	Translation reserve $000	Retained deficit $000	Total equity $000
Balance at 1 January 2017		-	-	167,000	(17,450)	(385,764)	(236,214)
Loss for the period		-	-	-	-	(191,901)	(191,901)
Items that will not be recycled to profit or loss:							
Re-measurement of defined benefit liability	*21,23*	-	-	-	-	3,423	3,423
Deferred tax on other comprehensive loss for the period	*15*	-	-	-	-	(749)	(749)
Commodity hedge loss		-	-	-	-	(68)	(68)
Items that are or may be recycled to profit or loss:							
Foreign currency translation differences – foreign operations, net	*23*	-	-	-	9,393	-	9,393
Shares issue	*23*	575,348	-	-	-	-	575,348
Transfer from share premium account	*23*	(575,348)	575,348	-	-	-	-
Share issue cost	*23*	-	(2,000)	-	-	-	(2,000)
Total comprehensive income / (expense) for the period		-	573,348	**-**	9,393	(189,295)	393,446
Balance at 31 March 2018		**-**	573,348	167,000	(8,057)	(575,059)	157,232
Balance at 1 April 2018		-	573,348	167,000	(8,057)	(575,059)	157,232
Adoption of accounting standards	*2*	-	-	-	-	(3,840)	(3,840)
Loss for the year		-	-	-	-	(39,654)	(39,654)
Items that will not be recycled to profit or loss:							
Re-measurement of defined benefit liability	*21,23*	-	-	-	-	109	109
Deferred tax on other comprehensive loss for the year	*15*	-	-	-	-	(19)	(19)
Items that are or may be recycled to profit or loss:							
Foreign currency translation differences – foreign operations, net	*23*	-	-	-	(3,964)	-	(3,964)
Change in fair value of assets classified as held for sale		-	-	-	175	-	175
Total comprehensive expense for the year		**-**	**-**	**-**	**(3,789)**	**(43,404)**	**(47,193)**
Balance at 31 March 2019		**-**	**573,348**	**167,000**	**(11,846)**	**(618,463)**	**110,039**

The notes on pages 55 to 93 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2019

	Note	12 Months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Cash flows from operating activities			
Loss for the period		**(39,654)**	(191,901)
Adjustments for:			
Depreciation and impairment charge	12	**16,375**	25,999
Amortisation and impairment charge	13	**27,188**	218,850
Loss on disposal of property, plant and equipment		**1,447**	709
Profit from sale of land at Harrow	10	**-**	(68,992)
Fair value adjustment	4	**(2,496)**	(23,458)
Restructuring costs	4, 10	**722**	9,425
Asset write downs	4	**-**	1,185
Information systems separation costs	4	**-**	1,170
Other non-cash movements		**86**	1,028
Changes in provisions	4	**-**	5,547
IAS 19 pension charge	21	**1,165**	1,681
Exceptional pension costs	21, 4	**-**	2,662
Taxation		**10,072**	20,378
Net foreign exchange losses		**7,493**	(12,665)
Net financial expense		**11,151**	23,584
		33,549	15,202
(Increase)/decrease in trade and other receivables		**(3,888)**	56,683
Decrease/(increase) in inventories		**7,747**	(6,437)
Increase/(decrease) in provisions		**1,357**	(1,509)
Decrease in trade and other payables		**(16,073)**	(14,916)
Taxation Paid		**(10,880)**	(10,400)
Cash contributions to pension schemes	21	**(1,431)**	(2,593)
Net cash from operating activities		**10,381**	36,030
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(13,018)**	(23,181)
Acquisition of intangible assets	13	**(8,076)**	(16,143)
Disposal of property, plant and equipment		**-**	491
Directors loan repayment	28	**1,000**	-
Interest received		**695**	797
IT one time expenditure	4	**-**	(1,170)
Proceeds from Harrow land sale		**37,156**	41,053
Earn out income		**10,000**	7,000
Net cash from / (used) in investing activities		**27,757**	8,847
Cash flows from financing activities			
Decrease in long term borrowings		**(3,735)**	(4,319)
Bank (repayments)/borrowings		**-**	(6,928)
Share issue costs		**-**	(2,000)
RCF arrangement fees paid		**-**	(1,350)
Interest paid		**(289)**	(1,173)
Net cash used in financing activities		**(4,024)**	(15,770)
Net increase in cash and cash equivalents		**34,114**	29,107
Cash and cash equivalents at beginning of the year		**69,936**	40,641
Effect of exchange rate fluctuations on cash held		**(3,704)**	188
Cash and cash equivalents at the end of the period	18	**100,346**	69,936

The Group has elected to present a statement of cash flows that includes an analysis of all cash flows in total - i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in note 10.

The notes on pages 55 to 93 form part of these financial statements.

Notes to the Consolidated Financial Statements

(forming part of the financial statements)

Note 1: General information

Kodak Alaris Holdings Limited (the 'Company') is incorporated and domiciled in England and Wales. The Company's registered office is at Hemel One, Boundary Way, Hemel Hempstead, HP2 7YU. The consolidated financial statements comprise of the Company and its subsidiaries (together referred to as the 'Group').

Note 2: Accounting policies

A. Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS interpretations committee ('IFRS IC') interpretations as adopted by the European Union ('EU') and the Companies Act 2006 applicable to companies reporting under IFRS. The Group and Company financial statements have not been prepared under a going concern basis for the reasons outlined in Note 2C.

The Group financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 31.

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The Group changed its financial year-end from 31 December to 31 March to avoid busy trading periods, effective for the period ended 31 March 2018. As a result of the change in year-end, the current year's balances are not directly comparable with the comparative period's amounts.

B. Recent accounting developments

Accounting standards adopted in the year

The Group considered the impact to the following standards and amendments which were endorsed by the EU and are effective for the year ended 31 March 2019:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- Amendment to IFRS 2, 'Share-based payment'
- IFRIC 22, 'Foreign currency transactions and advanced consideration'

The impact of adopting IFRS 9 and IFRS 15 on the Group's financial results is described in detail below, the others are either not relevant or did not have a significant impact on the results of the Group.

IFRS 9 'Financial Instruments'

IFRS 9 supersedes IAS 39 'Financial Instruments: Recognition and Measurement' and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and requires the classification of financial assets into three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost. In addition, IFRS 9 introduced an expected credit loss impairment model, which means that anticipated as opposed to incurred credit losses are recognised.

IFRS 9 has been applied as at 1 April 2018. As mandated by the standard there was no restatement of comparative information for the prior year, there was no significant difference between the carrying amount of financial instruments under IAS 39 and the carrying amount under IFRS 9 and therefore no change has been made to the opening retained earnings as at the date of initial application.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from contracts with customers' applies to accounting periods beginning on or after 1 January 2018. The impact of adopting the new standard has been reflected through transition adjustments to the Group's opening retained earnings at the start of the financial year, as presented in the consolidated statement of changes in equity. The table below summarises the impact at the date of transition:

			Transition adjustments		
	Notes	**As previously reported 31 March 2018 $000**	**Payments to customers $000**	**Intangible contract assets $000**	**After adoption 1 April 2018 $000**
Non-current assets					
Property, plant and equipment		47,535	-	-	47,535
Intangible assets	*13*	108,626	-	(1,110)	107,516
Trade and other receivables	*17*	14,778	(2,407)	-	12,371
Deferred tax assets	*15*	18,462	1,641	37	20,140
Other assets		22,606	-	-	22,606
Current assets					
Trade and other receivables	*17*	136,413	(2,972)	971	134,412
Other assets		142,749	-	-	142,749
Total assets		**491,169**	**(3,738)**	**(102)**	**487,329**
Total liabilities		**(333,937)**	**-**	**-**	**(333,937)**
Net assets		**157,232**	**(3,738)**	**(102)**	**153,392**
Share capital and other reserves		732,291	-	-	732,291
Retained deficit	*23*	(575,059)	(3,738)	(102)	(578,899)
Total equity		**157,232**	**(3,738)**	**(102)**	**153,392**

The new accounting standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, in an amount that reflects the consideration to which the Group expects to be entitled. The standard has resulted in enhanced disclosures about revenue.

The Group has adopted IFRS 15 prospectively from 1 April 2018 using the cumulative effect method, and consequently the comparative amounts in the Group's consolidated financial statements remain unchanged and are reported under IAS18 'Revenue' (IAS 18).

IFRS 15 has impacted the Group's consolidated financial statements from 1 April 2018 in the following ways:

i. Payments to customers

Under IAS 18, certain payments in relation to customer contracts were treated as prepayments and amortised, as a deduction to revenue, over the length of the contract. Under IFRS 15, these payments do not represent a payment for services and therefore were expensed, against revenue, as incurred.

The Group recorded a $3,738 thousand increase in the retained deficit as at 1 April 2018 and a reduction of $2,407 thousand in non-current trade and other receivables and $2,972 thousand in current trade and other receivables. There was a consequential $1,641 thousand increase in deferred tax assets.

ii. Intangible contract assets

Under IAS 18, the Group sold equipment to customers at a price below its cost, on the basis that this deficit was recovered from the profits of highly probably future sales. The sale gave rise to an intangible asset which was recognised at the time of delivery and was amortised over the period that sales were expected to be earned.

Under IFRS 15 revenue is allocated across the various performance obligations related to these contracts. On control of the equipment passing to the customer, the performance obligation is satisfied, and the revenue allocated to the performance obligation is recognised.

This resulted in the de-recognition of the intangible contract asset of $1,110 thousand. $971 thousand was recognised as accrued income within other receivables in current assets and $102 thousand as an increase in the net deficit. There was a consequential $37 thousand increase in deferred tax assets.

The amounts by which the Group's consolidated financial statements are affected as at and for the year ended 31 March 2019 as a result of adopting IFRS 15 are as follows:

Effect on the Income Statement	IFRS 15 reported $000	Payments to customers $000	Intangible contract assets $000	Marketing fund $000	IAS18 $000
Revenue	504,656	235	955	356	506,202
Cost of sales	(326,788)	-	-	-	(326,788)
Gross profit	**177,868**	**235**	**955**	**356**	**179,414**
Administrative expenses	(184,857)	-	(818)	(356)	(186,031)
Research and development expensed	(19,801)	-		-	(19,801)
Operating loss	**(26,790)**	**235**	**137**	-	**(26,418)**
Net finance expense	(20,099)	-	-	-	(20,099)
Loss before tax	**(46,889)**	**235**	**137**	-	**(46,517)**
Taxation	(4,442)	(72)	(36)	-	(4,550)
Loss from continuing operations	**(51,331)**	**163**	**101**	-	**(51,067)**
Profit from discontinued operation, net of tax	11,677	-	-	-	11,677
Loss for the year	**(39,654)**	**163**	**101**	-	**(39,390)**

Effect on the Balance Sheet	IFRS15 reported $000	Payments to customers $000	Intangible contract assets $000	IAS18 $000
Non-current assets				
Property, plant and equipment	40,903	-	-	40,903
Intangible assets	86,961	-	267	87,228
Trade and other receivables	1.055	2,425	-	3,480
Deferred tax assets	16,819	(1,569)	(71)	15,179
Other assets	20,490	-	-	20,490
Current assets				
Trade and other receivables	105,911	2,713	-	108,624
Other assets	159,950	-	-	159,950
Total assets	**432,089**	**3,569**	**196**	**435,854**
Total liabilities	**(322,050)**	**-**	**-**	**(322,050)**
Net assets	**110,039**	**3,569**	**196**	**113,804**
Share capital and other reserves	728,502	-	-	728,502
Retained deficit	(618,463)	3,569	196	(614,698)
Total equity	**110,039**	**3,569**	**196**	**113,804**

Accounting standards not yet adopted

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRIC but have not been adopted either because they were not endorsed by the EU at 31 March 2019 or they are not yet mandatory, and the Group has not chosen to early adopt. The Group plans to adopt these standards and interpretations when they become effective. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, and where appropriate, a description of the impact of certain standards and amendments is provided below:

International accounting standards and interpretations	Effective date
IFRS 16 'Leases'	1 January 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	1 January 2019
Amendments to IAS 28 'Long-term interest in Associates and Joint Ventures'	1 January 2019
Amendments to IAS 19 'Plan Amendment, Curtailment or Settlement'	1 January 2019
Amendments to IFRS 9 'Prepayment features with negative compensation'	1 January 2019
IFRS 17 'Insurance Contracts' .	1 January 2021

With the exception of IFRS 16, the changes in the other standards are either not relevant or not expected to have a significant impact on the Group.

IFRS 16 'Leases'

IFRS 16 'Leases' replaces the guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on-balance sheet) and an operating lease (off-balance sheet). IFRS 16 now requires the lease liability, reflecting future lease payments and a right to use asset, to be recognised for virtually all lease contracts.

The Group's assessment of the estimated impact of adoption of this new standard is set out below.

IFRS 16 will result in virtually all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The only exceptions are short term and low value leases. It will have a material effect on the presentation of the financial statements, including reported Profit/(Loss) before tax, but no impact on actual pre-tax cash flows.

The Group has set up a project team to review all of its leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases on its properties, though vehicles and equipment will be affected to a lesser extent.

Under the new standard, an asset (representing the right to use the leased item) and a financial liability (reflecting the discounted value of future committed lease payments) are recognised in the Consolidated Balance Sheet.

The new standard also materially changes the presentation and timing of recognition of charges in the Consolidated Income Statement. The operating lease expense currently reported under IAS 17, typically on a straight-line basis, within Operating profit/(loss), is replaced by depreciation of the right-of-use asset and financing costs on the lease liability. This results in increased 'lease-related expenses' being charged to the Consolidated Income Statement in the early years of a lease due to the front-loaded financing costs, significantly reducing reported Profit/(Loss) before tax.

The Group will apply the standard from its mandatory adoption date of 1 April 2019, based on the modified retrospective approach, and so will not restate comparative amounts for prior years. All property leases are included in reporting under IFRS 16 as the Group has elected not to make use of the permissible exemptions for short-term or low value property leases for such leases. The Group has, however, elected to make use of those permissible exemptions for its vehicle and equipment leases.

On transition, the financial liability in respect of each lease reflects the value of future committed lease payments for this lease, discounted based on an estimated, lease specific, incremental borrowing rate as at 1 April 2019. All right-of-use assets have been measured at the amount of the lease liability on adoption.

As at 31 March 2019, the Group had non-cancellable operating lease commitments of $26,620 thousand (see note 25). Of these commitments, approximately $400 thousand to $500 thousand relate to short term leases, which will be recognised on a straight-line basis as expense in profit or loss. There are no commitments relating to low value leases.

Reconciliation of opening lease liability at 1 April 2019	Note		$000
Operating lease commitments - Reported as per IAS 17	*25*		26,620
Add: Lease commitments from break clause date to lease term end date			5,703
			32,323
	Range	From	(4,323)
Discounted at 4.7% [1]		To	(10,323)
	Range	**From**	**22,000**
Lease liability at 1 April 2019 – Reported as per IFRS 16		**To**	**28,000**

The estimated range of impact on the Group's Balance Sheet of recognising right of use assets and lease liabilities at the transition date of 1 April 2019 is summarised below:

Consolidated Balance Sheet	**Estimated range of adjustments due to adoption of IFRS 16**				
			Property $000	**Vehicles $000**	**Total $000**
	Range	From	20,000	2,000	22,000
Property, plant and equipment		To	24,000	4,000	28,000
Lease liabilities	Range	From	(20,000)	(2,000)	(22,000)
		To	(24,000)	(4,000)	(28,000)
Net assets			-	-	-

The property right of use assets will be reduced by $1,154 thousand on transition, being the amount of other long-term liabilities relating to operating leases as at 31 March 2019 and subsequently eliminated. No impact is expected on deferred tax.

The estimated range of impact on the Group's Income Statement for the year ending 31 March 2020 based on its leases in existence as at 1 April 2019 with a weighted average discount rate of 4.7% is summarised below:

Consolidated Income Statement	**Estimated range of adjustments due to adoption of IFRS 16**				
			Property $000	Vehicles $000	Total $000
	Range	From	390	50	440
Administrative expenses		To	480	65	545
	Range	From	(860)	(120)	(980)
Financial expenses		To	(1,060)	(150)	(1,210)
	Range	From	(470)	(70)	(540)
Loss before tax		To	(580)	(85)	(665)
	Range	From	28	7	35
Income tax provision [2]		To	35	10	45
	Range	From	(442)	(63)	(505)
Loss for the year		To	(545)	(75)	(620)

The operating lease expense currently reported under IAS 17 as rent payable within Operating profit/(loss), will be replaced by depreciation of the right-of-use assets and financing costs on the lease liability.
Operating cash flows will increase and financing cash flows will decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities. Though presented in different parts of the Consolidated Cash Flow Statement, actual total pre-tax cash payments will remain unchanged.

The Group has no leases that were previously classified under IAS 17 as finance leases.

At the reporting date the Group had no sub-leases.

1 The discount rate of 4.7% is the weighted average, by lease, of the estimated incremental borrowing rates calculated for each individual lease at transition. The estimated incremental borrowing rate for each lease has been calculated, based on a number of factors, to approximate the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar nature to and value of the right of use asset, in a similar economic environment.

2 Based on tax rules and tax rates in each operating territory.

C. Going concern

The Group meets its day-to-day working capital requirements through its operations and existing banking facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and cost mitigation, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Further information on the Group's borrowings is given in Note 19.

However, given the instruction by the shareholder, in a full divestiture scenario, the Company will liquidate any remaining legal entities of the Group. Therefore, in accordance with the going concern concept of preparing financial statements discussed in the conceptual framework in IAS 1, the Directors have concluded that the financial statements cannot be prepared on a going concern basis. For the avoidance of doubt this is not related to the Group's current or future expected solvency or liquidity position in the divestiture period.

The directors have considered all the available planning information, including the current year budget, most recent forecasts and the latest 5-year plan. In each credible scenario there is sufficient headroom to achieve all the covenant requirements of the Group's HSBC Revolving Credit Facility (RCF). There is also sufficient liquidity to be able to pay liabilities as they fall due, through to the end of the period reviewed, being March 2021. The Group has a strong cash position with access to committed funding lines (in place until June 2020). The directors are confident that the Group has sufficient liquidity over the medium-term to continue operating and deliver this disposal process, as well as provide financial support to each of its 30 legal entities, if required.

D. Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has power over an entity, exposure to variable returns from its involvement with an entity and the ability to use its power over an entity so as to affect the Company's returns. The acquisition date is the date on which control is transferred to the acquirer.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

All subsidiaries have the same reporting date which are co-terminus with the Group, with the exception of Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd, Kodak Alaris Management (Shanghai) Co. Ltd., Kodak Alaris Services Mexico, S.A. De C.V., Kodak Alaris Mexico S.A. de C.V. and Kodak Alaris S.A.I.C which all have a 31 December year-end in-line with local legislation.

Investments in associates are stated using the equity method.

E. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The Group's presentation currency is US dollars (USD). The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentation currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the month where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

F. Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they include no contractual obligations upon the Company (or Group) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Company (or Group). Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Transaction costs on the issue of shares are deducted in equity reserve.
Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

G. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, and if the amounts are material, they are measured at amortised cost using the effective interest method, less any impairment losses. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, and if the amounts are material, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

H. Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

I. Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

J. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Group capitalises costs directly related to the acquisition or construction of a capital asset if the item has a useful life of three years or more. The Group capitalises costs incurred during the ownership of a capital asset if the expenditure increases the asset's productive capacity, enhances the asset's performance or operating efficiency, or extends the useful life of the asset.

Leases, in which the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Where land and buildings are held under lease, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Land is not depreciated. Typical estimated useful lives are as follows:

- Buildings and building equipment - 5 to 20 years
- Plant and equipment - 5 to 15 years
- Rental equipment - 4 years

K. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

L. Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Software

Software includes capitalised cost of the Group's ERP software and expenditure on major updates, which enhances the value of the software. Software is stated at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and patents is recognised in the income statement as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment annually. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Patents – unexpired life of patents, average approximately 10 years
- Customer relationships – 5 to 15 years
- Capitalised development costs – 3 to 5 years
- Capitalised software development costs – up to 3 years
- Trademarks – 5 years
- Software – 3 years

M. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

N. Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

In line with IFRS 9 the Group segments its trade receivables based on shared characteristics and recognises a loss allowance for the lifetime expected credit loss for each segment. The expected credit loss is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors such as significant financial difficulty of the debtor or default by the debtor, general economic conditions and an assessment of current and forecast conditions at the reporting date.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated prior to the end of each reporting period.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value, an assessment has been made of the price that would be received for sale in an orderly transaction between market participants at the measurement date. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGUs"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis subject to the recoverable amount of the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

O. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA or equivalent, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. In regions where, corporate bond markets are not deep it is based on government bonds.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

P. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Q. Revenue

Revenues comprise sales to outside customers after discounts, excluding value added taxes. The main revenue streams of the Group are:

- Product consumables;
- Equipment hardware:
- Software sales; and
- Services sales.

The Group recognises revenue based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Control is transferred when the customer can direct the use of and obtain substantially all the remaining benefits from the asset. Revenue is recognised either 'over time' as control of the performance obligation is transferred to the customer or when the performance obligation in the contract has been performed ('point in time').

Product consumables - paper, photo chemicals and film. The performance obligation is the product being supplied. Revenue is recognised when control of the products has been transferred, when the Group has discharged its shipping obligations and there is no further obligation that could affect the distributors' acceptance of the product.

Equipment hardware - scanners and photo kiosks. The performance obligation is the equipment being supplied. Revenue is recognised when control of the products has transferred, when the Group has discharged its shipping obligations and there is no further obligation that could affect the distributors' acceptance of the product. Where the Group is responsible for installing the equipment, revenue is recognised when the equipment is installed at the customer.

Manufacturer fault warranties do not comprise a separate performance obligation and are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The Group accrues the estimated cost of post-sale obligations based on historical experience at the time the Group recognises revenue.

Software sales - for software with a right to use which transfers immediately to the customer, revenue is recognised at the point of time when the installer is delivered. For right to access software licences which require continuous upgrades and updates for the software to remain useful, revenue is recognised over time.

Services sales – comprise a diverse range of performance obligations, including event imaging solutions and customer support, marketing, technical advice, warranty and maintenance agreements. The contract price is deferred and recognised in line with the service period. In situations where the service is provided as part of a package, the transaction price is allocated to these performance obligations based on the standalone selling price method or cost-plus margin approach.

R. Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

S. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

T. Non-recurring items

Non-recurring items are significant items within profit or loss that derive from individual events that fall within the ordinary activities of the Group. They are identified as non-recurring by virtue of their size, nature or incidence and have been separately disclosed in order to give a better view of the underlying trading of the group.

U. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and OCI is represented as if the operation has been discontinued from the start of the comparative year.

V. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is allocated first to goodwill, then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit and loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Note 3: Revenue

Segmental split of revenue:

	AI Foundry $000	Kodak Moments $000	Alaris $000	Continuing Operations Total $000	Discontinued operation PPF $000	Total 12 months to 31 March 2019 $000
Sale of goods	**40**	**230,398**	**125,033**	**355,471**	**141,094**	**496,565**
Rendering of services	**717**	**50,586**	**97,882**	**149,185**	**10,339**	**159,524**
Total revenues	**757**	**280,984**	**222,915**	**504,656**	**151,433**	**656,089**

	AI Foundry $000	Kodak Moments $000	Alaris $000	Continuing Operations Total $000	Discontinued Operation PPF $000	Total 15 Months to 31 March 2018 $000
Sale of goods	1,155	274,373	167,113	442,641	180,191	622,832
Rendering of services	894	68,627	131,391	200,912	11,980	212,892
Total revenues	2,049	343,000	298,504	643,553	192,171	835,724

Geographical split of revenue:

Continuing operations	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total 12 months to 31 March 2019 $000
Sale of goods	**89,869**	**137,733**	**44,775**	**83,093**	**355,470**
Rendering of services	**65,752**	**60,158**	**5,054**	**18,222**	**149,186**
Total revenues	**155,621**	**197,891**	**49,829**	**101,315**	**504,656**

	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total 15 Months to 31 March 2018 $000
Sale of goods	135,958	153,686	54,241	98,756	442,641
Rendering of services	89,508	79,253	7,366	24,785	200,912
Total revenues	225,466	232,939	61,607	123,541	643,553

Discontinued operations	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total 12 months to 31 March 2019 $000
Sale of goods	**76,989**	**23,602**	**21,862**	**18,641**	**141,094**
Rendering of services	**10,266**	**-**	**15**	**58**	**10,339**
Total revenues	**87,255**	**23,602**	**21,877**	**18,699**	**151,433**

	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total 15 Months to 31 March 2018 $000
Sale of goods	99,343	26,659	29,881	24,308	180,191
Rendering of services	11,980	-	-	-	11,980
Total revenues	111,323	26,659	29,881	24,308	192,171

Note 4: Administrative expenses (continuing operations)

		Note	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Advertising			**8,523**	26,123
Marketing			**10,926**	18,216
Sales expenses			**40,935**	54,277
Depreciation and amortisation			**28,639**	54,140
General and administrative			**83,310**	99,903
Ongoing administration expenses			**172,333**	252,659
Impairment:	Land and buildings	*12*	**26**	750
	Trademark and Patents	*13*	**-**	26,275
	Customer Relationships	*13*	**-**	25,350
	Development costs	*13*	**393**	7,978
	Software	*13*	**-**	10,828
	Goodwill	*13*	**-**	94,648
Impairment			**419**	165,829
Restructuring costs[1]			**663**	9,165
Information systems separation costs[2]			**-**	1,170
EKC earn out income[3]			**(2,496)**	(23,458)
Relocation of the US Office[4]			**1,980**	-
One-off subsidy receipts[5]			**(567)**	(938)
Legal, professional and other costs[6]			**12,153**	10,404
Transformation costs[7]			**372**	1,372
Asset write-downs[8]			**-**	1,185
Additional pension liability[9]			**-**	1,590
Other one-off pension catch-up costs[10]			**-**	1,072
Release of accruals and provisions not required[11]			**-**	(1,919)
Non-recurring items			**12,105**	(357)
Total administrative expenses			**184,857**	418,131

1 Restructuring costs for 2019 primarily relate to transformation activities (2018: primarily related to Kodak Moments)

2 In 2018 information systems costs relate to the implementation of new IT platform

3 Earn out income represents contingent purchase price adjustments in relation to the acquisition of the business from Eastman Kodak Company ("EKC")

4 Costs relating to the relocation of US offices, comprising the costs of the move and the overlapping cost of renting two properties

5 One-off subsidy receipts relate to various subsidies received by Kodak Alaris Management (Shanghai) Co. Ltd.

6 Internal staff costs and consultancy, legal and due diligence fees relating to actively exploring the disposal of the Group's businesses, costs and jury award of US litigation action arising from the discontinuation of the relationship with ITyX Solutions AG including interest charged.

7 Costs related to employees who have been solely focused on transformation activities across the business

8 In 2018 asset write down costs in relation to historic assets created on acquisition, which no longer meet the criteria for capitalisation

9 Due to a German court ruling in 2018, there was a change pensionable salary calculation for employees in the defined benefit scheme in this country, which resulted in additional liability for our subsidiary company

10 One-off catch-up costs for defined benefit pension liabilities in 2018 resulting in a number of provisions being released

11 Various asset retirement obligations were reassessed in 2018 resulting in a number of provisions being released

Note 5: Auditor's remuneration

	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Audit of these financial statements	**1,363**	1,392
Audit of the statutory financial statements of subsidiaries of the Company	**964**	754
Taxation compliance services	**76**	58
Audit – related assurance services	**35**	25
Total Auditor's remuneration	**2,438**	2,229

Note 6: Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by geography, was as follows:

	Number of Employees 12 months to 31 March 2019	Number of Employees 15 Months to 31 March 2018
Country/Region		
United Kingdom	**138**	157
United States & Canada	**994**	1,108
Europe, Middle East & Africa	**227**	260
Asia-Pacific	**379**	444
Latin America	**236**	238
Total staff numbers per Country/Region	**1,974**	**2,207**
Segment		
Kodak Moments	**602**	675
Alaris	**824**	927
PPF (discontinued)	**76**	83
AI Foundry	**45**	52
Shared	**427**	470
Total staff numbers per segment	**1,974**	**2,207**

The aggregate payroll costs of these persons were as follows:

	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Wages and salaries	**166,562**	225,290
Social security costs	**17,076**	22,301
Contributions to defined contribution plans	**5,780**	6,241
Expenses related to defined benefit plans	**1,165**	1,681
Total staff costs	**190,583**	**255,513**

Note 7: Directors' remuneration

	12 Months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Directors' emoluments	**2,058**	2,436
Amounts receivable under short term, variable pay schemes	**1,092**	788
Company contributions to defined contribution pension plans	**75**	99
Benefits in kind	**17**	4
Amounts paid to third parties in respect of directors' services	**17**	96
Total Directors' remuneration	**3,259**	3,423

The aggregate of emoluments of the highest paid director was $1,744,012 (2018: $2,002,692) and Company pension contributions of $11,019 (2018: $13,619) were made to a money purchase scheme on his behalf.

	Number of directors 12 months to 31 March 2019	Number of directors 15 Months to 31 March 2018
Retirement benefits are accruing to the following number of directors under:		
Defined contribution pension schemes	**2**	2

Note 8: Finance income and expense (continuing operations)

	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Financial income		
Interest income financial assets	**681**	833
Foreign exchange gain	**-**	10,589
Total financial income	**681**	11,422
Financial expenses		
Total interest expense on financial liabilities measured at amortised cost	**11,413**	23,736
Interest expense on pension obligations	**391**	586
Foreign exchange loss	**8,976**	-
Interest paid	**-**	82
Total financial expenses	**20,780**	24,404

Note 9: Taxation (continuing operations)

Recognised in the income statement

	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Current tax expense/(benefit)		
Current period:		
United Kingdom	**(1,313)**	(15,167)
Foreign	**5,649**	7,403
Adjustments for prior period	**(816)**	(2,970)
Current tax expense/(benefit)	**3,520**	(10,734)
Deferred tax expense:		
Origination and reversal of temporary differences	**(10,874)**	(57,968)
Reduction in tax rate	**1,118**	13,106
Current year losses for which no deferred tax asset was recognised	**10,640**	57,937
Adjustments for prior period	**38**	635
Deferred tax charge	**922**	13,710
Total income tax provision	**4,442**	2,976

Reconciliation of effective tax rate

	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Loss for the year	**(51,331)**	(246,169)
Total income tax provision	**4,442**	2,976
Loss excluding taxation	**(46,889)**	(243,193)
Tax using the UK corporation tax rate of 19% (2018: 19.2%)	**(8,909)**	(46,693)
Effect of tax rates in foreign jurisdictions	**475**	(25,733)
Reduction in tax rate on deferred tax balances	**(217)**	13,107
Non-deductible expenses	**1,870**	6,247
Current year losses for which no deferred tax asset was recognised	**11,613**	57,939
Over provided in prior years	**(390)**	(1,891)
Total income tax provision	**4,442**	2,976

Income tax recognised in other comprehensive income

	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Foreign exchange translation differences	**-**	-
Minimum pension liability	**(19)**	749
Total tax recognised in other comprehensive income	**(19)**	749

Current Income Tax Asset/Liability

	12 months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Current Asset	-	-
Current Liability	(938)	(3,413)

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2019 has been calculated based on these rates.

In December 2017, the U.S. enacted a corporate income tax rate change from 35% to 21%, effective from 1 January 2018. The deferred tax asset/(liability) has been calculated based on this future rate.

Future rate changes in other jurisdictions (including Argentina and Belgium) are not expected to have a material impact.

Note 10: Discontinued operations

In January 2018, the Board of Directors approved a proposal to pursue the sale of its Paper, Photochemicals and Film (PPF) business and authorised management to initiate discussions with potential buyers. Management is actively marketing the business and had expected to complete a sale of the PPF business before 31 March 2019. The associated assets and related liabilities were classified as held for sale, with the PPF business reported as a discontinued operation at 31 March 2018. As at the date of signing the financial statements, the preferred bidder withdrew their approach however management remains committed to the plan to sell and, in line with the instruction received from the shareholder, a sale is expected to conclude during the financial year to 31 March 2020. Management consider the withdrawal of the preferred bidder to be a non-adjusting post balance sheet event and the assets continue to be classified as held for sale with the PPF business reported as a discontinued operation. The non-recurring fair value measurement for the disposal group of $34,900 thousand (2018: $34,044 thousand) before $2,700 thousand in selling costs (2018: $2,800 thousand) is classified in accordance with IFRS 13 as a Level 2 input based on observable market prices.

Results from the PPF business for the year are presented below:

Income Statement

	Note	**12 Months to 31 March 2019 $000**	**15 Months to 31 March 2018 $000**
Discontinued operation			
Revenue	*3*	**151,433**	192,171
Cost of sales		**(127,216)**	(174,306)
Gross profit		**24,217**	17,865
Administrative expenses		**(6,881)**	55,133
Research and development expensed		**-**	(1,316)
Operating profit		**17,336**	71,682
Financial income		**14**	9
Financial expenses		**(43)**	(22)
Profit before tax		**17,307**	71,669
Income tax provision		**(5,630)**	(17,401)
Profit after tax from discontinued operations		**11,677**	54,268
Non-recurring items			
Restructuring costs		**59**	260
Profit from sale of land at Harrow[12]		**-**	(68,992)
Total non-recurring items		**59**	(68,732)
Profit before tax as above		**17,307**	71,669
Adjusted for:			
Depreciation and amortisation		**23**	1,582
Impairment		**-**	2,219
Loss on disposal of asset held for sale		**219**	-
Net finance cost		**29**	13
Non-recurring items		**59**	(68,732)
Adjusted EBITDA discontinued operations		**17,637**	6,751

Total profit from discontinued operations is attributable to the equity holder of the parent.

12 The profit from land at Harrow relates to the sale of land at the site following the closure of manufacturing operations at the site in 2016

The major classes of assets and liabilities classified as held for sale as of 31 March 2019 include:

Balance Sheet

	31 March 2019 $000	31 March 2018 $000
Assets		
Property, plant and equipment	**1,041**	1,436
Intangible assets	**2,792**	2,792
Deferred tax assets	**358**	205
Non-current assets	**4,191**	4,433
Inventories	**14,974**	18,688
Trade and other receivables	**153**	227
Current assets	**15,127**	18,915
Total assets	**19,318**	23,348
Liabilities		
Employee benefits	**(217)**	(228)
Non-current liabilities	**(217)**	(228)
Trade and other payables	**(1,710)**	(1,087)
Income and other Tax payable	**-**	(18)
Current liabilities	**(1,710)**	(1,105)
Total liabilities	**(1,927)**	(1,333)
Net assets	**17,391**	22,015

The net cash flows received from the PPF business include:

Cash Flow

	12 Months to 31 March 2019 $000	15 Months to 31 March 2018 $000
Cash flows from:		
Operating activities	**(10,856)**	(16,047)
Investing activities	**37,156**	41,053
Net cash inflow	**26,300**	25,006

Note 11: Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA from continuing operations)

Management has presented adjusted EBITDA as its relevant income statement performance measure consistently over many years. The aim is to provide a measure of operating performance that represents the normalised level of performance, avoiding the distortions of one-off gains or losses. It represents the controllable performance of the business units and Group as a whole and is employed throughout the Group. It is used as part of the internal reporting metrics, along with several other income statement, working capital and cash performance measures, for the management team (KAEC), the Company's Board and shareholder reporting. It also forms the basis of employee incentive schemes ensuring alignment through the organisation from target setting to performance to incentives. Adjusted EBITDA is calculated by adjusting loss from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, non-recurring items, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the re-measurement of disposal groups.

The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	Note	**12 Months to 31 March 2019 $000**	**15 Months to 31 March 2018 $000**
Loss from continuing operations		**(51,331)**	(246,169)
Total income tax provision	*9*	**4,442**	2,976
Loss before tax		**(46,889)**	(243,193)
Adjusted for:			
Net finance costs		**20,099**	12,982
Loss on disposal of property, plant and equipment	*12*	**937**	709
Loss on disposal of intangibles	*13*	**291**	-
Depreciation		**16,349**	22,151
Amortisation	*13*	**26,795**	53,068
Impairment	*4*	**419**	165,829
Non-recurring items	*4*	**12,105**	(357)
Adjusted EBITDA		**30,106**	11,189

Note 12: Property, plant and equipment

	Land and buildings $000	Plant and equipment $000	Rental Equipment $000	Under construction $000	Total $000
Cost					
Balance at 1 January 2017	28,992	52,668	53,466	634	135,760
Acquisitions	4	1,106	168	21,903	23,181
Transfer from under construction	980	2,525	15,002	(18,589)	(82)
Other movements	(456)	4,323	-	-	3,867
Disposals	(11,947)	(1,780)	(9,510)	-	(23,237)
Reclassification to assets held for sale	(1,253)	(3,708)	-	(2)	(4,963)
Effect of movements in foreign exchange	291	(224)	7,917	407	8,391
Balance at 31 March 2018	16,611	54,910	67,043	4,353	142,917
Balance at 1 April 2018	16,611	54,910	67,043	4,353	142,917
Acquisitions	1,022	1,154	1,284	9,558	13,018
Transfer from under construction	332	5,397	6,298	(12,550)	(523)
Impairment	(26)	-	-	-	(26)
Disposals	(91)	(1,115)	(713)	-	(1,919)
Effect of movements in foreign exchange	(102)	(496)	(5,766)	(163)	(6,527)
Balance at 31 March 2019	**17,746**	**59,850**	**68,146**	**1,198**	**146,940**
Depreciation and impairment					
Balance at 1 January 2017	(7,479)	(30,670)	(35,142)	(487)	(73,778)
Depreciation charge for the period	(2,105)	(6,812)	(14,113)	-	(23,030)
Impairment losses	(2,969)	-	-	-	(2,969)
Other movements	456	(4,323)	-	-	(3,867)
Depreciation on disposals	22	426	9,414	-	9,862
Reclassification to assets held for sale	313	3,214	-	-	3,527
Effect of movements in foreign exchange	(92)	(224)	(5,298)	487	(5,127)
Balance at 31 March 2018	(11,854)	(38,389)	(45,139)	-	(95,382)
Balance at 1 April 2018	(11,854)	(38,389)	(45,139)	-	(95,382)
Depreciation charge for the year	(630)	(5,366)	(10,353)	-	(16,349)
Depreciation on disposals	43	232	707	-	982
Effect of movements in foreign exchange	105	427	4,180	-	4,712
Balance at 31 March 2019	**(12,336)**	**(43,096)**	**(50,605)**	-	**(106,037)**
Net book value at 31 March 2018	4,757	16,521	21,904	4,353	47,535
Net book value at 31 March 2019	**5,410**	**16,754**	**17,541**	**1,198**	**40,903**

Property plant and equipment under construction at 31 March 2019 totalled $1,198 thousand (2018: $4,353 thousand) primarily rental equipment in transit. The amount of borrowing costs capitalised during the year was nil (2018: nil). Included in plant and equipment are capitalised spare parts used in the ongoing maintenance requirements of the Group. Spare parts are annually reviewed for impairment and a charge of $ nil (2018: $110 thousand) has been recognised in the year.

In the prior period, an impairment loss of $2,219 thousand was made against the carrying value of land and buildings assets related to the PPF business, see note 10 for further details. In addition, an impairment loss of $750 thousand was made against the carrying value of land and buildings assets related to the Kodak Moments business, see note 13 for further details.

Note 13: Intangible assets

	Goodwill $000	Customer Relationships $000	Trademarks and Patents $000	Development costs $000	Software $000	Other $000	Total $000
Cost							
Balance at 1 January 2017	131,423	119,970	214,892	40,278	33,675	17,577	557,815
Other acquisitions – internally developed	-	-	-	15,781	28	-	15,809
Other acquisitions – externally purchased	-	-	-	-	-	334	334
Transfer from under construction	-	-	-	-	82	-	82
Disposals	-	-	-	-	-	(15,046)	(15,046)
Reclassifications	(552)	(2,658)	-	107	(100)	1,605	(1,598)
Reclassification to assets held for sale	-	(15,537)	(14,024)	-	-	-	(29,561)
Effect of movements in foreign exchange	6,274	6,420	-	-	-	203	12,897
Balance at 31 March 2018	137,145	108,195	200,868	56,166	33,685	4,673	540,732
Balance at 1 April 2018	137,145	108,195	200,868	56,166	33,685	4,673	540,732
Adoption of accounting standards	-	-	-	-	-	(2,137)	(2,137)
Other acquisitions – internally developed	-	-	-	8.076	-	-	8,076
Impairment	-	-	-	(393)	-	-	(393)
Transfer from under construction	-	-	-	-	522	-	522
Disposals	(180)	(177)	-	-	-	-	(357)
Effect of movements in foreign exchange	(4,872)	(4,619)	-	-	(44)	(36)	(9,571)
Balance at 31 March 2019	**132,093**	**103,399**	**200,868**	**63,849**	**34,163**	**2,500**	**536,872**
Amortisation and impairment							
Balance at 1 January 2017	(20,000)	(40,387)	(126,551)	(23,912)	(6,421)	(15,027)	(232,298)
Amortisation for the period	-	(13,351)	(21,849)	(10,669)	(6,859)	(1,043)	(53,771)
Impairments for the period	(94,648)	(25,350)	(26,275)	(7,978)	(10,828)	-	(165,079)
Disposals	-	-	-	-	-	15,046	15,046
Reclassifications	-	2,097	1,368	-	-	(1,867)	1,598
Reclassification to assets held for sale	-	15,537	11,232	-	-	-	26,769
Effect of movements in foreign exchange	(126)	(1,743)	-	-	-	(131)	(2,000)
Balance at 31 March 2018	(114,774)	(63,197)	(162,075)	(42,559)	(24,108)	(3,022)	(409,753)
Balance at 1 April 2018	(114,774)	(63,197)	(162,075)	(42,559)	(24,108)	(3,022)	(409,735)
Adoption of accounting standards	-	-	-	-	-	1,027	1,027
Amortisation for the year	-	(7,902)	(10,256)	(4,408)	(3,729)	(500)	(26,795)
Disposals	-	66	-	-	-	-	66
Effect of movements in foreign exchange	2,957	2,800	-	-	8	37	5,802
Balance at 31 March 2019	**(111,817)**	**(68,233)**	**(172,331)**	**(46,967)**	**(27,829)**	**(2,458)**	**(429,635)**
Net book value at 31 March 2018	22,371	44,998	38,793	13,607	9,577	1,651	130,997
Net book value at 31 March 2019	**20,276**	**35,166**	**28,537**	**16,882**	**6,334**	**42**	**107,237**

Other intangible assets represent the carrying value of intangible assets similar in nature to customer relationships.

Amortisation of the intangible assets is included in administrative expenses.

The cash-generating-units of the business are classed as the different continuing business units; Alaris, Kodak Moments and AI Foundry.

In the comparative period, an impairment loss was recognised in relation to the brand and customer relationships assets in both the Alaris and Kodak Moments business units. In addition, impairment losses were recognized in relation to goodwill in the Alaris and Kodak Moments business units.

Impairment Charges		**12 months to 31 March 2019 $000**		**15 Months to 31 March 2018 $000**
Alaris Business Unit				
Trademark and Patents (see (i))		-		9,510
Customer Relationships (see (i))		-		24,645
Development costs		**393**		-
Goodwill (see (ii))		-		86,174
Total Alaris Business Unit Impairment Charges		**393**		120,329
Kodak Moments Business Unit				
Trademark and Patents (see (i))		-		13,195
Customer Relationships (see (i))		-		705
Goodwill (see (ii)) – allocated as follows:				
Goodwill	-		8,474	
Trademark and Patents	-		3,570	
Development Costs	-		7,978	
Software	-		10,828	
Land and Buildings	-		750	
Total Goodwill Impairment Charge		-		31,600
Total Kodak Moments Business Unit Impairment Charges		-		45,500
Total Impairment Charges		**393**		165,829

All impairment losses were recorded in administrative expenses. Impairment of development costs reflect in-process development work that was determined to have no future application resulting from a change in the technical strategy.

i. Recoverability of Brand and Customer relationship assets

Based on business performance in the year and investment in product portfolios our forecasts do not indicate further impairment of the brand and customer relationship assets in the year.

In the prior period, the economic performance of the business was expected to be below previous forecasts reflecting higher than expected declines in the markets for the products in which the Alaris and Kodak Moments businesses operate. Management performed an impairment review of the brand and customer relationship assets. This test resulted in an impairment of the brand asset for the Alaris and Kodak Moments business units of $9,510 thousand and $13,195 thousand respectively and an impairment of the customer relationship asset for the Alaris and Kodak Moments business units of $24,645 thousand and $705 thousand respectively.

The carrying value of the brand assets as of 31 March 2019 was $11,358 thousand and $1,716 thousand for Alaris and Kodak Moments respectively. The carrying value of the customer relationship assets as of 31 March 2019 was $21,427 thousand and $13,739 thousand respectively.

ii. Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

Allocation of Goodwill	**12 months to 31 March 2019 $000**	**15 Months to 31 March 2018 $000**
Alaris Business Unit	**20,276**	22,371
Kodak Moments Business Unit	**-**	-
Total Goodwill	**20,276**	22,371

Prior year figures are net of impairments

The recoverable amount of the respective CGU was based on fair value less costs of disposal estimated using discounted cash flows, consistent with the prior period. The fair value measurement was categorised as a Level 3 fair value (see Note 31) based on the inputs in the valuation technique used. Due to the instruction received from the shareholder in the prior period, management have determined that using the fair value less costs of disposal is a more appropriate valuation method than value in use.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Alaris CGU Impairment Test	12 months to 31 March 2019	15 Months to 31 March 2018
Discount rate	**15.1%**	15.2%
Terminal value growth rate	**0.0%**	0.5%
5YP EBITDA growth rate (average over five years)	**5.0%**	(10.6%)

Kodak Moments CGU Impairment Test	12 months to 31 March 2019	15 Months to 31 March 2018
Discount rate	**13.9%**	15.3%
Terminal value growth rate	**0.0%**	0.5%
5YP EBITDA growth rate (average over five years)	**4.9%**	2.7%

As compared to the previous year, Alaris EBITDA growth rates have improved significantly reflecting expected gains in market share in the scanner market due to growth in its Smart Connected Scanning solutions and go-to-market initiatives expanding its market reach, expansion into adjacent markets leveraging our image science competencies, and growing service revenues through acquisitions. Kodak Moments EBITDA growth rates reflect management's view of the photo print category's health in its core accounts, expected growth in premium products, lower cost Kodak Moments-to-Go retail placements driving overall ecosystem revenues, and growing service revenues through expansion into adjacent markets.

The discount rate used in determining the fair value was a pre-tax measure estimate based on the weighted average cost of capital for similar businesses, consistent with the assumptions that a market participant would make. It is comprised of the required return on equity appropriate for each business plus the current cost of debt, weighted by the relative debt and equity ratios for comparable companies. The cost of equity was determined using the Capital Asset Pricing Model modified to include premiums for country risk and the size of the businesses. The cost of debt was estimated based on the normalized yield to maturity for USD-denominated BB notes.

Five years of the cash flows were included in the discounted cash flow model and include specific estimates and assumptions that a market participant would make. A growth rate of nil % was applied to the terminal value.

Budgeted EBITDA is based on expectations of future outcomes considering past experience, adjusted for anticipated revenue increases and decreases, depending on the product and management plans. Revenues were projected for the products in which each CGU operates taking in to consideration third party reports and market data, together with management's expectations related to its investments in products and go-to-market strategies.

EBITDA was adjusted for corporate costs required to run the business on a standalone basis and are consistent with the assumptions that a market participant would make. EBITDA was also adjusted for working capital expectations and projected capex costs.

The fair values and direct costs to sell the businesses were discounted based on the expected sale date and cost to sell include both cash flows related to the business pre and post-sale.

The fair value less costs to sell of the Alaris CGU and the Kodak Moments CGU exceeded their respective carrying value and no impairment was required. Implicit within the calculation is the expectation of the future valuation of the business and the associated selling costs. The model developed is sensitive to several assumptions but particularly EBITDA growth. The following percentage movements in the EBITDA assumptions would be required before an impairment would result: EBITDA growth for Alaris would need to decrease to less than 1.3% to result in an impairment, and to less than 1.5% for Kodak Moments.

In the comparative period, the carrying value of the Alaris business unit exceeded its recoverable amount an impairment loss of $86,174 thousand was recognised. The impairment charge was fully allocated to goodwill and recognized in administrative expenses. The carrying value of the Kodak Moments business unit exceeded its recoverable amount and an impairment loss of $31,600 thousand was recognised. Since the impairment loss exceeded the value of the goodwill the remaining amount was allocated to other intangibles and fixed assets as indicated in the impairment charges summary table above and recognized in administrative expense.

Note 14: Investments in equity accounted investees

Investments in associates	Country of incorporation	Class of shares held	Ownership %	31 March 2019 $000	31 March 2018 $000
Immobiliare Aquileja S.r.l. (formerly Fotomarket)[1]	Italy	Ordinary	20.9%	**214**	235
ITyX Technology GmbH[2]	Germany	Ordinary	25.1%	**17,860**	17,860
				18,074	18,355
Provision				**(17,860)**	(17,860)
Total investments in associates				**214**	235

	31 March 2019 $000	31 March 2018 $000
Balance at beginning of the period	**235**	494
Shares sold in the period	**-**	(293)
Effect of movements in foreign exchange	**(21)**	34
Balance at the end of the period	**214**	235

The results of all associated undertakings are individually, and in their entirety, not material to the Group and hence have not been included in the Group's financial statements.

1 Real Estate Aquileja S.r.l.: Via Sella Quintino 4 Cap 20121, Milano, Italy. Nature of relationship – associate. Nature of activities – property management (not strategic to the Group's activities).

2 ITyX Technology GmbH: Carl-Benz Strasse 10-12, D-56218 Mülheim-Kärlich, Nature of relationship – associate. In 2015, we discontinued our relationship with ITyX Technology GmbH, the software platform for our AI Foundry business and the investment was fully provided for. The discontinuation of the relationship was subject to legal proceedings and details are provided in Note 27.

Note 15: Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 March 2019 $000	Liabilities 31 March 2019 $000	Assets 31 March 2018 $000	Liabilities 31 March 2018 $000
Property, plant and equipment	**308**	**(904)**	429	(1,020)
Intangible assets	**3,907**	**(5,219)**	4,306	(6,527)
Inventories	**578**	**(337)**	519	(355)
Financial assets	**36**	**(20)**	3	(23)
Employee benefits	**6,007**	**(1,619)**	5,661	(1,823)
Provisions	**1,240**	**(630)**	1,673	(403)
Tax value of loss carry-forwards	**761**	**-**	3,176	-
Other	**3,982**	**(1,840)**	2,695	(2,035)
Total Tax	**16,819**	**(10,569)**	18,462	(12,186)
Net Tax asset		**6,250**		6,276

Movement in deferred tax during the period:

	1 April 2018 $000	Recognised in income $000	Recognised in equity $000	Foreign currency impact $000	Reclassified to Held for Sale $000	31 March 2019 $000
Property, plant and equipment	(591)	(5)	-	-	-	**(596)**
Intangible assets	(2,221)	909	-	-	-	**(1,312)**
Inventories	164	77	-	-	-	**241**
Financial assets	(20)	(883)	-	919	-	**16**
Employee benefits	3,838	531	19	-	-	**4,388**
Provisions	1,270	(618)	-	-	(42)	**610**
Tax value of loss carry-forwards utilised	3,176	(2,415)	-	-	-	**761**
Other	660	1,482	-	-	-	**2,142**
Movement in deferred tax[1]	6,276	(922)	19	919	(42)	**6,250**

	1 January 2017 $000	Recognised in income $000	Recognised in equity $000	Acquired or Disposed in business combination $000	Reclassified to Held for Sale $000	31 March 2018 $000
Property, plant and equipment	13,208	(13,799)	-	-	-	(591)
Intangible assets	(3,990)	1,769	-	-	-	(2,221)
Inventories	505	(341)	-	-	-	164
Financial assets	-	(4,139)	-	4,119	-	(20)
Employee benefits	5,603	(1,016)	(749)	-	-	3,838
Provisions	1,360	115	-	-	(205)	1,270
Tax value of loss carry-forwards utilised	166	3,010	-	-	-	3,176
Other	(31)	691	-	-	-	660
Movement in deferred tax	16,821	(13,710)	(749)	4,119	(205)	6,276

1 Opening figures adjusted for discontinued operations

The Group has certain unrecognised deferred tax assets related to its operations in the United States and United Kingdom. The Group has not recognised the deferred tax benefit on these assets as we expect to generate continued tax deductions in excess of book value and are unable to estimate the expected reversal of certain deferred tax liabilities which may generate future taxable income. This makes the Group's ability to estimate overall future taxable income at the legal entity level uncertain at this time.

These unrecognised assets total $199 million (2018: $190 million), of which approximately $139 million relate to US operations (2018: $130 million). Of the total $199 million in unrecognised deferred tax assets (2018: $190 million), approximately $33 million results from acquired intangibles (2018: $48 million).

Note 16: Inventories

	31 March 2019 $000	31 March 2018 $000
Raw materials and consumables	**6,759**	4,995
Work in progress	**1,518**	3,257
Finished goods	**32,009**	41,213
Total inventories	**40,286**	49,465

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to $274 million (2018: $359 million). The write-down of inventories to net realisable value amounted to $10 million (2018: $9 million). There were no reversals of write-downs during the period (2018: $nil).

Note 17: Trade and other receivables

	31 March 2019 $000	31 March 2018 $000
Trade receivables	**81,755**	74,348
Other receivables	**16,087**	63,623
Unbilled revenue	**620**	267
Prepayments	**8,504**	12,953
Total trade and other receivables	**106,966**	151,191
Non-current	**1,055**	14,778
Current	**105,911**	136,413
Total trade and other receivables	**106,966**	151,191

There were no material amounts pledged as collateral for the year (2018: nil).

The average credit period on sales of goods is 46 days (2018: 51 days). The carrying value of trade receivables approximates fair value.

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data.

Note 18: Cash and cash equivalents

	31 March 2019 $000	31 March 2018 $000
Cash and cash equivalents per balance sheet	**100,346**	69,936

Cash and cash equivalents include $646 thousand (2018: $459 thousand) that are restricted as to withdrawal or use under the terms of certain contractual agreements.

Note 19: Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 24.

	31 March 2019 $000	31 March 2018 $000
Loan notes	**113,260**	105,652
Interest payable	**945**	860
Other borrowings	**2,099**	3,002
Non-current liabilities	**116,304**	109,514
Other borrowings	**902**	1,227
Interest payable	**-**	1
Current liabilities	**902**	1,228

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 31 March 2019 $000	Carrying amount 31 March 2019 $000	Face value 31 March 2018 $000	Carrying amount 31 March 2018 $000
$100M Tranche B loan notes	USD	LIBOR +7%	2028	**113,260**	**113,260**	105,652	105,652
Other borrowings	INR	12.25%	2019	**285**	**285**	909	909
Promissory note	USD	0%	2020	**200**	**200**	320	320
Assumed loan notes	USD	2%	2023	**2,516**	**2,516**	3,000	3,000
				116,261	**116,261**	109,881	109,881

Note 20: Trade and other payables

	31 March 2019 $000	31 March 2018 $000
Trade payables	**50,632**	62,116
Deferred revenue	**45,047**	49,043
Non-trade payables and accrued expense	**45,947**	39,683
Current	**141,626**	150,842
Other payables	**1,360**	2,891
Deferred revenue	**14,547**	15,487
Non-current	**15,907**	18,378

Note 21: Employee benefits

Pension Plans

The Group sponsors various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service, or date of hire. The plans generally are financed by employee and employer contributions. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans
The Group's contributions under these plans amounted to $5,780 thousand (2018: $6,241 thousand) during the period.

Defined benefit plans
The Group operates defined benefit plans in various countries, the main locations being Germany, the Netherlands and Switzerland. Approximately 57% of the total defined benefit obligation accrued to date relates to the defined benefit plans in Germany, which for the most part are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life.

The majority of benefit payments are from funded arrangements; however, there are also a number of unfunded plans where the Group meets the benefit payments as they come due. Plan assets held in funded arrangements are governed by local regulations and practices in each country and are generally held at third-party insurers. The movement in the defined benefit obligation and fair value of plan assets over the prior and current periods is as follows:

	Present value of defined benefit obligation 31 March 2019 $000	Fair value of plan assets 31 March 2019 $000	Net balance sheet position 31 March 2019 $000
Amounts recognised at 01 April 2018	(53,679)	33,855	**(19,824)**
Amounts reclassified as held for sale at 31 March 2018	(228)	-	**(228)**
Amounts recognized at 01 April 2018 unadjusted	(53,907)	33,855	**(20,052)**
IAS 19 Cost			
Current service cost	(1,359)	-	**(1,359)**
Past service cost – curtailments	194	-	**194**
Interest (expense)/income	(1,009)	618	**(391)**
Benefit Cost Recognised in Income Statement	(2,174)	618	**(1,556)**
Actuarial gains/(losses)			
Return on plan assets, excluding interest expense	-	2,572	**2,572**
Loss from change in demographic assumptions	(310)	-	**(310)**
Gain from change in financial assumptions	(3,456)	-	**(3,456)**
Gain from actuarial experience	1,303	-	**1,303**
Actuarial (losses)/gains recognised in consolidated statement of other comprehensive income	(2,463)	2,572	**109**
Cash flow			
Employer contributions	-	1,431	**1,431**
Employee contributions	(84)	84	**-**
Benefits paid directly by the Company	187	(187)	**-**
Benefits paid from plan assets	683	(683)	**-**
Net cash (out flow)/in flow	786	645	**1,431**
Other			
Exchange differences	4,516	(2,915)	**1,601**
Total other	4,516	(2,915)	**1,601**
Amounts recognised at 31 March 2019 unadjusted	(53,242)	34,775	**(18,467)**
Reclassified as held for sale	217	-	217
Amounts recognised at 31 March 2019	**(53,025)**	**34,775**	**(18,250)**

	Present value of defined benefit obligation 31 March 2018 $000	Fair value of plan assets 31 March 2018 $000	Net balance sheet position 31 March 2018 $000
Amounts recognised at 01 January 2017	(46,677)	27,627	(19,050)
IAS 19 Cost			
Current service cost	(1,877)	-	(1,877)
Past service cost – plan amendments	(1,590)	-	(1,590)
Past service cost – corrections	(1,072)		(1,072)
Past service cost – curtailments	196	-	196
Interest (expense)/income	(1,286)	700	(586)
Benefit Cost Recognised in Income Statement	(5,629)	700	(4,929)
Actuarial gains/(losses)			
Return on plan assets, excluding interest expense	-	(269)	(269)
Gain from change in demographic assumptions	(44)	-	(44)
Loss from change in financial assumptions	341	-	341
Loss from corrections to OCI	630	-	630
Loss from actuarial experience	2,765	-	2,765
Actuarial (losses)/gains recognised in consolidated statement of other comprehensive income	3,692	(269)	3,423
Cash flow			
Employer contributions	-	2,593	2,593
Employee contributions	(108)	108	-
Benefits paid directly by the Company	322	(322)	-
Benefits paid from plan assets	1,022	(1,022)	-
Net cash (out flow)/in flow	1,236	1,357	2,593
Other			
Exchange differences	(6,529)	4,440	(2,089)
Reclassified as held for sale	228	-	228
Total other	(6,301)	4,440	(1,861)
Amounts recognised at 31 March 2018	(53,679)	33,855	(19,824)

Details of the plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 March 201 and 31 March 2018 are shown below:

	31 March 2019 $000	31 March 2018 $000
Present value of defined benefit obligation	**(53,025)**	(53,679)
of which: amounts owing to active members	**(33,795)**	(38,836)
of which: amounts owing to not active members	**(10,456)**	(12,093)
of which: amounts owing to pensioners	**(8,774)**	(2,750)
Fair value of plan assets	**34,775**	33,855
Net defined benefit liability	**(18,250)**	(19,824)
Weighted average duration of defined benefit obligation	18 Years	19 Years

Disaggregation of fair value plan assets by class are shown below:

Plan Assets	Quoted 31 March 2019 $000	Other 31 March 2019 $000	Total 31 March 2019 $000
Cash, Fixed Income, Equities	-	-	**-**
Other	-	34,775	**34,775**
Total	-	34,775	**34,775**

The principal assumption used at the year-end was the discount rate. The weighted-average discount rate used at 31 March 2019 was 1.5% (2018: 2%).

Other significant assumptions include the rate of future salary increases and the rate of future pension increases. The weighted-average salary increase assumption at the period-end was 2.1% (2018: 2.6%). The weighted-average future pension increase assumption was 1.7% (2018: 1.2%).

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. For example, in Germany, the life expectancy for a male aged 65 at the balance sheet date is 20.22 years, while the life expectancy at age 65 for a male aged 40 at the balance sheet date is 22.33 years.

The expense recognized in income for the period was $1,556 thousand relating primarily to current service costs of $1,359 thousand, with the remainder relating to interest expense of $391 thousand, and curtailment gains of $194 thousand resulting from company-led restructuring in France.

The net defined benefit liability, after adjustments for balances held for sale decreased by $1,574 thousand (2018: increase of $774 thousand) due to liability losses from reduced discount rates in the most significant countries, offset by increased asset values primarily in the Netherlands due updated estimates of the insurance asset value, favourable exchange rate movement and experience gains

The Group expects to make a contribution of $1,561 thousand (2018: $1,839 thousand) to the defined benefit plans, including benefit payments to participants in unfunded plans, during the next financial year.

The fair value of plan assets includes no amounts relating to any of the Group's own financial instruments or any of the property occupied by or other assets used by the Group.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below.

Change in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans insurance holdings.

Life expectancy: Some of the plans obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans liability.

Salary increases: Some of the plans benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

Investment risk is managed through the use of third-party insurance contracts as funding vehicles.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table shows the sensitivity of the defined benefit obligation to changes in each significant assumption:

	Increase/(decrease) in defined benefit obligation ($000)
Discount rate – Increase by 100 basis points	(8,801)
Rate of salary increase – Increase by 100 basis points	3,027
Rate of pension increase – Increase by 100 basis points	7,156

Funding

Contributions to the defined benefit plans are generally made in accordance with the relevant insurance tariffs and are intended to meet or exceed minimum funding requirements based on local statutory and contractual requirements and associated taxation rules.

Note 22: Provisions

	Warranties $000	Restructuring $000	Asset Retirement Obligations $000	Other $000	Total $000
Balance at 1 January 2017	3,315	5,941	9,741	-	18,997
Provisions made during the period	3,506	10,108	852	7,899	22,365
Provisions used during the period	(1,638)	(11,139)	(9)	-	(12,786)
Provisions reversed during the period	(3,642)	(683)	(7,202)	-	(11,527)
Effect of movement in foreign exchange	34	(494)	630	-	170
Balance at 31 March 2018	1,575	3,733	4,012	7,899	17,219
Non-current	-	-	2,411	400	2,811
Current	1,575	3,733	1,601	7,499	14,408
Total provisions at 31 March 2018	1,575	3,733	4,012	7,899	17,219
Balance at 1 April 2018	1,575	3,733	4,012	7,899	17,219
Provisions made during the year	2,692	1,996	381	1,775	6,844
Provisions used during the year	(405)	(3,051)	(266)	(400)	(4,122)
Provisions reversed during the year	(2,420)	(1,274)	-	-	(3,694)
Effect of movement in foreign exchange	(132)	(275)	(195)	(18)	(620)
Balance at 31 March 2019	**1,310**	**1,129**	**3,932**	**9,256**	**15,627**
Non-current	**-**	**-**	**3,932**	**-**	**3,932**
Current	**1,310**	**1,129**	**-**	**9,256**	**11,695**
Total provisions at 31 March 2019	**1,310**	**1,129**	**3,932**	**9,256**	**15,627**

The Group provides warranties in connection with equipment sold and generally these cover a period of up to one year.

Provisions for restructuring include severance costs and are expected to be utilised within a year. The provision is based on those restructuring actions which have been approved and communicated as of 31 March 2019.

Provisions for asset retirement obligations includes the cost of remediating asbestos contained in buildings the Group owns, as well as the cost of removing and disposing of equipment loaned to customers. Provisions for asbestos remediation costs are estimates of future remediation costs based on current rates and assumed settlement dates which are not known with certainty as of the balance sheet date. The provision for removing and disposing of loaned equipment can be expected to be utilised in three to five years.

Other provisions include a provision of $7,466 thousand in relation to an award arising from the US litigation action brought by ITyX Solutions AG together with interest thereon of $1,745 thousand (2018: $7,466 thousand). The utilisation period is uncertain at this time.

Note 23: Capital and reserves

Share capital	31 March 2019 Number	31 March 2019 $000	31 March 2018 Number	31 March 2018 $000
Issued for cash ordinary shares of $1.00 each	**167,000**	**167,000**	167,000	167,000

Other equity	Share premium $000	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total other equity $000
1 January 2017	-	-	(17,450)	(385,764)	(403,214)
Loss for the period	-	-	-	(191,901)	(191,901)
Items that will not be recycled to profit or loss:					
Re-measurements of defined benefit liability	-	-	-	3,423	3,423
Deferred tax on other comprehensive loss for the period	-	-	-	(749)	(749)
Commodity hedge gain	-	-	-	(68)	(68)
Items that are or may be recycled to profit or loss:					
Foreign currency translation differences – foreign operations, net	-	-	9,393	-	9,393
Share issue	575,348	-	-	-	575,348
Transfer from share premium account	(575,348)	575,348	-	-	-
Share issue costs[1]	-	(2,000)	-	-	(2,000)
Total other equity as at 31 March 2018	-	573,348	(8,057)	(575,059)	(9,768)
1 April 2018	-	573,348	(8,057)	(575,059)	(9,768)
Loss for the year	-	-	-	(39,654)	(39,654)
Items that will not be recycled to profit or loss:					
Re-measurements of defined benefit liability	-	-	-	109	109
Adoption of accounting standards	-	-	-	(3,840)	(3,840)
Deferred tax on other comprehensive loss for the year	-	-	-	(19)	(19)
Items that are or may be recycled to profit or loss:					
Foreign currency translation differences – foreign operations, net	-	-	(3,964)	-	(3,964)
Change in fair value of assets classified as held for sale	-	-	175	-	175
Total other equity as at 31 March 2019	**-**	**573,348**	**(11,846)**	**(618,463)**	**(56,961)**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Dividends

No dividends were recognised during the period and no dividends were proposed by the directors after the balance sheet date (2018: nil).

Balance sheet restructuring

The Group changed its capital and debt structure in early 2017; On 7 April 2017 KPP2 released $575,347,642 of debt in consideration for the issue of 100 additional $1 ordinary shares with a share premium of $575,347,542. In addition, the Company reduced its share capital by extinguishing its share premium account to create distributable reserves.

1 Share issue costs relate to legal and professional fees associated with the issue of shares

Note 24: Financial Instruments

(a) Fair values of financial instruments

For financial instruments not held at fair value, the carrying value is deemed to be a reasonable approximation of fair value.

There are no significant derivative financial instruments at 31 March 2019 (2018: nil).

No financial instruments are carried at fair value under level 1 or level 3 of the hierarchy table.

	Level	Carrying amount 31 March 2019 $000	Fair value 31 March 2019 $000	Carrying amount 31 March 2018 $000	Fair value 31 March 2018 $000
Financial liabilities measured at amortised cost					
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**113,260**	**113,260**	105,652	105,652
Promissory Note 0% Maturity 2020	2	**200**	**200**	320	320
Assumed Loan Notes 2% Maturity 2023	2	**2,516**	**2,516**	3,000	3,000
Revolving Credit Facility	2	**-**	**-**	-	-

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment cash held with financial institutions.

At the balance sheet date there were significant concentrations of credit risk exposure to retail customers in the Kodak Moments business. This is driven by the seasonality of sales. Management are confident about the recoverability of these balances with the majority of amounts outstanding at 31 March 2019 having been collected post year-end.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was as follows:

	31 March 2019 $000	31 March 2018 $000
Cash and cash equivalents	**100,346**	69,936
Trade receivables	**81,755**	74,348
Other receivables	**16,087**	63,623

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was as follows:

	31 March 2019 $000	31 March 2018 $000
US and Canada	**26,445**	21,688
Europe, Middle East and Africa	**31,895**	29,366
Asia Pacific	**12,366**	11,450
Latin America	**11,049**	11,844
	81,755	74,348

Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of products, equipment, software, services and integrated solutions

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 31 March 2019 $000	Impairment 31 March 2019 $000	Gross 31 March 2018 $000	Impairment 31 March 2018 $000
Not past due	**75,915**	**(29)**	67,533	(204)
Past due 0-30 days	**3,729**	**(28)**	5,059	-
Past due 31-60 days	**1,742**	**(48)**	1,564	(15)
Past due 61-90 days	**502**	**(28)**	579	(169)
More than 90 days	**3,502**	**(3,502)**	3,417	(3,416)
	85,390	**(3,635)**	78,152	(3,804)

The historical expected loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables. The Group has identified factors in the countries in which it sells its goods and services to be the most relevant, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	Current $000	1-30 days past due date $000	31-60 days past due date $000	61-90 days past due date $000	90 days or more past due date $000	Total $000
Year ended 31 March 2019						
Expected credit loss rate (default rate)	0.25%	0.75%	2.75%	5.50%	100.00%	
Carrying value of trade receivables	75,915	3,729	1,742	502	3,502	85,390
Expected credit loss	(29)	(28)	(48)	(28)	(3,502)	(3,635)
Net carrying value of trade receivables	**75,886**	**3,701**	**1,694**	**474**	**-**	**81,755**

The impairment provision for trade receivables as at 31 March 2019 reconciles to the opening provision as follows:

	31 March 2019 $000
31 March 2018 – calculated under IAS 39	(3,804)
Increase in provision recognised in profit or loss during the year	(1,339)
Unused amount reversed	1,508
At 31 March 2019	**(3,635)**

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy on funding is to ensure that it has access to liquidity and has appropriate funding structures in place so that there is always sufficient long-term funding and short-term facilities in place to meet foreseeable peak borrowing requirements.

In April 2017, the Group signed a multicurrency Revolving Credit Facility (the "facility") of $67 million with its principal lender, HSBC Bank to June 2020, with an option to extend to June 2021. On 30 June 2017, in accordance with the terms of the facility, the facility amount was reduced to $55 million after proceeds were received from the Harrow Land Sale. The facility progressively reduces to $50 million by 30 June 2019. The facility contains certain financial covenants and tests of which a future breach would result in an event of default which would require a waiver from the principal lender. Throughout the reporting period, the Group has maintained sufficient headroom against these financial covenants, which are closely monitored by management on a regular basis.

As of 31 March 2019, the Group had drawn $nil (2018: $nil) against the facility. Interest is charged at a floating rate based on Euribor or Libor depending upon the drawdown currency plus a variable margin. It should be noted that $2 million of the facility was utilised by way of outstanding guarantees (2018: $3 million).

The Board believes this facility provides sufficient liquidity to meet the requirements of the Group's subsidiaries.

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1 to 2 years $000	2 to > 5 years $000	5 years and over $000
31 March 2019						
Tranche B Loan notes	**113,260**	**280,963**	-	-	-	**280,963**
Interest payable (long-term)	**945**	**945**	-	-	-	**945**
Promissory Note - EPM	**200**	**200**	**100**	**100**	-	-
Assumed Loan notes	**2,516**	**2,650**	**550**	**540**	**1,560**	-
Other borrowings	**285**	**298**	**298**	-	-	-
Trade payables	**50,632**	**50,632**	**50,632**	-	-	-
31 March 2018						
Tranche B Loan notes	105,652	294,962	-	-	-	294,962
Interest payable (long-term)	860	860	-	-	-	860
Promissory Note - EPM	320	320	100	100	120	-
Assumed Loan notes	3,000	3,210	560	550	2,100	-
Other borrowings	909	1,007	690	317	-	-
Trade payables	62,116	62,116	62,116	-	-	-

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency and interest rate risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group. The functional currencies of the Group's major trading companies are USD, EUR and RMB. The currencies in which these transactions are primarily denominated are also USD, EUR and RMB. On a net basis across all its trading currencies, the Group is typically long on EUR, CAD, AUD and JPY and short on USD. During the financial period, the Board approved a foreign exchange strategy and policy which allows for a structured programme of selling long currencies to support the short USD position.

Market risk - Foreign currency risk

The exposure to foreign currency risk is as follows based on the carrying amount for monetary financial instruments:

	Sterling $000	Euro $000	US Dollar $000	RMB $000	Other $000	Total $000
31 March 2019						
Cash and cash equivalents	**28,890**	**7,123**	**45,190**	**6,434**	**12,709**	**100,346**
Trade receivables	**2,381**	**28,815**	**33,308**	**2,411**	**14,840**	**81,755**
Other receivables	**5**	**1,048**	**14,137**	**381**	**516**	**16,087**
Borrowings, including interest	**-**	**-**	**(116,921)**	**-**	**(285)**	**(117,206)**
Trade payables	**(1,337)**	**(9,061)**	**(29,500)**	**(4,071)**	**(6,663)**	**(50,632)**
31 March 2018						
Cash and cash equivalents	4,275	27,559	8,986	5,821	23,295	69,936
Trade receivables	4,488	21,838	26,482	3,485	18,055	74,348
Other receivables	37,600	414	22,973	251	2,385	63,623
Borrowings, including interest	-	-	(109,832)	-	(909)	(110,741)
Trade payables	(1,665)	(10,880)	(37,856)	(6,111)	(5,604)	(62,116)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the US dollar at 31 March 2019 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity at 31 March 2019 $000	Profit or loss 12 Months to 31 March 2019 $000	Equity at 31 March 2018 $000	Profit or loss 15 months to 31 March 2018 $000
Euro	-	**2,793**	-	3,951
Pound Sterling	-	**2,994**	-	4,470

A 10% percent weakening of the above currencies against the US dollar at 31 March 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

Profile

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	31 March 2019 $000	31 March 2018 $000
Variable rate instruments		
Financial liabilities – Tranche B CISX Listed Loan Notes	**113,260**	105,652

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased/ (decreased) net assets and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps.

Profit or loss	31 March 2019 $000	31 March 2018 $000
Increase	**(1,083)**	(1,332)
Decrease	**1,083**	1,332

(e) Capital management

The Group's objectives when managing capital are to safeguard its solvency in order to provide optimal returns for its Parent company, and to maintain an efficient capital structure.

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group ensures a combination of short-term liquidity headroom with a long-term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 9.3 years (2018: 10.3 years).

In order to maintain or realign the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

Note 25: Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Property $000	Vehicles $000	Equipment $000	Total $000
31 March 2019				
Less than one year	**5,475**	**1,798**	**39**	**7,312**
Between one and five years	**12,723**	**2,439**	**40**	**15,202**
More than five years	**4,106**	**-**	**-**	**4,106**
Total operating leases	**22,304**	**4,237**	**79**	**26,620**
31 March 2018				
Less than one year	7,260	2,032	68	9,360
Between one and five years	11,053	1,913	100	13,066
More than five years	6,105	-	-	6,105
Total operating leases	24,418	3,945	168	28,531

During the year $12 million (2018: $17 million) was recognised as an expense in the income statement in respect of operating leases.

Note 26: Commitments

Capital commitments

There are no material capital commitments for the Group at 31 March 2019 (2018: none).

Off-balance sheet arrangements

As per 2018, the Group is party to lease arrangements primarily associated with facilities that are not reflected on the balance sheet. The leases have varying terms including escalation clauses and renewal rights none of these terms represent unusual arrangements or create material onerous obligations. The future aggregate minimum lease payments under non-cancellable operating leases and associated future minimum sublease income are disclosed in Note 25.

Guarantees and indemnities

The Company has issued certain guarantees in respect of a number of third parties. The guarantees held on behalf of the Company by HSBC totals $2 million (2018: $3 million).

The Company has issued certain guarantees in relation to its subsidiaries. In line with our policy no amount was considered probable hence no contingent liabilities have been recorded.

Note 27: Contingencies

The Company is the plaintiff in a German litigation action brought against ITyX Technology GmbH, ITyX Investment GmbH & Co. KG and Süleyman Arayan. The matter is currently before the District Court Frankfurt am Main and Higher Regional Court Frankfurt am Main and a ruling is expected on 27 August 2019. The matters at stake relate to the Company's shares in ITyX Technology GmbH, the validity of a call option, the validity of a termination of an investment framework agreement, the withdrawal of the Company as a shareholder from ITyX Technology GmbH and compensation due to the Company arising from such withdrawal.

The Company is the defendant in a German litigation action brought by ITyX Solutions AG. The matter is currently before the District Court of Cologne. ITyX Solutions AG has claimed damages of EUR 50,867 thousand plus USD 72,183 thousand and interest thereon. The matters at stake relate to alleged immoral behaviour by Kodak Alaris Inc. orchestrated by the Company intended to cause damage to ITyX Solutions AG through the termination of certain commercial agreements. The Company is defending the claim. No hearing date is set for the matter. Based on the advice of external counsel it is unlikely that the Company will incur any significant damages.

The Company is the defendant in a German litigation action brought by ITyX Technology GmbH. The matter is currently before the District Court of Frankfurt am Main. ITyX Technology GmbH has claimed damages of EUR 2,000,000 plus interest thereon which ITyX Technology GmbH claims is due and payable pursuant to an investment framework agreement. The Company is defending the claim. No hearing date is set for the matter. Based on the advice of external counsel it is unlikely that the Company will incur any significant damages.

Kodak Alaris France SAS is the defendant in two proceedings brought by two ex-employees who were dismissed following a restructuring. The two ex-employees are seeking reinstatement and damages totalling approximately EUR 500,000. The advice from external counsel is that it is unlikely that Kodak Alaris France SAS will incur any significant damages.

GmbH claims is due and payable pursuant to an investment framework agreement. The Company is defending the claim. No hearing date is set for the matter. Based on the advice of external counsel it is unlikely that the Company will incur any significant damages.

Kodak Alaris France SAS is the defendant in two proceedings brought by two ex-employees who were dismissed following a restructuring. The two ex-employees are seeking reinstatement and damages totalling approximately EUR 500,000. The advice from external counsel is that it is unlikely that Kodak Alaris France SAS will incur any significant damages.

Note 28: Related parties

The Group had related party transactions with its directors, various pension schemes and its ultimate parent. The disclosure of the director's remuneration is reported under Note 7 and transactions with the pension schemes are disclosed in Note 21. The Group also has minor equity accounted investments but there were no transactions recorded between the Group and these investees. None of the Directors or their immediate relatives own shares of the Company. All transactions have been conducted on an arms-length basis.

	Interest expense $000	**Amounts owed to related party $000**
31 March 2019		
Ultimate parent of the Group	**10,262**	**114,205**
Associates	**-**	**-**
	10,262	**114,205**
31 March 2018		
Ultimate parent of the Group	21,591	106,512
Associates	-	-
	21,591	106,512

In addition to the transactions and balances shown in the above table, the Group has been charged $647 thousand (2018: $467 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, $31 thousand was outstanding at 31 March 2019 (2018: $93 thousand).

In the prior period, a secured loan of $1 million was advanced to a director with an interest rate of 4.1% per annum. The terms of the loan stipulated that it was to be paid in full, along with accrued interest, at the earliest of 29 March 2019, upon the sale of a property or upon termination of employment. The full loan amount, along with the accrued interest, was repaid on 4 October 2018. No provision for doubtful debts or expense in respect of doubtful debts were recorded during the year (2018: nil).

All subsidiaries have adopted the same reporting date as the Company, with the exception of Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd, Kodak Alaris Management (Shanghai) Co. Ltd., Kodak Alaris Services Mexico, S.A. De C.V., Kodak Alaris Mexico S.A. de C.V. and Kodak Alaris S.A.I.C. which have remained on a 31 December year-end, in-line with local legislation.

There are no material non-controlling interests in any of the above investments as the Group holds 100% of all subsidiary entities when stakes held by intermediate holding companies are considered.

The consolidated financial statements include the financial statements of Kodak Alaris Holdings Limited and the subsidiaries listed in the following table:

Name	Registered office	Country of incorporation	Class of shares held
Directly held			
Kodak Alaris S.A.I.C.	San Vladimiro 3056 Piso 1 (1642), San Isidro, Buenos Aires	Argentina	Ordinary
Kodak Alaris Australia Pty. Limited	2 Domville Ave, Hawthorn Victoria 3122	Australia	Ordinary
Kodak Alaris Belgium SA	Avenue de Port 86c, Box 204, 1000 Bruxelles	Belgium	Ordinary
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda.	Av. Dos Oitis, No. 760, warehouses 1 and 2, Distrito Industrial, Manaus, Amazonas	Brazil	Ordinary
Kodak Alaris (Brazil) Comércio de Material Fotográfico e Serviços Ltda.	Rod. Presidente Dutra, KM 154,7, Suite 1, Ground floor, part D of Building 6, São José dos Campos, São Paulo	Brazil	Ordinary
Kodak Alaris Operations Canada Inc.	160 Elgin Street, Suite 2600, Ottawa, Ontario, K1P 1C3	Canada	Ordinary
Kodak Alaris France SAS	37-39 Avenue Ledru Rollin 75012 Paris	France	Ordinary
Kodak Alaris Germany GmbH	Augsburger Straße 712 70329 Stuttgart Germany	Germany	Ordinary
Kodak Alaris Hong Kong Limited	16/F Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong	Hong Kong	Ordinary
Kodak Alaris India Private Limited	Unit-2, Office No. 272, Solitaire Corporate Park Guru Hargovindji Rd, Andheri East, Mumbai 400093, Maharashtra	India	Ordinary
Kodak Alaris Italy S.R.L.	Via Assunta 61CAP 20834 Nova Milanese (MB)	Italy	Ordinary
Kodak Alaris Japan Kabushiki-Kaisha	KDX Ochanomizu-Building 2-9, Surugadai Kanda Chioda-ku, Tokyo	Japan	Ordinary
Kodak Alaris Services Mexico, S.A. De C.V.	Amado Nervo 2200, Planta Baja Torre BIO I, Ciudad del Sol, Zapopan, Jalisco, 45050	Mexico	Ordinary
Kodak Alaris Mexico S.A. de C.V.	Amado Nervo 2200, Planta Baja Torre BIO I, Ciudad del Sol, Zapopan, Jalisco, 45050	Mexico	Ordinary
Kodak Alaris Netherlands B.V.	De Kronkels 16a, 3752 LM, Bunschoten-Spakenburg	Netherlands	Ordinary
Kodak Alaris Singapore Pte. Ltd.[1]	315 Alexandra Road, No. 04-18 Sime Darby Business Center, Singapore 159944	Singapore	Ordinary
Kodak Alaris Spain, S.L.U.	Santiago de Compostela, 94, 28035 Madrid	Spain	Ordinary
Kodak Alaris Sweden AB[3]	Veddesta Centrum 175 72, Järfälla, Sweden	Sweden	Ordinary
Kodak Alaris Switzerland Sàrl	Route de Crassier 21, 1262 Eysins	Switzerland	Ordinary
Kodak Alaris IPCo Switzerland Sàrl	Route de Crassier 21, 1262 Eysins	Switzerland	Ordinary
Kodak Alaris Thailand Limited[2]	No. 549/277 Charansanitwong Rd, Banghunsri Sub-district, Bangkoknoi District, Bangkok	Thailand	Ordinary
Kodak Alaris Limited	Hemel One, Boundary Way, Hemel Hempstead, Herts., HP2 7YU	United Kingdom	Ordinary
Kodak Alaris Inc.	2711 Centreville Road, Suite 400, Wilmington, Delaware 19808	United States	Ordinary
Indirectly held			
Kodak Alaris International Limited Zweigniederlassung Österreich	Neustiftgasse 5/1/9, 1070 Wien	Austria	Ordinary
Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd.	Ist Floor, Building 8, 27 New Jinqioa Road, Jinqiao Economic and Technology Development Zone, Pudong New District, Shanghai	China	Ordinary
Kodak Alaris Management (Shanghai) Co. Ltd	Ist Floor, Building 8, 27 New Jinqioa Road, Jinqiao Economic and Technology Development Zone, Pudong New District, Shanghai	China	Ordinary
Kodak Alaris Denmark Branch, Fillial af Kodak Alaris International Limited[3]	c/o TMF Denmark A/S Bredgade 6, 1, 1260 Copenhagen	Denmark	Ordinary
Kodak Alaris International Limited, Finnish Branch[3]	c/o TMF Finland Oy, Erottajankatu 9 B 3, 00130 Helsinki	Finland	Ordinary
Kodak Alaris Limited Ireland Branch	1st Floor, 10-11 Exchange Place, IFSC, Dublin 1	Ireland	Ordinary
Kodak Alaris International Limited[4]	Hemel One, Boundary Way, Hemel Hempstead, Herts., HP2 7YU	United Kingdom	Ordinary
Kodak Alaris Limited Dubai Branch	Office 401, Al Barsha Business Point, Al Barsha 1, Dubai	UAE	Ordinary

Note 29: Ultimate parent company

The Company is wholly and ultimately owned by KPP (no. 2) Trustees Limited (a company registered in England with registered number 8819827) in its capacity as trustee of the Kodak Pension Plan (no. 2) ("KPP2").

Note 30: Subsequent events

After the reporting date the preferred bidder to acquire the PPF business withdrew their approach, however management remain committed to the plan to sell. Management is considering its alternate options and in line with the instruction received from the shareholder, a sale is expected to conclude during the financial year to 31 March 2020. Management consider the withdrawal of the preferred bidder to be a non-adjusting post balance sheet event.

1 Kodak Alaris Singapore Pte. Ltd. has two representation offices - Kodak Alaris Singapore Pte. Ltd. Thailand Rep. office and Kodak Alaris Singapore Pte. Ltd. Philippine Rep. office

2 Kodak Alaris Thailand Limited was liquidated on 2 April 2018.

3 The Group announced that it has ceased its Nordic operations at the end of March 2019

4 As permitted by s479A of the Companies Act 2006, the Group has taken the advantage of the audit exemption in relation to the individual accounts of these companies

Note 31: Accounting estimates and judgements

Preparing these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense.

Key sources of estimation uncertainty

Key assumptions concerning the future and key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year include the following.

Defined benefit pension schemes

Determining the value of future defined benefit pension obligations requires the use of certain assumptions including inflation rates, salary increases and mortality rates, among others. These assumptions are applied on the advice of an independent actuary.

Amortisation and impairment of intangibles

The amortisation of intangible assets requires estimates to be made of their economic useful life to determine the appropriate rate of amortisation. Future impairment analysis may lead to write-offs of the unamortised balances.

Impairment of Goodwill

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Future impairment review calculations require the use of estimates related to the profitability and cash-generating ability of the acquired businesses, the costs to sell the business and the discount rate used in discounting these projected cash flows. In determining fair value, an assessment has been made of the price that would be received for sale in an orderly transaction between market participants at the measurement date.

Key areas of judgement

*Capitalisation of development cost*s

The Group undertakes development activities and capitalises certain expenditures as internally generated intangible assets when certain criteria are met. Judgement is required to determine when accumulation of costs to be capitalised begins and ends as well as determining the appropriate amortisation period. If a product is determined to become obsolete in a future period, the unamortised balance would need to be written off.

Contingent consideration

The valuation of contingent consideration requires judgement, including assessing the probability and quantum of the expected payment. The Group uses all available information, including current and forecasted performance under earn-out arrangements to assess the required fair value.

Fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. Significant valuation issues are reported to the Group's audit committee. When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Impairment of Goodwill

Given the circumstances, the directors have used the fair value less cost to sell approach for calculating the impairment of Goodwill. The fair value less cost to sell approach requires estimated business valuations which are considered reasonable at this time. If the actual values realised are lower, a further write-off may be required.

Other key areas of judgement

The Group considers the following areas to be key areas of judgement and as discussed in Note 2 to these financial statements; Provisions (Note 2P) and Tax (Note 2S).

Company Balance Sheet

at 31 March 2019

	Note	31 March 2019 $000	31 March 2018 $000
Assets			
Intangible assets	*2*	**18,487**	25,832
Trade and other receivables	*3*	**102**	-
Investments in subsidiaries	*4*	**188,068**	187,832
Non-current assets		**206,657**	213,664
Tax receivable		**11,686**	10,767
Trade and other receivables	*3*	**194,366**	154,130
Cash and cash equivalents	*5*	**62,394**	34,553
Current assets		**268,446**	199,450
Total assets		**475,103**	413,114
Liabilities			
Other interest-bearing loans and borrowings	*6*	**(114,205)**	(106,512)
Other payables	*7*	**-**	-
Non-current liabilities		**(114,205)**	(106,512)
Other interest-bearing loans and borrowings	*6*	**(106,525)**	(56,308)
Trade and other payables	*7*	**(93,996)**	(93,062)
Current liabilities		**(200,521)**	(149,370)
Total liabilities		**(314,726)**	(255,882)
Net assets		**160,377**	157,232
Equity attributable to equity holders of the parent			
Share capital	*8*	**167,000**	167,000
Retained deficit	*8*	**(579,971)**	(583,116)
Capital contribution reserve	*8*	**573,348**	573,348
Total surplus		**160,377**	157,232

The notes on pages 97 to 103 form part of these financial statements.

These financial statements were approved by the Board of Directors on 1 August 2019 and were signed on its behalf by:

M. Alflatt

Mark Alflatt
Chief Financial Officer

Company Statement of Changes in Equity

for the year ended 31 March 2019

		Share premium $000	Capital contribution reserve $000	Share Capital $000	Retained deficit $000	Total parent equity $000
Balance at 1 January 2017		-	-	167,000	(252,103)	(85,103)
Share issue	*8*	575,348	-	-	-	575,348
Transfer from share premium account	*8*	(575,348)	575,348		-	-
Share issue cost	*8*	-	(2,000)		-	(2,000)
Loss for the period		-	-	-	(331,013)	(331,013)
Total comprehensive loss for the period		-	573,348	-	(331,013)	242,335
Balance at 31 March 2018		-	573,348	167,000	(583,116)	157,232
Balance at 1 April 2018		-	573,348	167,000	(583,116)	157,232
Profit for the year		-	-	-	3,145	3,145
Total profit for the year		**-**	**-**		**3,145**	**3,145**
Balance at 31 March 2019		**-**	**573,348**	**167,000**	**(579,971)**	**160,377**

The notes on pages 97 to 103 form part of these financial statements.

Company Cash Flow Statement

for the year ended 31 March 2019

	Note	12 months to 31 March 2019 $000	15 months to 31 March 2018 $000
Cash flows from operating activities			
Profit / (Loss) for the period		**3,145**	(331,013)
Adjustments for:			
Amortisation and impairment	*2*	**7,345**	42,126
Intercompany dividends		**(18,096)**	(31,817)
Asset write downs		**-**	1,185
Investment provision		**-**	308,024
Taxation		**-**	(6,668)
Intercompany management fees		**1,391**	1,604
Foreign exchange gain		**(1,822)**	(8,341)
Royalties income		**(11,210)**	(15,750)
Net intercompany interest		**(5,173)**	(4,853)
Interest expense		**11,222**	23,508
		(13,198)	(21,995)
(Increase) / decrease in trade and other receivables		**(492)**	142
Increase in trade and other payables		**1,348**	1,789
Decrease in tax payable		**-**	(206)
Net cash used in operating activities		**(12,342)**	(20,270)
Cash flows from investing activities			
Investment in subsidiaries		**(230)**	-
Net cash from investing activities		**(230)**	-
Cash flows from financing activities			
Repayment of loan		**(2,570)**	(2,888)
(Increase) / decrease in loans and advances to Group undertakings		**(3,120)**	81,952
RCF arrangement fees paid		**-**	(1,350)
Bank charges and interest paid		**(588)**	(954)
Decrease in RCF / Bank borrowings		**-**	(6,928)
Share issue cost		**-**	(2,000)
Increase / (decrease) in loans and advances from Group undertakings		**47,757**	(14,623)
Net cash from financing activities		**41,479**	53,209
Net increase in cash and cash equivalents		**28,907**	32,939
Cash and cash equivalents at beginning of year		**34,553**	472
Effect of exchange rate fluctuations on cash held		**(1,066)**	1,142
Cash and cash equivalents at the end of the year	*5*	**62,394**	34,553

The notes on pages 97 to 103 form part of these financial statements.

Notes to the Company Financial Statements

(forming part of the financial statements)

Note 1: Accounting policies

The Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), in-line with the consolidated financial statements. Accordingly, the accounting policies included in Note 2 and accounting estimates and judgements included in Note 31 of the consolidated financial, are also applicable to the Company financial statements.

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

Note 2: Intangible assets

	Other Intangibles $000	Trademarks and Patents $000	Total $000
Cost			
Balance at 1 January 2017	2,500	152,921	155,421
Balance at 31 March 2018	2,500	152,921	155,421
Balance at 1 April 2018	2,500	152,921	155,421
Balance at 31 March 2019	**2,500**	**152,921**	**155,421**
Amortisation and impairment			
Balance at 1 January 2017	(1,335)	(86,128)	(87,463)
Amortisation charge	(625)	(16,294)	(16,919)
Impairment charge	-	(25,207)	(25,207)
Balance at 31 March 2018	(1,960)	(127,629)	(129,589)
Balance at 1 April 2018	(1,960)	(127,629)	(129,589)
Amortisation charge	(500)	(6,845)	(7,345)
Balance at 31 March 2019	(2,460)	(134,474)	(136,934)
Net book value at 31 March 2018	540	25,292	25,832
Net book value at 31 March 2019	**40**	**18,447**	**18,487**

Based on the same assessment techniques as described in Note 13 of the consolidated financial statements, the Company identified and booked $nil of brand impairment charges in 2019 (2018: $25,207 thousand).

Note 3: Trade and other receivables

	31 March 2019 $000	31 March 2018 $000
Other trade receivables	**622**	293
Prepayments	**682**	934
Amounts due from Group undertakings	**193,164**	152,903
Total trade and other receivables	**194,468**	154,130
Non-current	**102**	-
Current	**194,366**	154,130
Total trade and other receivables	**194,468**	154,130

There were no material amounts pledged as collateral for the year (2018: $nil).

Note 4: Investments

Investments in subsidiaries	Country of Incorporation	Ownership %	31 March 2019 $000	31 March 2018 $000
Directly held				
Kodak Alaris S.A.I.C.[1]	Argentina	75%	**5,752**	5,752
Kodak Alaris Australia Pty. Limited	Australia	100%	**500**	500
Kodak Alaris Belgium SA[2]	Belgium	99%	**224**	224
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda.[2]	Brazil	99%	**2,082**	2,082
Kodak Alaris (Brazil) Comércio de Material Fotográficoe Serviços Ltda.[2]	Brazil	99%	**4,744**	4,744
Kodak Alaris Operations Canada Inc.	Canada	100%	**1,043**	1,043
Kodak Alaris France SAS	France	100%	**815**	815
Kodak Alaris Germany GmbH	Germany	100%	**6,034**	6,034
Kodak Alaris Hong Kong Ltd.	Hong Kong	100%	**2,600**	2,600
Kodak Alaris India Private Limited[2]	India	99%	**1,755**	1,755
Kodak Alaris Italy S.R.L.	Italy	100%	**241**	11
Kodak Alaris Japan Kabushiki-Kaisha	Japan	100%	**-**	-
Kodak Alaris Services Mexico, S.A. De C.V.[2]	Mexico	99%	**4**	4
Kodak Alaris Mexico S.A. de C.V.[2]	Mexico	99%	**2,104**	2,104
Kodak Alaris Singapore Pte. Ltd.[3]	Singapore	100%	**3,000**	3,000
Kodak Alaris Spain, S.L.U.	Spain	100%	**6**	-
Kodak Alaris Sweden AB[4]	Sweden	100%	**7**	7
Kodak Alaris IPCo Switzerland Sarl[5]	Switzerland	100%	**-**	-
Kodak Alaris Switzerland Sarl	Switzerland	100%	**2,242**	2,242
Kodak Alaris Limited[6]	United Kingdom	100%	**18,069**	18,069
Kodak Alaris Inc.[7]	United States	100%	**136,331**	136,331
Indirectly held[8]				
Zweigniederlassung Österreich	Austria	100%	**-**	-
Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd.	China	100%	**-**	-
Kodak Alaris Management (Shanghai) Co. Ltd	China	100%	**-**	-
Kodak Alaris Denmark Branch, Fillial af Kodak Alaris International Limited	Denmark	100%	**-**	-
Kodak Alaris International Limited, Finnish Branch	Finland	100%	**-**	-
Kodak Alaris Limited Ireland Branch	Ireland	100%	**-**	-
Kodak Alaris International Limited	United Kingdom	100%	**515**	515
Kodak Alaris Limited Dubai Branch	UAE	100%	**-**	-
			188,068	187,832

Investments in associates	Country of Incorporation	Ownership %	31 March 2019 $000	31 March 2018 $000
ITyX Technology GmbH	Germany	25.1%	**17,860**	17,860
			17,860	17,860
Provision			**(17,860)**	(17,860)
			-	-

1 The Company holds 75% directly with the remainder held by other subsidiaries

2 The Company holds 99% to 99.999% directly with the remainder held by other subsidiaries

3 Kodak Alaris Singapore Pte. Ltd. has two representation offices - Kodak Alaris Singapore Pte. Ltd. Thailand Rep. office and Kodak Alaris Singapore Pte. Ltd. Philippine Rep. office

4 The Group announced that it has ceased its Nordic operations at the end of March 2019

5 The Company held 100% in 2016 and was liquidated on 31 March 2017, reincorporated in July 2017 and in the process of being liquidated.

6 The Company held ~0.01% directly with the remainder held by other subsidiaries at 31 March 2018. This entity was liquidated on 2 April 2018.

7 A provision of $308 million was made against the investment in Kodak Alaris Inc. in March 2018.

Note 5: Cash and cash equivalents

	31 March 2019 $000	31 March 2018 $000
Cash and cash equivalents per balance sheet	**62,394**	34,553

There is no restricted cash held by the Company.

Note 6: Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate and foreign currency risk, see note 9.

	31 March 2019 $000	31 March 2018 $000
Loan notes	**113,260**	105,652
Interest payable	**945**	860
Non-current liabilities	**114,205**	106,512
Loan from associate/subsidiaries	**106,525**	56,308
Other Borrowings	**-**	-
Current liabilities	**106,525**	56,308

Note 7: Trade and other payables

	31 March 2019 $000	31 March 2018 $000
Amounts due to other Group undertakings	88,037	88,413
Other trade payables and accrued expense	5,959	4,649
Current	**93,996**	**93,062**

Note 8: Capital and reserves

	31 March 2019 Number	31 March 2019 $000	31 March 2018 Number	31 March 2018 $000
Share capital				
Issued for cash ordinary shares of $1.00 each	**167,000**	**167,000**	167,000	167,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

No dividends were recognised during the period and no dividends were proposed by the directors after the balance sheet date.

Balance sheet restructuring

On 7 April 2017 KPP2 released $575,347,642 of debt in consideration for the issue of 100 additional $1 ordinary shares with a share premium of $575,347,542. In addition, the Company reduced its share capital by extinguishing its share premium account above to create distributable reserves.

Other equity	Share premium	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total other comprehensive income $000
1 January 2017	-	-	-	(252,103)	(252,103)
Share issue	575,348	-	-	-	575,348
Transfer from share premium account	(575,348)	575,348	-	-	-
Share issue costs[1]	-	(2,000)	-	-	(2,000)
Other comprehensive loss	-	-	-	(331,013)	(331,013)
Total other equity at 31 March 2018	-	573,348	-	(583,116)	(9,768)
1 April 2018	-	573,348	-	(583,116)	(9,768)
Other comprehensive profit	-	-	-	3,145	3,145
Total other equity at 31 March 2019	**-**	**573,348**	**-**	**(579,971)**	**(6,623)**

1 Share issue costs relate to legal and professional fees associated with the issue of shares

Note 9: Financial instruments

(a) Fair values of financial instruments

For financial instruments not held at fair value, the carrying value is deemed to be a reasonable approximation of fair value.

There are no significant derivative financial instruments at 31 March 2019 (2018: nil).

No financial instruments are carried at fair value under level 1 or level 3 of the hierarchy table.

	Level	Carrying amount 31 March 2019 $000	Fair value 31 March 2019 $000	Carrying amount 31 March 2018 $000	Fair value 31 March 2018 $000
Financial liabilities measured at amortised cost					
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**113,260**	**113,260**	105,652	105,652
Loans due to Subsidiaries	2	**106,525**	**106,525**	56,308	56,308

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment cash held with financial institutions.

The Company has no receivables due from an external third party and hence has no external credit risk as at the reporting date.

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Company's liquidity requirements are supported by both the Group's revolving credit facility and the funding structures that are in place.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1 to 2 years $000	2 to > 5 years $000	5 years and over $000
31 March 2019						
Tranche B Loan notes	**113,260**	**280,963**	**-**	**-**	**-**	**280,963**
Loans due to Group undertakings	**106,525**	**106,525**	**106,525**	**-**	**-**	**-**
Interest payable (long-term)	**945**	**945**	**-**	**-**	**-**	**945**
31 March 2018						
Tranche B Loan notes	105,652	294,962	-	-	-	294,962
Loans due to Group undertakings	56,308	56,308	56,308	-	-	-
Interest payable (long-term)	860	860	-	-	-	860

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency and interest rate risk

During the financial year, the Board approved a foreign exchange strategy and policy, which allows for a structured programme of selling long currencies to support the short USD position.

Market risk - Foreign currency risk

The exposure to foreign currency risk is as follows based on the carrying amount for monetary financial instruments:

	Sterling $000	Euro $000	US Dollar $000	Swiss Franc $000	Other $000	Total $000
31 March 2019						
Cash and cash equivalents	**27,265**	**1,146**	**31,016**	**-**	**2,967**	**62,394**
Investments in Group Undertakings	**13,890**	**5,772**	**165,187**	**2,002**	**1,217**	**188,068**
Loans from Group Undertakings	**(151,312)**	**234,248**	**17,457**	**-**	**6,132**	**106,525**
Borrowings, including interest	**-**	**-**	**(114,205)**	**-**	**-**	**(114,205)**
Trade payables	**-**	**-**	**-**	**-**	**-**	**-**
Amounts due to Group Undertakings	**-**	**-**	**(88,037)**	**-**	**-**	**(88,037)**
31 March 2018						
Cash and cash equivalents	3,526	22,224	1,365	-	7,438	34,553
Investments in Group Undertakings	13,890	5,535	165,188	2,002	1,217	187,832
Loans from Group Undertakings	-	12,484	19,539	6,267	18,018	56,308
Borrowings, including interest	-	-	(106,512)	-	-	(106,512)
Trade payables	(108)	(357)	(779)	-	-	(1,244)
Amounts due to Group Undertakings	-	-	(88,037)	-	-	(88,037)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the USD at 31 March 2019 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant:

	Equity at 31 March 2019 $000	Profit or loss 12 months to 31 March 2019 $000	Equity at 31 March 2018 $000	Profit or loss 15 months 31 March 2018 $000
Euro	-	**24,117**	-	3,989
Pound Sterling	-	**(11,016)**	-	1,731

A 10% percent weakening of the above currencies against the US dollar at 31 March 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

See Note 23 of consolidated financial statements.

(e) Capital management

The Group's objectives when managing capital are to safeguard its solvency in order to provide optimal returns for the Company, and to maintain an efficient capital structure.

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group ensures a combination of short-term liquidity headroom with a long-term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 9.3 years (2018: 10.3 years).

In order to maintain or realign the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

Note 10: Commitments

Capital commitments

There are no material capital commitments for the Company at 31 March 2019 (2018: nil).

Guarantees and indemnities

The Company has issued certain guarantees in respect of a number of third parties. The guarantees held on behalf of the Company by HSBC totals $2 million (2018: $3 million).

The Company has issued certain guarantees in relation to its subsidiaries. In line with our policy no amount was considered probable hence no contingent liabilities have been recorded.

Note 11: Contingencies

See note 27 of the consolidated financial statements (2018: nil).

Note 12: Related parties

The Company had related party transactions with its Directors, Subsidiary Holdings and Ultimate Parent. The disclosure of the director's remuneration is reported under Note 7 of the consolidated financial statements – Directors' Remuneration. Details on the shareholding in the subsidiary companies is detailed in Note 4.

	Interest and royalty income $000	Interest and royalty expense $000	Amounts owed by related party $000	Amounts owed to related party $000
12 months to 31 March 2019				
Ultimate parent of the Group	**-**	**10,262**	**-**	**114,205**
Subsidiaries	**17,128**	**745**	**193,164**	**194,562**
Associates	**-**	**-**	**-**	**-**
	17,128	**11,007**	**193,164**	**308,767**
15 months to 31 March 2018				
Ultimate parent of the Group	-	21,591	-	106,512
Subsidiaries	20,819	216	152,903	144,721
Associates	-	-	-	-
	20,819	21,807	152,903	251,233

In addition to the transactions and balances shown in the above table, the Company has been charged $647 thousand (2018: $467 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, $31 thousand was outstanding at 31 March 2019 (2018: $93 thousand).

Note 13: Ultimate parent company

The Company is wholly and ultimately owned by KPP (no. 2) Trustees Limited (a company registered in England with registered number 8819827) in its capacity as trustee of the Kodak Pension Plan (no. 2) ("KPP2").

Note 14: Subsequent events

See Note 30 of the consolidated financial statements.

Note 15: Accounting estimates and judgements

In addition to the accounting estimates and judgements included in Note 31 of the Group financial statements, which are also applicable to the Company financial statements, the following applies:

Key sources of estimation uncertainty

Impairment of Investments

Investments are carried at cost less accumulated impairment losses. Future impairment review calculations require the use of estimates related to the profitability and cash-generating ability of the subsidiary and the discount rate used in discounting these projected cash flows.

Five Year Financial Summary

Five Year Financial Summary

	Audited 12 months to 31 December 2014 $000	Audited 12 months to 31 December 2015 $000	Audited 12 months to 31 December 2016 $000	Unaudited 3 months to 31 March 2017 $000	Unaudited 12 months to 31 March 2018 $000	Audited 15 months to 31 March 2018 $000	Audited 12 months to 31 March 2019 $000
Revenue	1,056,488	931,182	812,912	138,608	697,116	835,724	656,089
Gross Profit	250,298	236,117	242,137	34,078	200,361	234,439	202,085
Gross Profit %	23.7%	25.4%	29.8%	24.6%[1]	28.7%	28.1%	30.8%
Operating Loss	(32,082)	(15,168)	(119,552)	(38,658)	(119,871)	(158,529)	(9,454)
Loss after tax	(83,270)	(83,499)	(183,981)	(54,500)	(137,401)	(191,901)	(39,654)
Adjusted EBITDA[2]	62,885	61,732	61,263	(21,864)[3]	39,804[3]	17,940[3]	47,743[3]
Working Capital[4]	158,304	114,930	112,886	95,049	80,435	80,435	86,824
Net Equity / (Debt)[4]	54,375	(40,578)	(236,214)	(287,027)	157,232	157,232	110,039

1 Reduced trading period

2 Adjusted earnings before interest, tax, depreciation, amortisation and non-recurring items

3 Includes continuing and discontinued operations

4 Represents closing balances at period end

105 Summary of Continuing and Discontinued Operations including Non-GAAP Reconciliation

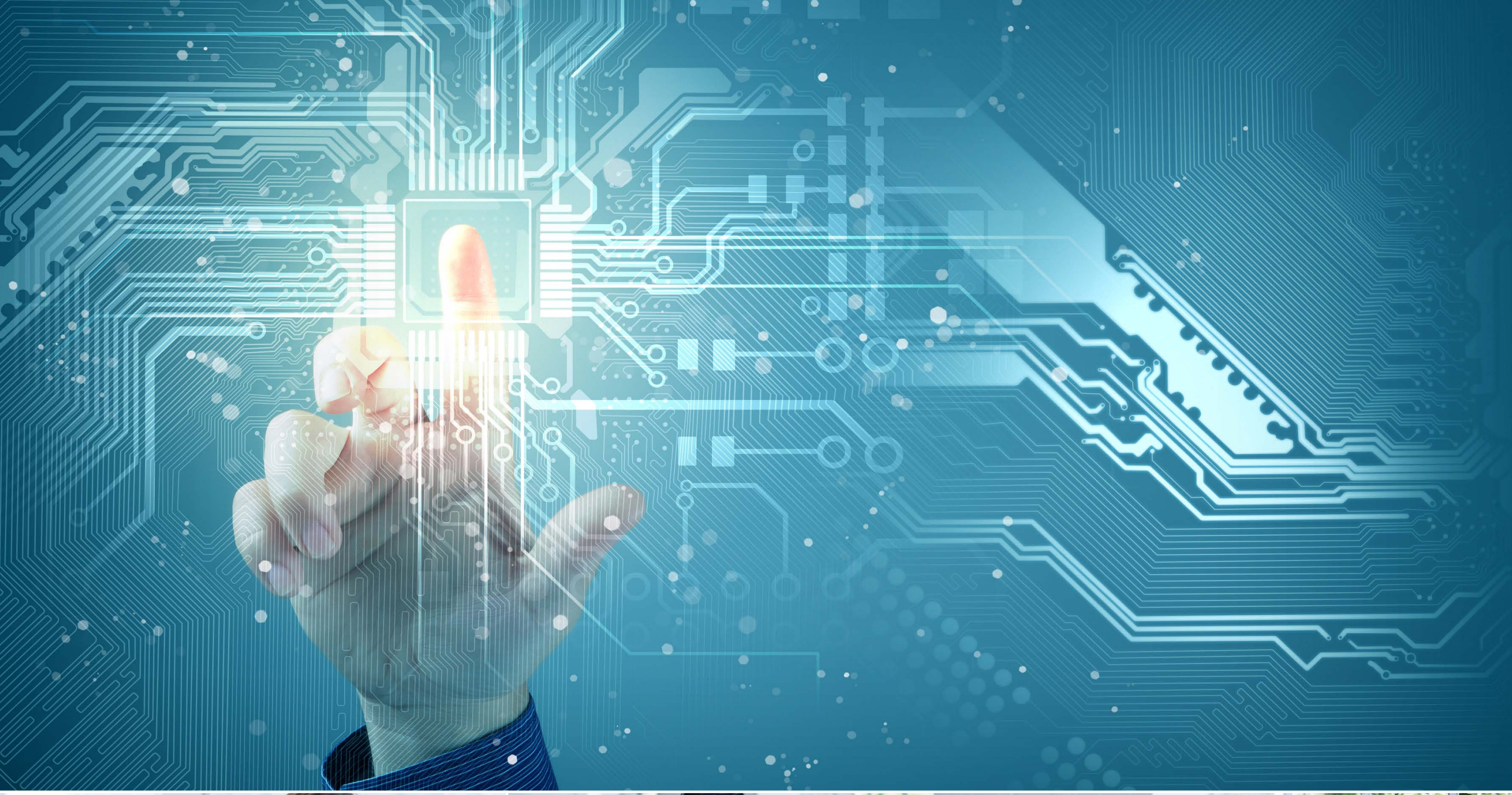
Continuing and discontinued operations	12 months to 31 March 2019			15 months to 31 December 2018		
	Continuing $000	Discontinued $000	Total $000	Continuing $000	Discontinued $000	Total $000
Revenue	504,656	151,433	656,089	643,553	192,171	835,724
Cost of sales	(326,788)	(127,216)	(454,004)	(426,979)	(174,306)	(601,285)
Gross profit	177,868	24,217	202,085	216,574	17,865	234,439
Administrative expenses	(184,857)	(6,881)	(191,738)	(418,131)	55,133	(362,998)
Research and development expensed	(19,801)	-	(19,801)	(28,654)	(1,316)	(29,970)
Operating profit/(loss)	(26,790)	17,336	(9,454)	(230,211)	71,682	(158,529)
Financial Income	681	14	695	11,422	9	11,431
Financial expenses	(20,780)	(43)	(20,823)	(24,404)	(22)	(24,426)
Profit/(loss) for the period	(46,889)	17,307	(29,582)	(243,193)	71,669	(171,524)
Income tax provision	(4,442)	(5,630)	(10,072)	(2,976)	(17,401)	(20,377)
Profit/(loss) for the period after tax	(51,331)	11,677	(39,654)	(246,169)	54,268	(191,901)

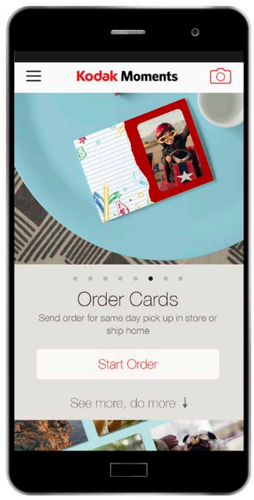
Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting loss from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, non-recurring items, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the re-measurement of disposal groups.

Adjusted EBITDA is a non-GAAP measure and not a defined performance measure in IFRS. It is reconciled as follows:

Non-GAAP reconciliation	12 months to 31 March 2019			15 months to 31 December 2018		
	Continuing $000	Discontinued $000	Total $000	Continuing $000	Discontinued $000	Total $000
Profit/(loss) for the period after tax	(51,331)	11,677	(39,654)	(246,169)	54,268	(191,901)
Income tax provision	4,442	5,630	10,072	2,976	17,401	20,377
Net finance costs	20,099	29	20,128	12,982	13	12,955
Depreciation, amortization and loss on disposal	44,372	242	44,614	75,928	1,582	77,510
Impairment	419	-	419	165,829	2,219	168,048
EBITDA	18,001	17,578	35,579	11,546	75,483	87,029
Restructuring and transformation	1,035	59	1,094	10,537	260	10,797
Profit from sale of land at Harrow	-	-	-	-	(68,992)	(68,992)
Relocation costs	1,980	-	1,980	-	-	-
Information systems separation cost	-	-	-	1,170	-	1,170
EKC earn out income	(2,496)	-	(2,496)	(23,458)	-	(23,458)
One-off pension costs	-	-	-	2,662	-	2,662
Other non-recurring (including ITyX)	11,586	-	11,586	8,732	-	8,732
Non-recurring items[1]	12,105	59	12,164	(357)	(68,732)	(69,089)
Adjusted EBITDA	30,106	17,637	47,743	11,189	6,751	17,940

1 See Notes 4 and 10 for more detail. Non-recurring items are contained within administrative expenses.





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