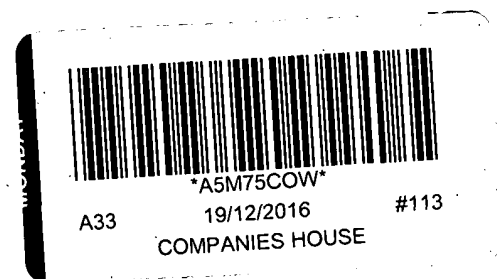




Kewill Group Holdings Ltd

Number 08035563

Annual Report and Financial Statements 2016





Corporate Information

Kewill has offices across the globe

Asia Pacific

Hong Kong
India
Japan
People's Republic of China
Singapore

Europe

Belgium
Denmark
Germany
Netherlands
Spain
Switzerland
United Kingdom

North America

Canada
Massachusetts
Michigan

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Registered number **08035563**

Strategic Report

The Directors of the Company (the "Directors") present their Annual Report, together with the financial statements of the Company and its subsidiaries (together "the Group") and Independent Auditor's Report, for the year ended 31 March 2016 ("the Reporting Period"). The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

These financial statements are presented in United States dollars because the Company has determined that dollars are the presentation currency which best reflects the activities of the group as a whole.

Strategic and Business Review

The Company is required by the Companies Act 2006 to include a business review in this report. This includes an analysis of the development and performance of the Group during the financial year and its position at the end of the financial year, including relevant key performance indicators as defined below, being principally revenue, recurring revenue as a percentage of total revenue⁽¹⁾, adjusted EBITDA⁽²⁾ and adjusted operating profit⁽³⁾.

Principal activities

The principal activities of the Group during the Reporting Period were, and will continue to be, the provision of software and associated services.

Kewill delivers solutions that give customers the insight, agility and tools they need to deliver better customer service and streamline global supply chain execution. A global company, Kewill, via its multimodal transportation management platform, Kewill Move, accelerates the speed, accuracy and transparency of global logistics, transportation and warehousing. Our software solutions and deep domain knowledge enable our customers to drive revenue growth and measurable cost savings.

Since 1972, Kewill has delivered global trade and logistics solutions to some of the most sophisticated companies in the world. Over 7,500 companies use Kewill solutions in more than 100 countries globally.

Trading performance – key indicators

	Reporting period ended 31 March 2016	Reporting period ended 31 March 2015
Revenue	\$93.3m	\$105.6m
Revenue at constant currency ⁽¹⁾	\$100.3m	
Recurring revenue as % of total ⁽²⁾	68%	63%
Adjusted EBITDA ⁽³⁾	\$21.6m	\$20.1m
Adjusted EBITDA at constant currency	\$24.2m	
Adjusted operating profit ⁽⁴⁾	\$19.5m	\$17.6m
Operating loss	\$12.7m	\$13.4m
Loss before tax	\$24.9m	\$25.0m

(1) Revenue at constant currency assumes that average exchange rates for the year ended 31 March 2016 were identical to those for the year ended 31 March 2015.

(2) Recurring revenue is defined as annually contracted revenue (Software as a Service and maintenance).

(3) Adjusted EBITDA is operating loss before depreciation of \$2.1m (2015: \$2.5m), impairment of goodwill of \$8.7m (2015: \$nil) amortisation of other intangibles of \$20.5m (2015: \$20.6m), reorganisation costs of \$3.1m (2015: \$1.7m), acquisition net credit of \$0.1m (2015: cost \$1.1m) and other exceptional costs of \$nil (2015: \$7.6) as set out in the consolidated income statement as the Directors regard this as providing additional useful information on trends in underlying performance.

(4) Adjusted operating profit is Adjusted EBITDA, as above, less depreciation of \$2.1m (2015: \$2.5m).

Trading performance - review of the year

Revenue of \$93.3m is down on prior year (2015: \$105.6m), mostly as a result of unfavourable currency fluctuations and partly as a result of a major refocussing of the business into more secure and profitable recurring revenue streams and away from a reliance on one-off licences and services revenues.

The reduction in revenues is more than offset by a reduction in underlying operating costs (excluding depreciation, one-off and non-cash costs as above) to \$71.7m (2015: \$85.5m). This was delivered through the refocussing of the business as noted above, along with continued increased efficiencies, streamlining of processes and achievement of synergies from the combined Kewill, Four Soft (acquired October 2013) and Sterling TMS business (acquired from IBM in September 2014).

As a result of the revenue and underlying cost movements, adjusted EBITDA has increased by \$1.5m on prior year and, as a percentage of revenues, adjusted EBITDA has substantially improved from 19.0% to 23.1%.

On a constant currency basis, reported revenue would have been \$100.3m rather than \$93.3m) and adjusted EBITDA would have been \$24.2m (rather than \$21.6m). Recurring revenue has increased on a constant currency basis.

This improvement in margins necessitated continuing investment, and hence the incurring of certain one-off costs. Restructuring activity was undertaken in order to streamline operations and invest in new and improved business processes. Further information on these one-off items is provided in note 1 to the financial statements.

As well as these one-off charges, there were non-cash items charged in the reporting period in respect of the amortisation and impairment of goodwill and intangibles. Taken together, these have resulted in an overall operating loss and loss before tax.

The Directors consider these results satisfactory, and that they form a solid base for further growth and improvement.

LeanLogistics

On 1 June 2016, the Kewill group completed the acquisition of LeanLogistics from its former parent Brambles Limited (see also note 26). LeanLogistics is a global leader in transportation solutions for shippers, with hundreds of transportation management customers across the US and Europe, and a supporting network of over 14,000 carriers.

LeanLogistics' solutions are feature-rich, highly scalable and come backed with a skilled team. Kewill has the resources to support ongoing growth and investment in LeanLogistics' platform which, combined with Kewill's own global platform, will help accelerate LeanLogistics' already impressive growth through leveraging our extensive European and Asian networks. Its core solution, LeanTMS, is Transportation Management System for Shippers, delivered via fully multi-tenant Software as a Service. In the year ending June 2016 LeanLogistics' revenue grew by 25% and 81% was recurring revenue from multi-year contracts.

Prospects

The Directors see prospects for the Kewill group as being very healthy.

As well as continually enhanced products, technology and domain skills, all of which will significantly improve an already market leading position, the Group continues to be supported by the resources and expertise of Francisco Partners, in particular in assisting the group to explore additional acquisition opportunities and providing the necessary resources for further future investment and growth.

For the industry as a whole, the Directors believe that the ever increasing complexity of global trade and the continuing introduction of demanding new regulations and legislation will result in ongoing demand for its products and services.

Cash flow, banking facilities and financial position

The Group is highly cash generative. Prior to investing activities, financing and tax payments, cash generated from operating activities in the year ended 31 March 2016 was \$20.6m (2015: \$16.6m). After covering interest and tax payments, a total of \$6.5m was available to comfortably fund required capital expenditures and meet scheduled debt repayments.

Cash flow, banking facilities and financial position (continued)

The reported cash outflow for the year was \$1.1m (2015: inflow £1.9m). This net outflow is primarily the result of paying down the revolving credit facility by a net \$2.3m in the year ended 31 March 2016, whilst in the prior year there had been net revolving credit drawings of \$2.3m.

Kewill finished the financial year in a sound financial position. Closing cash in hand was \$7.7m (2015: \$9.0m), on top of which the Group had access to undrawn revolving credit facilities totalling \$8.5m.

Subsequent to the financial year end, on 31 May 2016 the Group refinanced its debt obligations to fund the Lean acquisition. As disclosed in note 27, the debt outstanding at 31 March 2016 was repaid in full on 31 May 2016 through the proceeds of additional equity plus new debt finance raised. The current credit facilities are provided through a syndicate led by TPG Specialty Lending Europe I Advisors Ltd. The term loan facilities include US dollar denominated loans totalling \$100,000,000, pounds sterling denominated loans totalling £13,648,150 and euro denominated loans totalling €67,476,383. The new revolving credit facilities comprise a committed facility of \$15,000,000. These facilities are considered more than adequate for the Group's current needs.

Consolidated net liabilities at 31 March 2016 amounted to \$71.5m (2015: \$51.1m). This situation arises because Kewill Group Holdings Ltd is funded by a parent company loan of \$55.8m/£38.9m (2015: \$57.5m/£38.9m) rather than by equity subscription. The parent undertakings of Kewill Group Holdings have confirmed that they will continue to provide such financial support as necessary to Kewill Group Holdings to enable the Company to pay its debts as and when they become due, and, furthermore, that they will not demand repayment of the loan or any other amounts payable by Kewill Group Holdings Ltd until such time as the Company is able to repay such amounts without detriment to its operation as a going concern.

Principal Risks and Uncertainties

The principal risks and uncertainties associated with the Group's activities are set out below.

Strategic Risks – the main strategic risks to Kewill's business arise from deterioration in general economic conditions, increased competition and the consolidation of key customers.

If economic conditions worsen, demand for Kewill's products and services may fall, meaning that growth in revenues and profits is reduced or reversed. Increased competition in the form of new products and services launched by competitors could also reduce revenues and therefore profits. In addition, consolidation among Kewill's customers could also reduce revenues as merged companies look for cost savings by reducing the number of systems they operate.

To mitigate the impact of reduced demand for Kewill's products and services, the Group continues to invest in the development of new products and in identifying, negotiating and completing acquisitions to maintain its competitive advantage. In addition, the Group plans to continue to increase the proportion of its revenue arising from more stable recurring revenue streams such as Software as a Service ("SaaS") and hosted products.

Operational Risks – Key operational risks involve the delivery and support of customer projects as delays can in turn reduce revenue and profit recognition. In providing SaaS, the Group is reliant on a number of third party suppliers that provide data centres. The provision of SaaS products hosted on Kewill managed servers is critical to the Group's strategy of growing recurring revenues. To mitigate against the risk of data centre failure, and to ensure that a high level of service is provided to our SaaS customers, the Group's Support Services teams are required to continually monitor service levels and review the disaster recovery plans that are currently in place. Where these are found to be inadequate, corrective action is taken. In addition, the Group has a number of data centre locations with no significant geographic concentration. Additional operational risks lie in customers suffering financial failure or alternatively key person loss within the Group.

Financial Risks – The main financial risks arising from the Group's activities are set out below.

Market risks are inherent in the use of debt capital, interest rate cash flow risk for example, on top of which, in the course of its normal activities, the Group is routinely exposed to a variety of other financial risks including counterparty credit risk, liquidity risk and foreign currency risk.

The Group monitors these risks primarily through cash flow forecasting and sensitivity analysis, with a central treasury function identifying and evaluating financial risks in close co-operation with the Group's main operational functions. For counterparty credit risk, exposure levels and credit limits applicable to each bank or customer are reviewed on a regular basis. The use of simple financial derivatives is considered in order to hedge specific financial risk where cost effective to do so.

Principal Risks and Uncertainties (continued)

The Group is currently exposed to interest rate fluctuations its borrowings (as detailed above and in note 17), but will actively monitor this exposure going forwards with a view to putting in place interest rate swaps where deemed beneficial. As an illustration, each 1% increase in LIBOR above a 1.00% base would add approximately \$198,000 to the total interest expense for the next twelve months.

At the date of this report the group has cash resources in excess of \$9.5m and undrawn revolving credit facility of \$9.7m (\$5.3m drawn) in the event that there is any unexpected downturn in trading performance. As the Group is strongly cash generative, and with a high level of recurring income, its liquidity risk is considered to be minimal.

In terms of currency risk, as an international business the Group has substantial operations outside the UK. The Group's consolidated results and net liabilities of \$71.5m are therefore exposed to movements in exchange rates. Since the refinance on 31 May 2016 (see notes 17 and 27) the Group's borrowings are denominated in a mixture of US dollars, pounds sterling and euros. This matches closely the Group's underlying cash generation, so mitigating significantly any economic currency risk on servicing the debt. However, given a US dollar presentation currency for the consolidated financial statements, the group may experience significant non-cash foreign exchange retranslation variances in the presentation of its debt going forwards. The degree of exposure, along with further details of the other financial risks, is outlined in note 19 to the financial statements

Corporate Social Responsibility

The Group recognises the increasing importance of Corporate Social Responsibility (CSR) and environmental policies to a significant number of its stakeholders and recognises the importance of, and business benefits that can be derived from, good CSR and environmental practice. Key aspects of the Group's CSR policy are as follows:

- ***Employee Involvement and Motivation***

The Directors recognise the importance of recruiting and retaining a high calibre and motivated workforce and involving all employees in the performance and development of the Group. Accordingly, it is the policy of management to develop and encourage employee involvement throughout the Group by regular communication both from the Board and between employees within divisions of the Group, with the CEO and CFO making periodic presentations in staff locations and regularly visiting the various divisional offices. In addition, key employees participate in the growth of the business through participation in the Group's bonus plan. Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

- ***Business Ethics***

The Group seeks to be honest and fair, as well as lawful, in all its business dealings with third parties. In particular, the Board does not believe that the giving or accepting of bribes can ever be justified, wherever in the world it may take place. In furtherance of these principles the Board has adopted an Anti Bribery Policy. In addition, the Group has adopted a series of further measures designed to prevent bribery and corruption not just by its employees but also by third parties in or relating to its business.

- ***Environmental Issues***

As the nature of the Group's operational activities are of comparatively minimal environmental impact the Group has not adopted a formal environmental policy. However, the Group seeks to meet its statutory requirements and to apply good environmental practice by encouraging recycling of waste and minimising the use of paper by the use of electronic mail in communications. In addition, the Group has implemented a number of environmental initiatives in that all offices have introduced recycling (waste management) policies. The Group relies upon tight cost control to minimise, where possible, energy use and air travel and continues to believe that this is the most effective mechanism for reducing the environmental impact of the Group's operations. Furthermore the Board believes that the very nature of the Group's products and services, in automating supply chain execution, positively impact the environment. This is an intuitive assessment based upon the Board's knowledge of the business process rationalisation resulting from the introduction by clients of the Group's products and services (i.e. replacement of labour intensive paper-based systems with electronic trading and shipping solutions), although it believes that any quantitative assessment would be difficult and prohibitively costly to conduct.

By Order of the Board

Chris Soanes Company Secretary 27 July 2016

Directors' Report

Financial Results and Dividends

The Group's loss for the period was \$23,291,000 (2015: \$22,144,000). The full results for the Reporting Period, which were approved by the Board of Directors on 27 July 2016, are set out in the accompanying financial statements and the notes thereto.

The Directors do not recommend that a dividend be paid in respect of the year ended 31 March 2016 (2015: no dividends paid).

Share Capital

Details of the issued share capital of the Company, including movements during the period and the number of shares in issue at the end of the year, are shown in note 21. At 31 March 2016 the share capital stood at 10,000 ordinary shares of £1 each (2015: 10,000 ordinary shares of £1 each).

Board of Directors

The names of the Directors of the Company who served during the period are listed below.

Deep Shah
Robert Anthony Maclean
Douglas Arthur Braun – appointed 1 December 2015
Robert James Farrell – resigned 1 December 2015
Andrew William Hicks – resigned 8 March 2016

Directors' Beneficial Interest in Shares

The beneficial interests of the Directors in the share capital of the Company as at 1 April 2015, 31 March 2016 and 27 July 2016, as recorded in the register of the Company in accordance with the provisions of the Companies Act 2006 (as amended) were as follows:

	A Ordinary Shares of 1p each 1 April 2015	A Ordinary Shares of 1p each 31 March 2016	A Ordinary Shares of 1p each 27 July 2016	B Ordinary Shares of 0.1p each 27 July 2016	B Preference Shares of £1.00 each 27 July 2016
Douglas Arthur Braun	-	-	-	2,909,578	1,309,279
Robert James Farrell	3,150,447	625,000	625,000	-	-
Andrew William Hicks	945,134	120,000	120,000	-	-

Research and Development

The level of development spend in the period was \$8.5m (2015: \$9.8m). Some of this development is jointly funded by individual, or groups of, users. All research and development expenditure is expensed as it is incurred as it does not meet the requirement for capitalisation that is set out in the Accounting Policies section of the financial statements.

Financial Instruments

The financial risk management strategy of the Group, its exposure to currency risk, interest rate risk and liquidity is set out in note 19 to the financial statements.

Payments to Suppliers

It is the Company and the Group's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The Group does not have a universal standard or code which deals specifically with the payment of suppliers. Trade creditors of the Group as at 31 March 2016 expressed in relation to the total amount invoiced by suppliers for goods and services during the period were equivalent to 38 creditor days (2015: 39 creditor days). There were no trade payables in the holding company.

Charitable Donations

Worldwide charitable donations made by the Group during the period were \$nil (2015: \$nil).

Going Concern

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

The Group's business activities, together with the factors likely to affect its future performance are set out in the Strategic Report on pages 3 to 6. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are incorporated in the review on pages 4 to 5.

The Group meets its day-to-day working capital requirements using cash in hand and is expected to generate sufficient free cash flow going forwards to meet scheduled repayments of its borrowings as well as to meet other liabilities as they fall due. As noted previously, at the date of this report the Group had cash holdings in excess of \$9.5m and undrawn revolving credit facility of \$9.7m (\$5.3m drawn).

The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, together with support from its parent undertaking, show that the Group should be able to operate within the level of these current resources and borrowing facilities to cover its liabilities as they fall due. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements.

In addition, as noted previously, Kewill Group Holdings Ltd is funded by a parent company loan of \$55.8m/£38.9m rather than by equity subscription. The parent undertakings of Kewill Group Holdings have confirmed that they will not demand repayment of the loan or any other amounts payable by Kewill Group Holdings Ltd until such time as the Company is able to repay such amounts without detriment to its operation as a going concern.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("the EU"). 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names are listed on page 7, confirms that, to the best of their knowledge and belief:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

Directors' indemnities

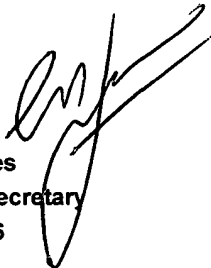
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

In the case of each Director in office at the date the Directors' Report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Grant Thornton UK LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By Order of the Board

Chris Soanes
Company Secretary
27 July 2016



Grant Thornton

Independent Auditor's Report to the Members of Kewill Group Holdings Ltd

We have audited the Group and Company financial statements of Kewill Group Holdings Limited for the year ended 31 March 2016 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and Company statement of changes in equity, consolidated and Company balance sheets, consolidated and Company cash flow statements, and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the Group and Company financial statements:

- give a true and fair view of the state of the Group's and Company affairs as at 31 March 2016 and the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Grant Thornton

Independent Auditor's Report to the Members of Kewill Group Holdings Ltd
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP

Steven Leith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

27 July 2016

Consolidated income statement for the year ended 31 March 2016

		Year ended 31 March 2016 \$000	Year ended 31 March 2015 \$000
Continuing operations	Note		
Revenue	24	93,327	105,648
Operating expenses		<u>(106,054)</u>	<u>(119,088)</u>
Operating loss		(12,727)	(13,440)
Analysed as:			
Operating profit before amortisation of intangibles, reorganisation costs and acquisition costs		19,466	17,607
Acquisition costs	1	78	(1,102)
Reorganisation costs	1	(3,050)	(1,673)
Other exceptional costs	1	-	(7,656)
Impairment of goodwill	7	(8,739)	-
Amortisation of other intangibles	8	<u>(20,482)</u>	<u>(20,616)</u>
Operating loss		(12,727)	(13,440)
Interest receivable on cash and short-term deposits		6	9
Finance costs	2	<u>(12,197)</u>	<u>(11,594)</u>
Loss before taxation	3	(24,918)	(25,025)
Taxation	4	<u>1,626</u>	<u>2,881</u>
Loss for the year		(23,292)	(22,144)

Consolidated statement of comprehensive income for the year ended 31 March 2016

	2016 \$000	2015 \$000
Loss for the year	(23,292)	(22,144)
Other comprehensive income:		
Currency translation differences	2,824	(1,493)
Total comprehensive loss for the year	(20,468)	(23,637)

Consolidated and Company statements of changes in equity for the year ended 31 March 2016

	Note	Share capital	Translation reserve	Retained earnings/ (deficit)	Total
Group		\$000	\$000	\$000	\$000
At 1 April 2014	16		(2,053)	(25,380)	(27,417)
Loss for the year	-	-	-	(22,144)	(22,144)
Currency translation differences	-	-	(1,493)	-	(1,493)
Total comprehensive loss for the year	-	-	(1,493)	(22,144)	(23,637)
At 31 March 2015	16		(3,546)	(47,524)	(51,054)
At 1 April 2015	16		(3,546)	(47,524)	(51,054)
Loss for the year	-	-	-	(23,292)	(23,292)
Currency translation differences	-	-	2,824	-	2,824
Total comprehensive loss for the year	-	-	2,824	(23,292)	(20,468)
At 31 March 2016	16		(722)	(70,816)	(71,522)

	Note	Share capital	Translation reserve	Retained earnings	Total
Company		\$000	\$000	\$000	\$000
At 1 April 2014	16		1	-	17
Profit for the year	-	-	-	-	-
Currency translation differences	-	-	(2)	-	(2)
Total comprehensive income for the year	-	-	(2)	-	(2)
At 31 March 2015	16		(1)	-	15
At 1 April 2015	16		(1)	-	15
Profit for the year	-	-	-	-	-
Currency translation differences	-	-	(1)	-	(1)
Total comprehensive income for the year	-	-	(1)	-	(1)
At 31 March 2016	16		(2)	-	14

Consolidated and Company balance sheets as at 31 March 2016

	Note	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Assets					
Non-current assets					
Goodwill	7	86,812	94,429	-	-
Other Intangible assets	8	38,985	59,465	-	-
Property, plant and equipment	9	4,516	5,281	-	-
Investment in subsidiary companies	10	-	-	14	15
Deferred tax assets	13	12,528	13,621	-	-
		<u>142,841</u>	<u>172,796</u>	<u>14</u>	<u>15</u>
Current assets					
Inventories	11	56	30	-	-
Trade and other receivables	12	28,047	28,147	55,834	57,543
Derivative financial instruments	18	-	1	-	-
Cash and cash equivalents	19	7,678	8,972	-	-
		<u>35,781</u>	<u>37,150</u>	<u>55,834</u>	<u>57,543</u>
Total assets		<u>178,622</u>	<u>209,946</u>	<u>55,848</u>	<u>57,558</u>
Liabilities					
Current liabilities					
Trade and other payables	14	(93,586)	(93,490)	(55,834)	(57,543)
Borrowings	17	(6,202)	(6,350)	-	-
Current tax liabilities	15	(2,539)	(2,282)	-	-
Provisions	20	(418)	(1,069)	-	-
		<u>(102,745)</u>	<u>(103,191)</u>	<u>(55,834)</u>	<u>(57,543)</u>
Net current (liabilities)/assets		<u>(66,964)</u>	<u>(66,041)</u>	<u>-</u>	<u>-</u>
Non-current liabilities					
Borrowings	17	(138,958)	(144,149)	-	-
Deferred tax liabilities	16	(8,267)	(13,324)	-	-
Provisions	20	(174)	(336)	-	-
		<u>(147,399)</u>	<u>(157,809)</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>(250,144)</u>	<u>(261,000)</u>	<u>(55,834)</u>	<u>(57,543)</u>
Net (liabilities)/assets		<u>(71,522)</u>	<u>(51,054)</u>	<u>14</u>	<u>15</u>
Shareholders' equity					
Called up share capital	21	16	16	16	16
Cumulative translation reserve		(722)	(3,546)	(2)	(1)
Retained (deficit)/earnings		(70,816)	(47,524)	-	-
Total shareholders' equity		<u>(71,522)</u>	<u>(51,054)</u>	<u>14</u>	<u>15</u>

The financial statements on pages 12 to 34 were approved by the Board of Directors on 27 July 2016 and were signed on its behalf by:


Director Doug Braun

Registered number: 08035563

Consolidated and Company cash flow statements for the year ended 31 March 2016

	Note	Group Year ended 31 March 2016 \$000	Group Year ended 31 March 2015 \$000	Company Year ended 31 March 2016 \$000	Company Year ended 31 March 2015 \$000
Cash flows from operating activities					
Cash generated from operations		20,528	16,593	-	-
Interest paid		(11,204)	(11,990)	-	-
Income tax paid		(2,808)	(848)	-	-
Net cash generated from operating activities		6,516	3,755	-	-
Cash flows from investing activities					
Investment in subsidiaries - loans advanced		-	-	-	(3,420)
Acquisition of trade and assets (US TMS business)		-	(18,100)	-	-
Purchase of property, plant and equipment		(1,381)	(1,828)	-	-
Sale of property, plant and equipment		-	6	-	-
Interest received		6	8	-	-
Net cash used in investing activities		(1,375)	(19,914)	-	(3,420)
Cash flows from financing activities					
New bank borrowings - gross proceeds received		-	16,000	-	-
Fees paid in respect of new bank borrowings		(530)	(1,404)	-	-
Scheduled repayments of bank borrowings		(3,438)	(2,208)	-	-
Drawings on revolving credit facility		10,235	6,628	-	-
Repayments of revolving credit facility		(12,525)	(4,325)	-	-
Loan advanced from parent company		-	3,420	-	3,420
Net cash (used in) / from financing activities		(6,258)	18,111	-	3,420
Net(decrease)/increase in cash and cash equivalents		(1,117)	1,952	-	-
Cash and cash equivalents at the start of period		8,972	8,021	-	-
Effect of foreign exchange rate changes		(177)	(1,001)	-	-
Cash and cash equivalents at the end of period		7,678	8,972	-	-

Reconciliation of loss for the year to cash generated from operations

		Group Year ended 31 March 2016 \$000	Group Year ended 31 March 2015 \$000	Company Year ended 31 March 2016 \$000	Company Year ended 31 March 2015 \$000
Loss before taxation		(24,918)	(25,025)	-	-
Depreciation charges	9	2,114	2,536	-	-
Impairment of goodwill	7	8,739	-	-	-
Amortisation of other intangible assets	8	20,482	20,616	-	-
Loss on disposal of tangible assets		1	-	-	-
Non-cash foreign exchange differences		119	6,701	-	-
Interest receivable		(6)	(9)	-	-
Interest payable		12,197	11,594	-	-
Increase in inventories		(26)	(13)	-	-
(Decrease)/increase in trade and other receivables		1,111	(1,133)	-	-
Increase in trade and other payables and provisions		715	1,326	-	-
Cash generated from operations		20,528	16,593	-	-

Notes to the financial statements for the year ended 31 March 2016

General information

Kewill Group Holdings Ltd is a company incorporated and domiciled in Great Britain under the Companies Act. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 3 to 4.

Functional and presentation currency

These financial statements are presented in United States dollars, whilst the functional currency of the parent company is considered to be pounds sterling. All of the Group's borrowings, interest and debt repayments are in dollars, as well as a substantial part of the Group's underlying trading and cash generation, and the Company has therefore determined that dollars are the presentation currency which best reflects the activities of the Group as a whole.

Parent company

The parent company has not presented its own income statement, as permitted by section 408 of the Companies Act 2006. The parent company recorded a profit for the year of \$nil (2015: \$nil).

Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Significant estimates are used for, but not limited to: impairment of goodwill and investments, valuation of intangible assets, valuation of contingent consideration and recognition of deferred tax assets (see also page 21).

At the date of authorisation of these financial statements, the following new standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases, had not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements
- Disclosure Initiative: Amendments to IAS 7 Statement of Cash Flows
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- Amendments to IAS 12: Recognition of Deferred Tax assets for Unrealised Losses

It is anticipated that there will be minimal impact on the financial statements from the adoption of these new and revised standards.

Notes to the financial statements for the year ended 31 March 2016

b) Going concern

Going concern considerations are discussed in the Strategic and Directors' reports.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group meets its day-to-day working capital requirements using cash in hand and is expected to generate sufficient free cash flow going forwards to meet scheduled repayments of its borrowings as well as to meet other liabilities as they fall due.

The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, together with written support from its parent undertaking, show that the Group should be able to operate within the level of these current resources and borrowing facilities to cover its liabilities as they fall due. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements.

c) Consolidation policy and goodwill

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings. The accounts of each company in the Group have been prepared to 31 March 2016. The results of subsidiary undertakings have been included from the date of acquisition or up to the date of disposal being the date control passes. All intra-group profits and trading are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments used and liabilities incurred or assumed at the date of exchange. Acquisition related costs are not included in the cost of acquisition, but charged to operating expenses as they are incurred. Any pre-existing equity interest in the entity acquired is remeasured to fair value at the date of obtaining control, with any resulting gain or loss recognised in profit or loss. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at acquisition date. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. Any changes in the Group's ownership interest subsequent to the date of obtaining control are recognised directly in equity, with no adjustment to goodwill.

Contingent consideration is measured at fair value. Contingent consideration payable in more than one year, forming part of the cost of acquisition, is discounted to a present value. The unwinding of this discount is shown as part of finance costs in the income statement. Any changes to the cost of an acquisition, including contingent consideration, resulting from events after the date of acquisition are recognised in profit or loss.

Goodwill is capitalised on the balance sheet and allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The carrying value of goodwill is cost less accumulated impairment losses.

d) Segmental reporting

The Group has chosen not to publish segmental reporting information other than that required by the Companies Act.

e) Intangible assets (other than goodwill)

Intangible assets are included at cost or fair value to the Group at the date of acquisition, assessed on an estimate of the present value of future cash flows projected to arise from the use of those intangible assets, less amounts written off representing impairment in value.

Amortisation is calculated to write off the cost of the intangible assets on a straight-line basis over their expected useful economic lives, for each individual asset, which for all intangible assets is currently 5 years.

The Group's intangible assets comprise intellectual property (principally comprising computer software acquired or developed for sale to customers), brand values (the Kewill name and marketing logos) and customer base (contractual customer relationships acquired in a business combination).

Notes to the financial statements for the year ended 31 March 2016

f) Impairments

Impairment tests on the carrying value of goodwill and other assets subject to amortisation are undertaken if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is also tested for impairment at least annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have been previously impaired are reviewed for possible reversal of the impairment at each reporting date.

g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less depreciation and, when appropriate, provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided at rates calculated to write off the cost of fixed assets less estimated residual value on a straight-line basis over the expected useful economic lives of the assets concerned. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The annual rates used from date of purchase are:

Freehold land & buildings	4-5%
Leasehold improvements	10-20% (or the lease term if shorter)
Fixtures, fittings and equipment	33%

h) Investments

Investments are included in the balance sheet at cost less amounts written off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable and are charged to the income statement.

i) Inventory

Inventory is stated at the lower of cost and net realisable value after making allowance for slow-moving and obsolete inventory. Cost of finished goods is based on purchase price on a first in first out basis.

j) Foreign currencies

Transactions in foreign currencies are translated into each company's functional currency at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into each company's functional currency at the rates of exchange ruling at the balance sheet date. Other foreign exchange gains and losses are taken to the income statement in the year in which they arise.

For the purposes of presenting the consolidated financial statements, the results of foreign operations are translated into dollars, the Group's presentation currency, at the monthly average exchange rate. The assets and liabilities are translated at rates of exchange ruling at the end of the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

k) Income recognition

(i) Revenue from sale of goods and services

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue is generated from the sale of software licences, customised software, hardware and fees derived from installation, consultancy, training, hosting, network usage and support. Revenue is recognised when a contract exists, delivery has occurred and the fee is fixed or determinable and collectable.

Where contracts comprise multiple elements, for example provision of a licence along with maintenance over a period of time, the contracts are assessed to establish whether the components have separate commercial substance. Where the components are separately identifiable the elements are unbundled for the purposes of revenue recognition by identifying the separate deliverables and allocating the total consideration between them on a basis which reflects the stand-alone selling prices.

Revenue generated from the development of customised software is recognised by reference to the stage of completion of the development, including completion of services provided for post-delivery support. Revenue in respect of training and consultancy services is recognised on performance of the service. Consideration received in

Notes to the financial statements for the year ended 31 March 2016

advance of the performance of training and consultancy services is deferred and recognised as revenue over the period in which they are performed. Revenue from hosting and network usage is recognised in the month of usage or at the end of the contract period. Revenue from mailbox rentals is recognised in equal monthly instalments over the rental period or on a usage basis where more appropriate.

(ii) Other income

Bank interest receivable is accrued on a time basis taking account of the principle outstanding and interest rate applicable. Dividend income from investments is recognised when the right to receive payment is established.

l) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, using the liability method on an undiscounted basis, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

m) Research and development expenditure

Expenditure on research activities related to the development of the Group's products is recognised as an expense as it is incurred.

An internally-generated intangible asset arising from the Group's product development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Currently, expenditure incurred that meets all the above conditions is minimal, therefore all research and development expenditure to date has been recognised as an expense as it has been incurred.

n) Pension costs

The Group operates a number of defined contribution pension schemes. The charge against the income statement is the amount of contributions payable to the pension schemes in respect of the accounting period.

o) Operating leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Notes to the financial statements for the year ended 31 March 2016

p) Provisions

Provisions for restructuring costs, legal claims and onerous contracts are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

q) Financial instruments

Financial assets and financial liabilities are recorded in the Group's balance sheet when the Group becomes a party to the contractual obligations of the instrument. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Income and expenditure arising on financial instruments is recognised on an accruals basis and taken to the income statement in the financial period in which it arises.

The Group's financial assets comprise cash and cash equivalents or receivables.

The Group's non-derivative financial liabilities comprise bank borrowings, trade payables, accruals, contingent consideration or onerous contractual obligations. All have fixed and determinable payments that are not quoted in an active market.

All financial assets and financial liabilities are included in current assets or current liabilities, as appropriate, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets or liabilities.

(i) Cash and cash equivalents

Cash is defined as cash in hand and on demand deposits. Cash equivalents are defined as short-term, highly liquid investments with original maturities of twelve months or less but which can be drawn in less than 3 months.

(ii) Trade receivables and payables, including accruals

Trade receivables and payables do not carry any interest and are stated at their nominal value. Provision is made for estimated irrecoverable receivables.

(iii) Bank borrowings

Bank loans are recorded at proceeds received, net of finance costs. Finance charges and issue costs are accounted for on the effective interest rate method to the income statement.

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use. The Group has no such qualifying assets at the present time.

(iv) Derivative financial instruments

Derivative financial instruments are held at fair value. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. At the present time, the Group does not have any derivative financial instruments that do qualify for hedge accounting.

(v) Equity instruments

Equity instruments issued by the Company are recorded at proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Notes to the financial statements for the year ended 31 March 2016

Critical accounting judgements

Revenue recognition

The Group's revenue recognition accounting policy is that "revenue is recognised when a contract exists, delivery has occurred and the fee is fixed or determinable and collectable". However, the Group's business includes the provision of software, in particular software licences and customised software, for which the asset provided is purely intangible. As a result, management often has to make judgements about cut-off, where to recognise the delivery of such intangible assets within projects and licences, as well as when to account for new revenue contracts.

There is no industry specific guidance available under IAS 18 *Revenue*, although there are detailed criteria specifying the principles to be applied, in particular about whether the risks and rewards of ownership have been transferred to the buyer and whether it is probable that economic benefits will flow to the Group. In applying these principles, management have considered each material contract on a case by case basis.

Judgement is also required in unbundling multiple-element contracts, particularly in determining the individual elements on the basis of their separate commercial substance, in then allocating consideration on the basis of stand-alone prices, and finally in determining the extent to which such separated elements have been delivered to the customer.

Key sources of estimation uncertainty

(i) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill can be allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

The Group prepares a valuation based on various scenarios and each of these scenarios has different growth rate assumptions. The growth rate assumptions are in relation to periods covered by Board approved plans. Other key assumptions are the discount rate, where the Group uses its corporate weighted average cost of capital and the conversion to cash ratio of future profits.

It is impractical to disclose the extent of the possible effects of uncertainty in respect of a key assumption at the balance sheet date. It is possible that future outcomes that differ to the key assumptions could result in a material adjustment to the carrying value of the Group's goodwill.

The carrying amount of goodwill at the balance sheet date was \$86,812,000 (2015: \$94,429,000). Details regarding the goodwill carrying value and assumptions used in carrying out the impairment reviews are provided in note 7.

(ii) Impairment of investments

The Group has also carried out an impairment review on the value of investments held by the Company. Where the investment is held in a company which has an ongoing trade, the value is derived by a value in use calculation of the cash generating units. This is done on a similar basis to that used in the impairment of goodwill calculation set out above and is therefore subject to the same judgement and estimations. Where the investment is held in a company which is no longer trading, the value is derived from the carrying value of the net assets on the balance sheet of the entity.

(iii) Valuation of intangible assets

To determine the fair value of intangible assets in respect of intellectual property, brand values and customer relationships identified on the acquisition of businesses or subsidiaries, the Group uses various assumptions including the market royalty rates, estimated discount rates, expected levels of customer retention and profit margins relevant to the market in which the business operates. These assumptions have been applied in particular in respect of the purchase of a US business (trade and assets) acquired in the period ended 31 March 2015 and the Four Soft business acquired in the year ended 31 March 2014.

(iv) Valuation of contingent consideration

To determine the fair value of the contingent consideration payable on the acquisition of subsidiaries the Group considers various factors including the performance of the business since acquisition together with its expected performance to the end of the earn-out period.

(v) Recognition of deferred tax asset

To determine the extent to which future taxable profits will be available against which temporary differences can be used the Group considers the current and forecast profitability of the relevant legal entity in the relevant country.

Notes to the financial statements for the year ended 31 March 2016

1. Acquisition costs, reorganisation costs and other exceptional costs

The net acquisition credit of \$78,000 in the year to 31 March 2016 comprises a reduction of \$193,000 in the expected fair value of contingent consideration relating to the Minihouse acquisition (see note 20) less abortive acquisition expenses of \$115,000.

Acquisition costs of \$1,102,000 in 2015 comprised the cash costs of appraising and completing the acquisition of a US Transportation Management System ("US TMS business"), mainly comprising legal and professional fees, along with costs of a similar nature in respect of an ultimately abortive acquisition.

Reorganisation costs of \$3,050,000 in 2016 (2015: \$1,673,000) comprised costs of significant worldwide restructuring activity, undertaken in order to streamline operations and invest in new and improved business processes. The costs include consultancy and other professional charges along with redundancy payments.

Other exceptional costs of \$7,656,000 in 2015 comprised two separate items considered exceptional in quantum rather than by nature:

First, exchange losses of \$6,701,000 arose in that year, materially almost wholly accounted for by retranslation of intercompany balances, as a result of significant fluctuations in exchange rates, particularly the strengthening of the US dollar and weakening of the euro. Intra-group funding involves certain downstream loans denominated in sterling and others in US dollars. There was or is no net group cash exposure on these loans, and hence no necessity to hedge, but as a result of compliance with International Accounting Standards some of the resulting foreign exchange differences have to be reported in operating profits whilst others are recorded through reserves. Exchange gains on certain loans considered investments, totalling \$7.0m, were taken. Secondly, an impairment provision against unbilled receivables of \$955,000 was incurred during that year, associated with a single account.

2. Finance costs

		Year ended 31 March 2016 \$000	Year ended 31 March 2015 \$000
	Note		
Interest payable on bank overdrafts and short term borrowings		11,268	10,761
Amortisation of capitalised fees		928	769
Fair value adjustment: restatement of derivative financial instruments	19	1	64
Finance costs		12,197	11,594

3. Loss before taxation

		2016 \$000	2015 \$000
	Note		
Group loss before taxation is stated after charging/(crediting):			
Staff costs	5	50,334	59,676
Total audit fees payable to the Company's auditor (see below)		354	354
Total non-audit fees payable to the Company's auditor (see below)		24	12
Depreciation of property, plant and equipment	9	2,114	2,536
Loss on disposal of property, plant and equipment		1	-
Impairment of goodwill	7	8,739	-
Amortisation of other intangible assets	8	20,482	20,616
Operating lease rentals - land and buildings		2,311	2,611
Operating lease rentals - other assets		782	1,038
Movement in trade receivables reserve	12	65	1,936
Repair and maintenance expenditure on property, plant and equipment		966	983
Net foreign exchange losses/(gains)		119	6,701
Research & development		8,478	9,819

Analysis of auditor's remuneration:

- fees payable to the Company's auditor for the audit of the Company's annual accounts	100	100
- fees payable to the Company's auditor for other services		
* the audit of the Company's subsidiaries	254	254
	354	354
* taxation services	24	12
* transaction support services	-	-
	24	12

Fees payable by the Company's auditor for the audit of the Company's annual accounts have been borne on its behalf by its subsidiary undertakings, Kewill Holdings Limited and Kewill Limited.

Fees payable to the Company's auditor and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Notes to the financial statements for the year ended 31 March 2016

4a. Taxation

	Year ended 31 March 2016 \$000	Year ended 31 March 2015 \$000
Current tax		
Current income tax charge	2,323	2,847
Adjustments in respect of prior periods	54	(57)
Deferred tax		
Origination and reversal of temporary differences	(3,403)	(5,320)
Adjustments in respect of prior periods	(765)	(414)
Change in future expected tax rates	165	63
Total taxation credit	(1,626)	(2,881)

4b. Reconciliation of tax

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	2016 \$000	2015 \$000
Loss before tax	24,918	25,019
Tax on loss before tax at the weighted average rate for the Group of 24.0% (2015: 19.5%)	(5,980)	(4,879)
Factors affecting charge for the year		
Adjustments to tax charge in respect of prior periods	(711)	(470)
Acquisition costs not deductible for tax purposes	-	79
Goodwill impairment not deductible for tax purposes	2,097	-
Other expenses not deductible for tax purposes	82	203
Current year losses not recognised	2,778	3,021
Utilisation in year of previously unrecognised losses	(239)	(376)
Increased recognition of previously unrecognised losses	(175)	(540)
Derecognition of previously recognised losses	428	-
Impact on deferred tax of change in future expected tax rates	165	63
Withholding taxes paid and expensed	12	-
Income not taxable, enhanced deductions & other	(83)	18
Total taxation credit	(1,626)	(2,881)

4c. Factors affecting future tax charges

At the balance sheet date, the group had an unrecognised deferred tax asset in respect of losses of \$8,733,000 (2015: \$6,437,000 available for offset against future profits (see note 13).

The rate of UK corporation tax is being reduced from 20% (effective for the year ended 31 March 2016) to 17% effective from 1 April 2017. The latter rate has been used in calculating deferred tax provisions at the balance sheet date.

5. Employees

The average monthly number of Group and Company employees, including executive Directors, during the period was as follows:

	Group Year ended 31 March 2016 Number	Group Year ended 31 March 2015 Number	Company Year ended 31 March 2016 Number	Company Year ended 31 March 2015 Number
Technical and sales	783	889	-	-
Administrative	90	93	-	-
Total employees	873	982	-	-

Staff costs during the period, including executive Directors and excluding contractors, amounted to:

	Group 2016 \$000	<i>Restated for consistency</i> Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Wages and salaries	44,455	52,182	-	-
Social security costs	4,399	5,538	-	-
Other pension costs	1,480	1,956	-	-
Total staff costs	50,334	59,676	-	-

Notes to the financial statements for the year ended 31 March 2016

5. Employees (continued)

Key management compensation

	Group Year ended 31 March 2016 \$000	Group Year ended 31 March 2015 \$000	Company Year ended 31 March 2016 \$000	Company 25 April 2012 to 31 March 2015 \$000
Salaries and short-term employee benefits	2,593	3,616	-	-
Post-employment benefits	52	115	-	-
Termination benefits	431	84	-	-
Total key management compensation	3,076	3,815	-	-

The key management compensation figures above include a total of 19 (2015: 16) personnel, comprising directors and senior functional management.

Of the total emoluments above, an aggregate amount of \$336,000 (2015: \$524,000) is attributable to the highest paid director.

6. Pension scheme costs

The Group operates a number of defined contribution pension schemes in the United Kingdom and overseas. The total contributions payable in respect of these schemes amounted to \$1,480,000 (2015: \$1,956,000).

7. Goodwill

Movements during the year are summarised as follows:

	2016 \$000	2015 \$000
Group		
Net book amount		
At 1 April	94,429	95,724
Impairment	(8,739)	-
Acquisition of US TMS business	-	8,248
Foreign exchange differences	1,122	(9,543)
At 31 March	86,812	94,429

The carrying amounts of goodwill by geography are as follows:

	2016 \$000	2015 \$000
Europe	37,482	36,591
Americas	34,240	41,999
Asia	15,090	15,839
	86,812	94,429

All goodwill recognised at 31 March 2015 arose on either the acquisition of the acquisition of the US TMS business in September 2014, the Four Soft software group in October 2013 or the Kewill plc software group in July 2012.

Goodwill arising from these business combinations has been allocated to groups of cash-generating units (or "CGUs"), aggregated above on a regional basis, as this is the lowest level within the entity at which the goodwill is monitored for internal management purposes. The goodwill was tested for impairment at 31 March 2016 and will continue to be tested annually, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding the growth in future cash flows, driven by revenue growth, and discount rates. These calculations use pre-tax forecast cash flows derived from the most recent financial plans approved by management for the years ended 31 March 2017 through to 31 March 2020. All cash flows beyond March 2020 are extrapolated using a growth rate of 3% for the year ended 31 March 2021, after which a growth rate of 0% is used in perpetuity thereafter. The discount rate used to discount the forecast cash flows for the CGUs ranges from 11% to 12.5% and is estimated by reference to the Group's weighted average cost of capital and the degree of risk attached to an individual CGU.

The impairment tests performed showed that the value in use of the un-impaired goodwill for Europe was in excess of its book value. However, the value in use of goodwill for the Americas was below its book value by \$7.7m and that of Asia below its book value by \$1.0m, as a result of which a total impairment charge of \$8.7m was recognised in the year.

Self-evidently, given the just-recognised impairments to the goodwill in the Americas and Asia, any unfavourable variance to their trading forecasts would result in additional impairment. If the free cash flow growth rates for the Americas and Asia were decreased by a reasonably possible 1% then additional goodwill of \$1.4m and \$0.4m respectively would be impaired.

Notes to the financial statements for the year ended 31 March 2016

8. Other intangible assets

Movements during the period are summarised as follows:

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Intellectual property \$000	Brand names \$000	Customer relation- ships \$000	Non- complete agree- ments \$000	Total \$000	Intellectual property \$000	Brand names \$000	Customer relation- ships \$000	Non-complete agree- ments \$000	Total \$000
Group										
Cost										
At 1 April	72,181	10,144	20,072	1,546	103,943	72,318	11,231	18,399	1,753	103,701
Acquisition of US business	-	-	-	-	-	7,250	-	3,600	-	10,850
Foreign exchange	(45)	(27)	(325)	113	(284)	(7,387)	(1,087)	(1,927)	(207)	(10,608)
At 31 March	72,136	10,117	19,747	1,659	103,659	72,181	10,144	20,072	1,546	103,943
Amortisation										
At 1 April	30,659	6,626	6,729	464	44,478	18,762	5,630	3,392	176	27,960
Charge for the period	14,564	1,579	4,000	339	20,482	14,687	1,668	3,924	337	20,616
Foreign exchange	(114)	(53)	(145)	26	(286)	(2,790)	(672)	(587)	(49)	(4,098)
At 31 March	45,109	8,152	10,584	829	64,674	30,659	6,626	6,729	464	44,478
Net book amount										
At 31 March	27,027	1,965	9,163	830	38,985	41,522	3,518	13,343	1,082	59,465

All amortisation and impairment charges in the period are included in operating expenses in the income statement.

9. Property, plant and equipment

Movements during the period are summarised as follows:

	2016	2016	2016	2016	2015	2015	2015	2015
	Freehold property \$000	Leasehold improve- ments \$000	Fixtures, fittings and Equipment \$000	Total \$000	Freehold property \$000	Leasehold improve- ments \$000	Fixtures, fittings and Equipment \$000	Total \$000
Group								
Cost								
At 1 April	668	1,189	8,613	10,470	698	1,379	8,447	10,524
Acquisition of US TMS business	-	-	-	-	-	-	104	104
Additions	-	62	1,319	1,381	-	-	1,828	1,828
Disposals	-	(1)	(272)	(273)	-	-	(280)	(280)
Foreign exchange differences	(37)	(14)	479	428	(30)	(190)	(1,486)	(1,706)
At 31 March	631	1,236	10,139	12,006	668	1,189	8,613	10,470
Depreciation								
At 1 April	55	484	4,650	5,189	19	376	3,549	3,944
Charge for the period	33	224	1,857	2,114	37	213	2,286	2,536
Disposals	-	-	(271)	(271)	-	-	(274)	(274)
Foreign exchange differences	(3)	6	455	458	(1)	(105)	(911)	(1,017)
At 31 March	85	714	6,691	7,490	55	484	4,650	5,189
Net book amount								
At 31 March	546	522	3,448	4,516	613	705	3,963	5,281

Notes to the financial statements for the year ended 31 March 2016

10. Investments

Company	2016 \$000	2015 \$000
Investments in shares in subsidiary undertakings		
At 1 April	15	17
Additions	-	-
Exchange differences caused by change in presentation currency	(1)	(2)
At 31 March	14	15

Investments in subsidiary undertakings comprise investments in ordinary share capital.

The full list of subsidiary undertakings of the Company as at 31 March 2016 is as follows:

	Country of incorporation/ registration	% of equity and voting rights held at 31 March 2016
Trading		
Kewill Ltd	UK	100
Kewill Inc.	USA	100
Four Soft USA Inc.	USA	100
Kewill B.V.	Netherlands	100
Kewill Belgium N.V.	Belgium	100
Kewill GmbH	Germany	100
Kewill Nordics A/S	Denmark	100
Kewill India Private Ltd	India	100
Kewill Pte Ltd	Singapore	100
Kewill Ltd	Hong Kong	100
Kewill Co Ltd	China	100
Kewill K K	Japan	100
Kewill Pty Ltd	Australia	100
Non-trading / sub-holding companies		
Kewill Holdings Ltd	UK	100
Four Soft UK Ltd (in members' voluntary liquidation)	UK	100
Kewill Holding B.V.	Netherlands	100
Kewill Nordics Holding B.V. (formerly Four Soft B.V.)	Netherlands	100

The above companies operated principally in their countries of incorporation/registration and, apart from Kewill Co Ltd (China), have 31 March year ends.

The principal nature of business of trading subsidiary undertakings is the development and/or distribution of computer software and associated services. All of the above companies are included in the consolidation.

Apart from Kewill Holdings Ltd, which is owned directly, all shares in the other entities above are owned indirectly by subsidiary undertakings of Kewill Group Holdings Ltd.

11. Inventories

	Group 2016 \$000	Group 2015 \$000
Finished goods	56	30

Notes to the financial statements for the year ended 31 March 2016

12. Trade and other receivables

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Trade receivables	21,500	23,529	-	-
Less: provision for impairment of receivables	(825)	(1,360)	-	-
Trade receivables - net	20,675	22,169	-	-
Amounts owed by subsidiary undertakings	-	-	55,834	57,543
Current tax recoverable	640	23	-	-
Other receivables	1,812	1,615	-	-
Prepayments and accrued income	4,920	4,340	-	-
	28,047	28,147	55,834	57,543

Trade and other receivables are denominated in the following currencies:

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Sterling	3,987	5,122	55,834	57,543
US Dollars	8,582	11,486	-	-
Euro	7,951	4,072	-	-
Singapore Dollars	1,168	2,290	-	-
Other	6,359	5,177	-	-
	28,047	28,147	55,834	57,543

Movements on the provision for impairment of trade receivables are as follows:

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
At 1 April	(1,360)	(726)	-	-
Foreign exchange	13	163	-	-
Receivables written off as uncollectable	587	1,139	-	-
New provisions created	(65)	(1,936)	-	-
At 31 March	(825)	(1,360)	-	-

As of 31 March 2016 the Group had trade receivables of \$9,652,000 (2015: \$11,702,000) that were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Up to 3 months	7,871	7,793	-	-
3 to 6 months	1,560	2,879	-	-
Over 6 months	221	1,030	-	-
	9,652	11,702	-	-

Impaired trade receivables are all past due and over 6 months old.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this, management believe there is no further material credit risk for doubtful receivables.

The Group does not hold any collateral as security.

Impairments of trade receivables are expensed as operating expenses.

The fair value of receivables equates to their book value.

The Group does not collect external credit ratings for customers but uses its own methods for determining credit worthiness.

Amounts receivable from subsidiary undertakings include \$55.8m (2015: \$57.5m) which is a loan owed to the Company by its immediate subsidiary undertaking. This loan is repayable on demand and accrues interest at annually agreed rates which can vary between 0% and current market rates. A rate of nil% was charged for the period to 31 March 2016 (2015: nil%).

Notes to the financial statements for the year ended 31 March 2016

13a. Deferred tax asset recognised

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
As at 1 April	13,621	13,680	-	-
Recognised in the period:				
adjustment in respect of prior periods	765	414	-	-
on timing differences for the period	713	1,923	-	-
on change of future expected tax rates	(165)	(63)	-	-
Derecognised in the period	(428)	-	-	-
Utilised in the period	(1,971)	(1,984)	-	-
Exchange differences	(7)	(349)	-	-
As at 31 March	12,528	13,621	-	-

The deferred tax asset can be analysed as:

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Deferred tax in respect of losses recognised	9,570	12,103	-	-
Accelerated amortisation and depreciation	2,370	1,413	-	-
Other short-term timing differences	588	105	-	-
	12,528	13,621	-	-

Of the total Group deferred tax asset, approximately \$1,850,000 (2015: \$2,050,000) is expected to be recovered within one year.

13b. Deferred tax asset unrecognised

The Group also has an unrecognised deferred tax asset of \$8,733,000 (2015: \$6,437,000) as follows:

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Unrecognised deferred tax asset in respect of trading losses	1,746	633	-	-
Unrecognised deferred tax asset in respect of non-trading	5,783	4,343	-	-
Unrecognised deferred tax asset in respect of capital losses	1,204	1,461	-	-
	8,733	6,437	-	-

These deferred tax assets have not been recognised as the precise incidence of future profits in the relevant countries and legal entities cannot be predicted accurately at this time. In particular, some of these losses are expected to expire before they can be utilised. The tax charge in future periods will be reduced by the utilisation of brought forward trading losses.

14. Trade and other payables

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Trade payables	1,764	2,416	-	-
Amounts owed to parent undertaking	55,835	57,611	55,834	57,543
Other tax and social security costs	2,440	2,294	-	-
Other payables	469	527	-	-
Accruals	8,966	7,467	-	-
Deferred income	24,112	23,175	-	-
	93,586	93,490	55,834	57,543

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2015 \$000
Trade and other payables are denominated in the following currencies:				
Sterling	10,551	66,617	55,834	57,543
US Dollars	10,737	11,523	-	-
Euro	8,368	8,197	-	-
Singapore Dollars	2,202	2,724	-	-
Other	5,893	4,429	-	-
	37,751	93,490	55,834	57,543

The \$55.8m (2015: \$57.5m) loan owed by the Company to its parent undertaking is repayable on demand and accrues interest at annually agreed rates which can vary between 0% and current market rates. A rate of nil% was charged for the period to 31 March 2016 (2015: nil%).

Notes to the financial statements for the year ended 31 March 2016

15. Current tax liability

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2014 \$000
Corporation tax liability	-	-	-	-
Overseas tax liability	2,539	2,282	-	-
	<u>2,539</u>	<u>2,282</u>	<u>-</u>	<u>-</u>

16. Deferred tax liability

The total deferred tax liability is made up as follows:

	Group 2016 \$000	Group 2015 \$000	Company 2016 \$000	Company 2014 \$000
At 1 April	13,324	20,221	-	-
Released to income statement	(5,088)	(5,382)	-	-
Exchange differences	31	(1,515)	-	-
As at 31 March	<u>8,267</u>	<u>13,324</u>	<u>-</u>	<u>-</u>

The deferred tax liability relates wholly to the deferred tax on the acquisition of intangible assets. Of the total deferred tax liability, approximately \$5.0m (2015: \$5.0m) is expected to be utilised within one year.

17. Borrowings

Group

Total borrowings comprise:	2016 \$000	2015 \$000
Bank loans	<u>145,160</u>	<u>150,499</u>

These obligations are presented in the group's balance sheet as follows:

	\$000	\$000
Included in current liabilities	6,202	6,350
included in non-current liabilities	138,958	144,149
	<u>145,160</u>	<u>150,499</u>

The maturity profile of the group's bank loans is as follows:

	Excluding capitalised fees \$000	Capitalised fees \$000	Total as presented \$000	Excluding capitalised fees \$000	Capitalised fees \$000	Total as presented \$000
In one year or less	7,241	(1,039)	6,202	7,241	(891)	6,350
In more than one year, but not more than two years	8,021	(1,039)	6,982	5,729	(891)	4,838
In more than two years but not more than five years	133,042	(1,066)	131,976	141,062	(1,751)	139,311
In more than five years	-	-	-	-	-	-
	<u>148,304</u>	<u>(3,144)</u>	<u>145,160</u>	<u>154,032</u>	<u>(3,533)</u>	<u>150,499</u>

Refinance

The loans outstanding at 31 March 2016 and at 31 March 2015 arose on 2 October 2013, on which date the Company refinanced its debt in order to fund the acquisition of Four Soft.

A total of \$85,000,000 was raised under a first lien amortising term loan facility provided by Silicon Valley Bank and Wells Fargo Bank under a Credit Agreement dated 2 October 2013. Repayments commenced on 31 December 2013 and are due to continue until the term loan maturity date on 2 October 2018. The loans are secured by fixed and floating charges over the shareholdings in the principal subsidiary undertakings as well as over the assets of the principal subsidiaries. The loans are subject to standard commercial loan covenants for which the group was fully in compliance throughout the reporting period and to the date of this report.

Under this current Credit Agreement the Kewill group also has access to a \$10,000,000 revolving credit facility. A total of \$8,488,000 was undrawn at 31 March 2016, with \$1,512,000 borrowed on the facility.

Notes to the financial statements for the year ended 31 March 2016

17. Borrowings (continued)

Refinance 2 October 2013 (continued)

A total of \$52,000,000 was raised under a second lien non-amortising term loan facility provided by TPG Specialty Lending, Inc. under a Credit Agreement dated 2 October 2013. The loan is repayable on its loan maturity date of 2 October 2019. The loan is secured by fixed and floating charges over the shareholdings in the principal subsidiary undertakings as well as over the assets of the principal subsidiaries. The loan is subject to standard commercial loan covenants for which the group was fully in compliance throughout the reporting period and to the date of this report.

Credit Agreement amendments 10 September 2014 and 23 December 2015

On 10 September 2014, the Group raised additional debt finance from its existing lenders in order to complete the acquisition of the US TMS business. The amendments to the current credit agreements resulted in raising an additional \$6,000,000 in first lien debt and an additional £10,000,000 in second lien debt.

Interest on the first lien bank loans remains unchanged, at a variable rate, payable at LIBOR, subject to a minimum of 1.25%, plus a further margin of 4.25%. During the reporting period, the average interest rate charged on the bank loans was approximately 5.5%. The total interest expense in the period on this borrowing, excluding amortisation of capitalised fees, was \$5,161,000 (2015: \$5,145,000).

Interest on the second lien bank loans also remained unchanged, at a variable rate, payable at LIBOR, subject to a minimum of 1.25%, plus a further margin of 8.25%. During the reporting period, the average interest rate charged on the bank loans was approximately 9.5%. The total interest expense in the period on this borrowing, excluding amortisation of capitalised fees, was \$6,096,000 (2015: \$5,590,000).

In the year ended 31 March 2016 additional fees of \$538,000 were capitalised in respect of an amendment dated 23 December 2015. The amendment did not result in any significant changes to the cash flows arising under the loans.

Refinance 31 May 2016

As disclosed in note 26, the debt outstanding at 31 March 2016 was repaid in full on 31 May 2016 through the proceeds of additional equity plus new debt finance raised.

The current credit facilities are provided through a syndicate led by TPG Specialty Lending Europe I Advisors Ltd. The term loan facilities include US dollar denominated loans totalling \$100,000,000, pounds sterling denominated loans totalling £13,648,150 and euro denominated loans totalling €67,476,383. The new revolving credit facilities comprise a committed facility of \$15,000,000.

Interest is payable on the credit facilities at a variable rate, payable at LIBOR plus a further margin of up to 6.75%.

18. Derivative financial instruments

Derivative financial instruments comprise:

Interest rate cap/swap assets/(liabilities)

These obligations are presented in the group's balance sheet as follows:

Included in current assets

	2016 \$000	2015 \$000
Interest rate cap/swap assets/(liabilities)	-	1
These obligations are presented in the group's balance sheet as follows:	\$000	\$000
Included in current assets	-	1
	-	1

Derivative financial instruments held at 31 March 2015 comprised an interest rate cap arrangement entered into to protect the Company against the cash flow risk of potential future increases in the LIBOR rate as applied to the current bank borrowings described above in note 17.

The interest rate cap was purchased during the year ended 31 March 2014, the instrument being a two year interest rate cap at 1.25% three month LIBOR on 100% of the first lien loan balance at that time, as amortising going forwards until expiry 31 December 2015, for a premium of \$90,000. The notional principal of the cap at 31 March 2015 was \$81,812,500. The fair value of the cap at 31 March 2015 was \$500, expensed as a charge of \$500 to the income statement in year ended 31 March 2016 (2015: expense \$64,500). There were no cash flows in respect of this swap instrument during the current reporting period.

The interest rate derivatives are measured subsequent to initial recognition at fair value, classified as a Level 2 fair value measurement. Level 2 fair value measurements are those derived from inputs other than quoted prices.

The Directors consider that the carrying amount of financial assets and liabilities approximates to their fair value.

The Group's financial assets at the year end are analysed as follows:

	Group 2016 \$000	Group 2016 \$000	Company 2016 \$000	Company 2015 \$000
Cash and cash equivalents	7,678	8,972	-	-
Derivative financial instruments	-	1	-	-
Amounts owed by subsidiary undertakings	-	-	55,834	57,543
Trade receivables	20,675	22,169	-	-
Other receivables	1,812	1,615	-	-
Accrued income	1,409	1,563	-	-
	<u>31,574</u>	<u>34,320</u>	<u>55,834</u>	<u>57,543</u>

The ageing of the Group's trade receivables is shown in note 12.

In the Company balance sheet, amounts owed by subsidiary undertakings total \$55,834,000 (2015: \$57,543,000, all of which is denominated in sterling and which accrues interest at annually agreed rates which can vary between 0% and current market rates. A rate of nil% was charged for the period to 31 March 2016 (2015: nil%).

The interest rate profile of the Group's cash and cash equivalents was:

	Currency	At 31 March 2016		At 31 March 2015	
		Total	Floating rate financial assets	Total	Floating rate financial assets
		\$000	\$000	\$000	\$000
Cash at bank					
	Sterling	1,137	1,137	1,008	1,008
	US Dollar	2,804	2,804	4,407	4,407
	Euro	736	736	559	559
	Danish Kroner	245	245	167	167
	Singapore Dollar	504	504	459	459
	Hong Kong Dollar	149	149	57	57
	Chinese Yuan Renminbi	210	210	134	134
	Japanese Yen	214	214	1,008	1,008
	Indian Rupee	262	262	324	324
	Other	20	20	19	19
Total cash at bank		6,281	6,281	8,142	8,142
Short-term deposits	Euro	1,397	1,397	830	830
Total short term deposits		1,397	1,397	830	830
Total		7,678	7,678	8,972	8,972

Floating rate cash earns interest based on relevant national interest rates ranging from 0.1% to 0.8%.

Financial liabilities

The Group's financial liabilities at the year end are analysed as follows:

The Group's financial liabilities at the year end are analysed as follows:									
		Group						Company	
	Note	Due in less than 1 year	Due in more than 1 year	Total	Due in less than 1 year	Due in more than 1 year	Total	Due in less than 1 year	Due in less than 1 year
		2016	2016	2016	2015	2015	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Trade payables		1,764	-	1,764	2,416	-	2,416	-	-
Amounts owed to parent undertaking		55,835	-	55,835	57,611	-	57,611		57,543
Accruals		8,966	-	8,966	7,467	-	7,467	-	-
Other payables		469	-	469	527	-	527	-	-
Borrowings	17	6,202	138,958	145,160	6,350	144,149	150,499	-	-
		73,236	138,958	212,194	74,371	144,149	218,520	0	57,543

Notes to the financial statements for the year ended 31 March 2016

19. Financial instruments (continued)

Capital risk management

During the period, the Group financed its operations through a mixture of intercompany loans and bank borrowings. At 31 March 2016, the capital structure of the Group primarily consisted of gross debt totalling \$148.3m (note 17) and parent intercompany loans totalling \$55.8m. Treating the parent company debt as equivalent to equity, this equates to a gearing ratio of 73%.

The Group's overall objective when managing capital and other financial risk is to safeguard its ability to continue as a going concern in order to provide returns to shareholders (investors) and benefits to other stakeholders. To this end the Group seeks to maintain an optimal level of bank borrowings as part of the long term capital structure of the entity. The Group will review its capital structure regularly to consider the cost of capital and the risks associated with each class of capital.

Market risks are inherent in the use of debt capital, interest rate cash flow risk for example, on top of which, in the course of its normal activities, the Group is routinely exposed to a variety of other financial risks. These are discussed further below.

Capital is primarily managed at individual entity level, with the overall objective being to foster a collectively strong capital base that will provide a stable level of return to Group shareholders (investors) and long term debt providers, as well as to promote overall investor and creditor confidence. As previously noted, an optimal level of debt forms part of the long term capital structure of the Group so as to facilitate and sustain the continuing development of the business.

Financial instruments and risk management

The main risks arising from the Group's financial instruments are counterparty credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group monitors these risks primarily through cash flow forecasting and sensitivity analysis, with a central treasury function identifying and evaluating financial risks in close co-operation with the Group's main operational functions.

The use of simple financial derivatives is considered in order to hedge specific financial risk where cost effective to do so. The Group does not enter into, or trade, financial instruments, including derivative financial instruments, for speculative purposes.

Counterparty credit risk

This is the risk that a counterparty will be unable to pay amounts in full when due. Credit risks are associated with deposits with banks and receivables from customers. Exposure levels and credit limits applicable to each bank or customer are reviewed on a regular basis.

Liquidity risk

This is the risk that the Group will have insufficient funds to meet its financial liabilities, including scheduled repayments of its borrowing facilities, as they fall due. As the Group is strongly cash generative, and, with a high level of recurring income, its liquidity risk is considered to be minimal.

That said, the Group still remains highly alert to liquidity risk and centrally manages its cash. The objective is to provide efficient cash and tax management and cost effective core funding to operating businesses, and this is undertaken by central pooling of surplus funds via the use of intra-group loans. This process also ensures that there are sufficient funds available to meet the scheduled loan repayments, as well as the expected funding requirements of the Group operations and investment opportunities.

As noted above, Kewill Group Holdings Ltd is funded by a parent company loan of \$55.8m rather than by equity subscription. The loan is repayable on demand although the parent undertakings of Kewill Group Holdings have confirmed that they will continue to provide such financial support as necessary to Kewill Group Holdings to enable the company to pay its debts as and when they become due, and, furthermore, that they will not demand repayment of the loan or any other amounts payable by Kewill Group Holdings Ltd until such time as the company is able to repay such amounts without detriment to its operation as a going concern.

Foreign currency risk and hedging

The Group's principal exposure to exchange rate fluctuations arises on the translation of diverse overseas net assets and results into a single presentation currency (currently US dollars) on consolidation. Overseas investments are not hedged, but the level of such balance sheet exposure will be regularly monitored to ensure this remains appropriate. Translation exposures on direct transactions, such as fund transfers between Group countries, will be managed by reviewing movements on exchange rates.

The table below approximates the impact on the Group's profit before tax of a reasonably possible +/- 1% exchange rate movement (of US dollars against the specified currency, with all other variables held constant) of the Group's major non-USD trading currencies during the year.

	2016 \$000	2015 \$000
Euro +/-	60	48
Pounds Sterling +/-	20	2
	<u>80</u>	<u>50</u>

Since the refinance on 31 May 2016 (see notes 17 and 26) the Group's borrowings are denominated in a mixture of US dollars, pounds sterling and euros. This matches closely the Group's underlying cash generation, so mitigating significantly any economic currency risk on servicing the debt. However, given a US dollar presentation currency for the consolidated financial statements, the group may experience significant non-cash foreign exchange retranslation variances in the presentation of its debt going forwards.

Notes to the financial statements for the year ended 31 March 2016

19. Financial instruments (continued)

Interest rate risk

The Group is currently exposed to interest rate fluctuations its borrowings (as detailed above and in note 17), but will actively monitor this exposure going forwards with a view to putting in place interest rate swaps where deemed beneficial. As an illustration, each 1% increase in LIBOR above a 1.00% base would add approximately \$198,000 to the total interest expense for the next twelve months.

Interest income is generated from cash and short term deposits held by the Group. The Group's exposure to interest rate risk on surplus cash is currently minimal.

As noted previously, the Company has a parent company loan outstanding for £38.9m (\$55.8m) which is repayable on demand. The loan is also subject to interest at a rate to be agreed annually between the Company and its parent. For the period ended 31 March 2016 the rate of interest was agreed at nil%, although this may be subject to change in future years.

20. Provisions

Group	Legal \$000	Contingent consideration \$000	Onerous contracts \$000	Dilapidations liability \$000	Restructure costs \$000	Total \$000
At 1 April 2014	725	551	1,287	350	1,240	4,153
Utilised during the year	(666)	-	(984)	(38)	(746)	(2,434)
Exchange differences	(59)	(119)	(47)	(36)	(53)	(314)
At 31 March 2015	-	432	256	276	441	1,405
At 1 April 2015	-	432	256	276	441	1,405
Utilised during the year	-	-	(207)	(153)	(160)	(520)
Released during the year	-	(193)	(52)	(36)	(31)	(312)
Exchange differences	-	16	3	-	-	19
At 31 March 2016	-	255	-	87	250	592

The provisions are financial liabilities on which no interest is charged. The fair value of the financial liabilities approximate to their book value.

	Group 2016 \$000	Group 2015 \$000
Analysed as:		
Current liabilities	418	1,069
Non current liabilities	174	336
	<u>592</u>	<u>1,405</u>

The contingent consideration related to a previous acquisition made by the Kewill plc group. The contingent consideration was payable in accordance with a formula agreed at the time of Kewill plc's acquisition of the Minihouse group, dependent on the results of Kewill's Minihouse business up to the period ended 30 June 2013.

Agreement has now been reached with the former vendors on the final amount of contingent consideration to be payable.

21. Called up share capital

	31 March 2016	31 March 2015
	Number	Number
Issued, allotted, called up and fully paid:		
A Ordinary shares of £1 each	10,000	10,000
	<u>16</u>	<u>16</u>

Notes to the financial statements for the year ended 31 March 2016

22. Related party transactions

The Company has not undertaken any trading transactions with either its subsidiaries or its parent. The Company has loans outstanding from its parent and to its subsidiary undertakings which are subject to interest and upon which a loan rate of nil% has been applied for the period to 31 March 2016 (2015: nil%).

During the period, the group received advisory and support services from Francisco Partners for which a management charge of \$407,000 (2015: \$500,000) was paid.

Amounts owing to or from subsidiaries are disclosed in the balance sheet and related notes. Investment in subsidiaries during the period is disclosed in note 10.

Key management disclosures are contained in note 5.

23. Financial commitments

At 31 March 2016 the Group was committed to making the following minimum lease payments in respect of operating leases which fall due for settlement as follows:

	Land and buildings 2016 \$000	Other assets 2016 \$000	Land and buildings 2015 \$000	Other assets 2015 \$000
Within one year	2,216	634	2,096	777
In the second to fifth years inclusive	3,997	719	4,013	1,769
After five years	482	-	347	-
	<u>6,695</u>	<u>1,353</u>	<u>6,456</u>	<u>2,546</u>

Other assets primarily include computer hardware, cars and photocopiers.

At 31 March 2016 the Company did not have any contractual minimum lease payments in respect of operating leases.

24. Revenue

In accordance with the Companies Act, the Group's revenues split by geography are as follows:

	Year ended 31 March 2016 \$000	Year ended 31 March 2015 \$000
Europe	52,181	58,167
Americas	33,708	36,304
Asia	7,438	11,177
	<u>93,327</u>	<u>105,648</u>

25. Dividends

No dividends were declared in the year ended 31 March 2016 or year ended 31 March 2015.

26. Contingent liabilities

The Company has given a guarantee declaring itself jointly and severally liable for the liabilities of its subsidiary undertaking, Kewill Holding BV, in accordance with Article 403, 1f, Volume 2 of the Dutch Civil Code.

27. Post balance sheet events

On 1 June 2016, the Kewill group completed the acquisition of LeanLogistics from its former parent Brambles Limited. LeanLogistics is a global leader in transportation solutions for shippers, with hundreds of transportation management customers across the US and Europe, and a supporting network of over 14,000 carriers.

Base cash consideration was \$115m, for which Kewill acquired three new group companies based in the USA, Canada and Spain.

To finance the acquisition, the Kewill group received additional equity injection from the Francisco Partners funds, totalling \$71.7m, and also refinanced its debt obligations effective 31 May 2016. The debt outstanding at 31 March 2016 was repaid in full and new debt finance raised totalling approximately \$195m. The new debt comprises separate tranches in US dollars, pounds sterling and euros, hence matching more closely the group's underlying cash generation by major currencies (see also note 17).

The initial accounting for this business combination is incomplete at the date of approval of these financial statements. Completion accounts showing working capital acquired are yet to be finalised or agreed with the vendor, and identification and valuation of tangible and intangible assets is ongoing. Provisional indications suggest that the major part of the purchase price is attributable to either identifiable intangible assets or goodwill.

28. Ultimate Parent Company

The immediate parent company is Kewill Topco Ltd (company number 8044932), registered office 4M Building, Malaga Avenue, Manchester Airport M90 3RR.

The ultimate controlling entity is Francisco Partners III L.P., of 1 Letterman Drive, Building C - Suite 410, San Francisco, CA 94109.