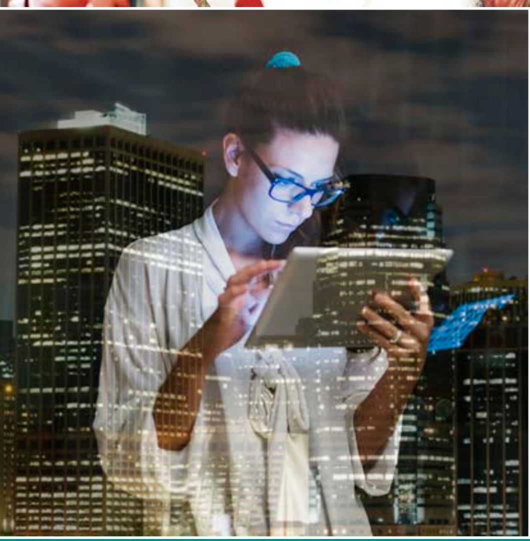
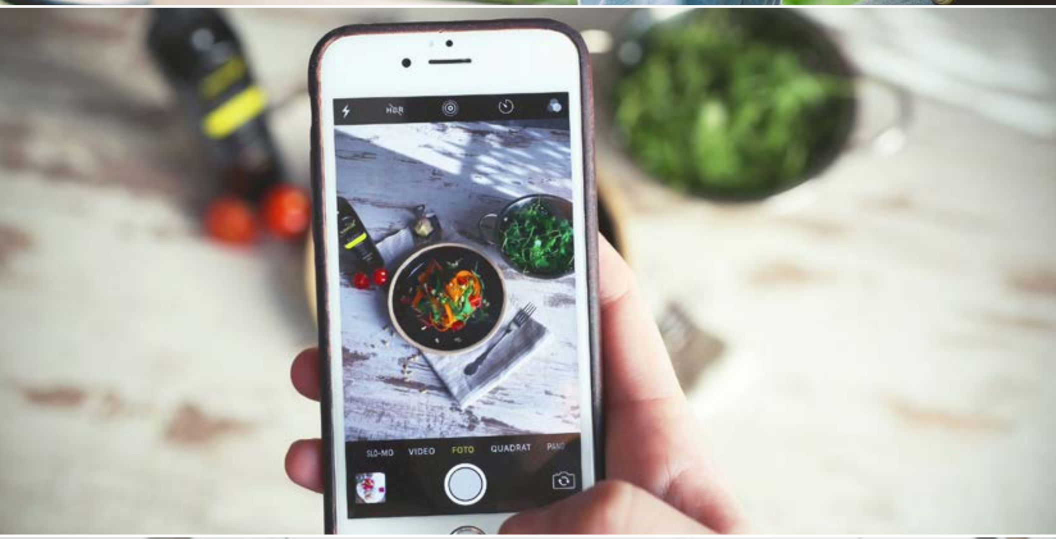
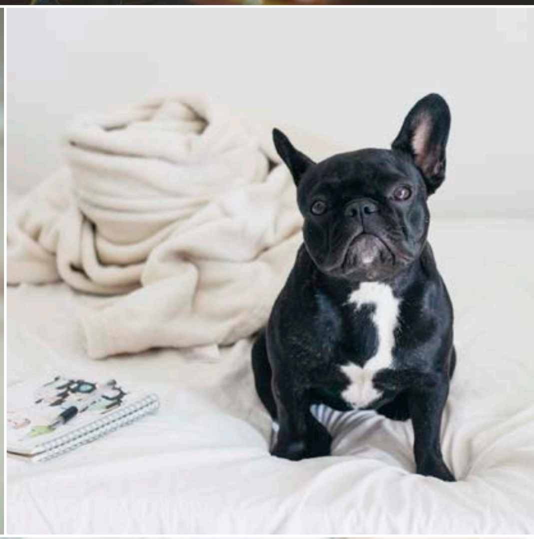


Unlocking the power of **digital transformation** in business and in life




Annual Report & Accounts | 2018


SLO-MO
VIDEO
FOTO
QUADRAT



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Kodak Alaris Holdings Limited
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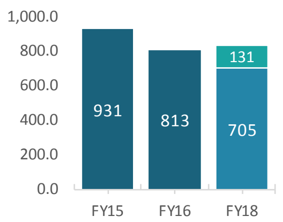
Company registration No. 8550309

1 Strategic Report

Highlights[1]

- For the 15-month period the Group had revenue of $836m, adjusted EBITDA[2] of $18m and, at the end of the period, there were closing net assets of $157m and a cash balance of $70m
- Group loss after tax was $192m for the 15-month period including non-recurring income of $92m (2016: $32m), non-recurring costs of $23m (2016: $42m) and impairment of $168m
- Cost savings of $20m for the 12 months to 31 December 2017, across R&D, SG&A and corporate driven by transformation, successful ERP implementation and restructuring projects
- Engineering investment of $70m for the period (2016: $69m) to develop innovative and sustainable technology for our customers that will continue to drive profitability across our business portfolio into the future
- AI Foundry delivered revenue of $2m (2016: nil)
- Successfully completed balance sheet restructure (BSR), returning Net Assets of the Group to a surplus of $157m, and renegotiated revolving credit facility (RCF)
- Continued global market leader for production scanners winning the prestigious 2018 Scanner Line of the Year award from Buyers Lab for an unprecedented third consecutive year
- Actively planning for the sale of the PPF business to extract optimal value and partially redeploy capital investment; as a result, the PPF business is classified as 'held for sale'
- The PPF business has seen the successful re-introduction of Ektachrome and resurgence in traditional photography
- Kodak Moments' core business performed well with website launch and development of iOS and Android applications contributing to Direct to Consumer (DTC) business growth (2017: $2m, 2016: $1m)
- U.S. HQ building relocation will deliver longer-term lease savings of over $1m per annum, a 30% reduction
- Alignment of accounting period to business seasonality resulted in a change of the year-end date to 31 March going forward, allowing greater focus on peak period performance, capital allocation and corporate planning activities
- Following the period end, the Board are actively developing options for the potential disposal of the component businesses to return funds to the shareholder (see Chairman's Statement for more detail)

REVENUE $m

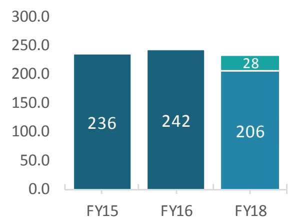


$836m revenue in FY18 including discontinued operations of $192m (2016: $226m)

Year-on-year core revenue contraction of 14% to $701m for FY17, driven by challenging market and economic conditions

Growth initiatives gained traction delivering $7m revenue in FY17, $6m increase on previous period

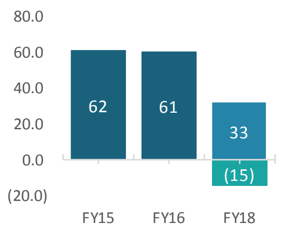
GROSS PROFIT (GP) $m



GP percentage point decline of 1% to 29% in FY17 (2016: 30%) driven by product portfolio mix

This is partially offset by Cost of Sales reductions from supply chain efficiencies in both transportation and resourcing

ADJUSTED EBITDA $m[2]

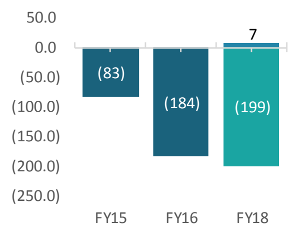


EBITDA of $18m for the 15-month period as business transformation activities partially mitigates the impact of gross profit decline

Cost savings driven by transformation activity improving cost effectiveness and business efficiency

Investment in growth initiatives for FY18 of over $60m (2016: $49m) in future earnings streams impact EBITDA

PROFIT/(LOSS) $m

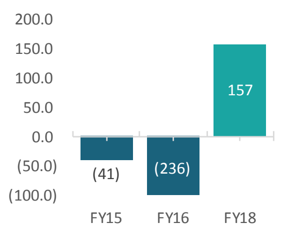


FY18 impacted by impairment of $168m (2016: $110m), Depreciation and Amortisation of $77m (2016: $59m)

Non-recurring net benefit of $69m (2016: $10m expense) and financing costs of $13m (2016: $56m)

Tax expenses of $20m for FY18 (2016: $9m) driven by deferred tax allowance write-off

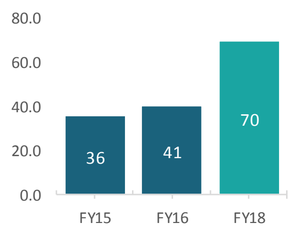
NET ASSETS $m



Renegotiated the revolving credit facility with our principal lender to mid-2020 improving terms and conditions and covenants

Reduced borrowing lowers interest charge for the period by $24m versus FY16, allowing additional capacity to invest in the business

CLOSING CASH $m



Operating cash inflow of $36m (2016: $40m) driven by strong working capital management

Harrow UK manufacturing site sold releasing $41m proceeds in the period

Strong liquidity supported by $70m cash balance

FY17: 1 January 17 - 31 December 17 | 1 January 18 - 31 March 18

1 Throughout the Strategic Report, FY18 results have been presented on a 15-month basis in-line with Kodak Alaris' year-end change and includes continuing and discontinued operations. See page 99 for the summary of continuing and discontinued operations. In addition, the unaudited 12-month results to 31 December 2017 are used throughout the Strategic Report as a comparative to the previous year ended 31 December 2016. See the 5 Year Summary on page 98.

2 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-recurring items and is referenced throughout the Strategic Report. See page 99 for the reconciliation of loss for the period to adjusted EBITDA.

Chairman's Statement

The Board of Kodak Alaris Holdings Limited is pleased to report its results for the 15-month period to 31 March 2018. These results reflect the total business performance of the Company and its subsidiaries, together referred to as the 'Group'.

During the period, the Board approved a change in the reporting date to 31 March (from 31 December) to allow greater focus on the peak seasonal trading months, October to December. This will allow for better capital allocation and corporate planning activities in the January to March period. As a result, this Annual Report and Accounts is prepared for the 15-month period from 1 January 2017 to 31 March 2018. Future reports will be on a 12-month basis, ending 31 March.

This 15-month period has proved to be a period of substantial progress in many parts of the business with several important technology, product, customer and cost reduction achievements. There was a significant improvement in the strength of the balance sheet and our available liquidity. The Group's trading performance in the period was mixed. There was solid performance in our Kodak Moments division, further progress with the resizing of our PPF business, good progress in simplifying and reducing costs in our corporate centre, the benefit of which will be realised in future years, and continued investments in our growth ventures. However, challenging market conditions for our Alaris business meant that, even though our market share position in 2017 was broadly similar to the prior year, the trading results fell short of the Board's expectation. Overall adjusted EBITDA for the 15-month period for the Group was $18m, $33m for the unaudited 12 months to 31 December 2017 (2016: $61m). The trading results for the period were curbed partly by the decline in the scanner market, holding back the Alaris business, but also due to significant investment in growth initiatives of over $60m (2016: $49m), charged to the income statement, in technology, products, customer development and people, as we aim to develop our digital growth businesses in Kodak Moments and AI Foundry.

Our management teams have made substantial progress across numerous transformation programmes. In addition, the operational and management structure has been simplified and experienced leaders have been added to the Alaris management team. This has taken place alongside a continued aggressive restructuring initiative to drive productivity and shift investments from our core maturing portfolio businesses, to new growth initiatives. When considering the complex origins of Kodak Alaris, the Board is pleased that solid progress has been made on the turnaround of the business in the period.

Potential change of ownership

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

A strategic review performed for KPP2 in the first half of 2018, highlighted that the fund, of which the Group is a substantial asset, was unlikely to meet the long-term liabilities of the pension fund – the payment of ex-EKC employees' pensions over several decades. As a result, KPP2 is in ongoing discussions with the UK Pension Regulator (TPR) and the Pension Protection Fund (body corporate under the UK Pension Act 2004), regarding the potential movement of the fund and all its assets, including the Group, into the direct ownership of the Pension Protection Fund.

As a result, after the reporting date, KPP2 issued an instruction to the directors of the Company to undertake the active exploration of an orderly disposal of the Group or its component businesses, within the Kodak Alaris portfolio. This action is not a reflection of the financial strength or viability of Kodak Alaris but reflects the long-term challenges for KPP2. Given the instruction received, the directors and management team are actively progressing the planning and options to monetise the business and return funds to the shareholder over the coming years, recognising that this process is likely to take some considerable time. The Company has appointed advisors and prepared an initial view of likely valuations and timing to achieve such objectives. However, the exact nature, requirements and timing of this process will of course be determined by the nature of potential buyers and which assets are ultimately disposed. In the meantime, pleasingly, our businesses continue to trade normally and ahead of their targets.

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

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

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

Strategy

In 2013, the UK Kodak Pension Plan formed Kodak Alaris from three businesses acquired from Eastman Kodak Company (EKC). These businesses are:

- Kodak Moments (formerly Imaging - Consumer (I-C))
- PPF (formerly Imaging - Paper, Photochemicals & Film (I-PPF))
- Alaris (formerly Information Management (IM))

In 2016, management launched a new business, called AI Foundry, to assist organisations with the streamlining and automation of manual processes.

Each year the Board of Kodak Alaris reviews its progress against a five-year plan developed by management. The plan is updated to reflect changing market conditions and lessons learned in the transformation of the portfolio. That process was repeated in early 2018, based on reduced investments in several of our growth ventures, as a preliminary plan to support shareholder cash requirements, and was reviewed in March 2018. However, this process was subsequently stopped, as the focus has been superseded by the start of discussions which have led to an instruction to explore the disposal of the portfolio and return surplus funds to our shareholder.

All three core businesses (PPF, Kodak Moments and Alaris) operate in markets that are mature and we are undertaking a series of transformation activities in each one. Our plans remain focused on driving the maximum value from these core businesses, exiting lower return activities while adapting to create new opportunities for growth in an adjacent digital world, built on our core engineering and technical expertise. During the period the Board approved a plan to sell the PPF business. We are in advanced discussions with a bidder to sell the PPF business and all of its assets. This transaction is expected to deliver a net cash benefit to the Group in 2019. As a result, the PPF business is disclosed in these accounts as 'held for sale,' with the relevant financial disclosures included in the financial statements and notes, as well as the split between continuing and discontinued operations which is summarised on page 99.

This has been a testing period for our businesses and our people, to whom I, and the Board, send our deepest gratitude for the significant efforts and contribution to the progress and achievements delivered over the last 15 months. I know the Board members feel extremely fortunate to have so many talented and dedicated people across our businesses, as we progress the turnaround in our portfolio.

Investment focus

As noted above, we inherited the complex task of optimising performance in our three core businesses, while shifting investment in people, technology and capital to several new growth initiatives in our Kodak Moments, Alaris and AI Foundry businesses. This remains the key operational focus for our leadership teams and continues despite the start of a process to sell the businesses.

Financial results from operations

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

Chairman's Statement (continued)

Revenue - The Group generated revenues of $836m in the 15-month period to 31 March 2018 and $705m of revenue for the unaudited 12 months to 31 December 2017 (2016: $813m). The declines, on a year-on-year basis, related primarily to the further declines in the Colour Negative Paper industry served by our PPF business and the resizing of the business associated with the sale of the Harrow facility, and a shortfall in the Alaris business, given challenging market conditions. Despite further market weakness, it was pleasing that the Alaris business' market share in hardware, for the year to 31 December 2017, remained broadly in-line with the prior period. It retained a strong gross margin performance because of improving cost performance, despite increased pricing pressure across many product groups.

Adjusted EBITDA - The decline in volumes and detrimental mix has impacted both gross profit and overall operating profit for the period, albeit that these results do include two first (calendar) quarter results – both loss making. This first calendar quarter is traditionally the weakest of the year, given the seasonal nature of the businesses and markets we operate in. The benefits of cost reduction, restructuring and productivity improvements, continue to create a positive impact. These improvements, along with changes in the back-office structure as we simplify the business, organisational structure and processes, will benefit future years.

These actions, together with increased focus on overhead spend, helped deliver earnings before interest, tax, depreciation, amortisation, impairments and non-recurring items (adjusted EBITDA) of $18m, $33m for the unaudited 12-month period ended 31 December 2017 (2016: $61m). The main cause of the decline is due to lower gross profit on reduced revenues and it also reflects the significant level of investment in growth opportunities, which are holding back the earnings progress in the short-term.

Group loss - Overall, the Group reported a loss after tax of $192m for the 15 months to 31 March 2018 (2016: $184m loss after tax) including $13m (2016: $56m) of net interest and foreign exchange costs in the period, $77m (2016: $59m) of depreciation and amortisation and $168m of impairment (2016: $110m). See detailed explanation of these areas in the Financial Performance Review on pages 21 to 23.

Cash - Cash balances of $70m at the end of the period (2016: $41m) were in range of the Board's expectations. The operating cash inflow reduced to $36m (2016: $40m) reflecting, in part, the effect of our continued business transformation programmes, considerable investments in capital to equip customers in our Kodak Moments business, and investments in our digital strategies.

Dividends

While liquidity is in a strong position, the Board has concluded that no dividend should be proposed for the period. This decision is due to the initiation of the exploration of a sales process and the resulting importance of retaining financial strength and flexibility to continue running the business and investing in the right technologies, products and people to drive the performance and value of each business in the portfolio.

Financial outlook and risks

While the medium-term outlook for our core businesses remains challenging, given the unpredictable end markets, the actions of the last period to resize the businesses and support functions, and reposition investment into digital growth opportunities, provides an encouraging starting point for the period ahead.

The successful completion of the sale of the PPF business in 2019, and the progress of a potential broader sales process, are a critical focus for the Board and management team.

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

Respectfully submitted,

Mark Elliott

Mark Elliott
Chairman of the Board
10 December 2018

Chief Executive's Letter

My first period of tenure at the helm of Kodak Alaris has been one of successful execution by the team in numerous areas, despite a number of challenges. Certain market headwinds have been overcome through hard work and creativity, yielding encouraging results in many areas across our portfolio. However, challenging market conditions and additional investment in growth initiatives have partially offset the strong execution, holding back profitability gains in the period.

Despite challenging market conditions, for the 15-month period to 31 March 2018 the Group delivered revenue of $836m (2016: $813m), adjusted EBITDA of $18m (2016: $61m) and a loss after tax of $192m (2016: $184m). See page 99 for split between continuing and discontinued operations. At the end of the period, the balance sheet remained strong with a with closing cash of $70m (2016: $41m).

Following the shareholder's instruction to investigate selling the businesses, our leadership team is focused on delivering on our budget plans while preparing for the potential sale of our businesses and continuing to drive strong performance in our day-to-day operations.

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

Our vision for each one of our businesses is to be recognised by the market as the leading provider of products and services in each of the segments we participate in.

Our new Kodak Alaris values can be defined by the acronym **I-ACT**:

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

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

Financials

The Group has improved its financial position, putting it on a solid financial footing, through a number of key projects including:

- the disposal of our Harrow manufacturing facilities;
- the U.S. HQ building move project;
- a significant financial restructuring of the Group's balance sheet; and
- the renegotiation and extension of the revolving credit facility (RCF).

These, coupled with strong treasury and cash management, have substantially improved the debt and cash position of the Group. We remain in compliance with all RCF covenants and our overall liquidity remains strong with our credit lines undrawn at the end of the period.

Growth

We are repositioning the organisation from a legacy business to a provider of digital technology products and services by continuing to invest in each of our four businesses.

AI Foundry - the AI Foundry team delivered a number of key premier account wins with well-known organisations and the team continues to grow the pipeline of opportunities. The business is investing in the development of its own IP and software, which will replace software currently provided by third party vendors, to enable it to enhance and fully differentiate its offering in the future.

Kodak Moments - the direct-to customer (DTC) sales within the Kodak Moments business showed strong year-on-year growth. A significant growth in brand awareness has been achieved in a relatively short amount of time, which provides a platform for future growth. We have successfully piloted a number of alternate retail channels and new product concepts within the business. These pilots have yielded promising early results and we plan to expand them further in the future.

Alaris – our market share in Alaris in key markets, for the year to 31 December 2017, remained broadly in-line with the prior period, despite a challenging market environment. We continued to invest in new core and growth technologies, successfully launching the Alaris IN2 Ecosystem, while resizing the business to reflect an overall decline in the scale of the global market. Our success was driven largely by the introduction of the Alaris-branded scanners, software and services, which are the next

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generation of smart, connected solutions. The marketplace responded enthusiastically to our newest offerings, as evidenced by PCMag.com recognising the Alaris S2060w Scanner with an Editors' Choice Award, and an upswing in order volume in the 2019 financial year.

PPF - the core PPF business continued to be well managed and cost controlled, offsetting several challenges including additional importation duties and tariffs in China and vendor cost increases. PPF has continued to maintain market share, which has also helped offset these headwinds. The film business grew year-on-year and new film products were successfully launched. The Company has continued to focus on the generation of cash from the PPF business, hence, we are actively planning for its sale and, as a result, the PPF business is disclosed as 'held for sale' in the financial statements.

Transformation & Simplification

Transformation in any organisation is always a challenging process so I am really excited by what the team has achieved across our businesses.

The Kodak Alaris team has focused on key cost and structural adjustments through on-going transformation and simplification of our organisation. This includes rescaling the geographic footprint, simplifying customer interactions, business processes and tools, and implementing financial reporting rigor and discipline, which has led to improved business control and decision making.

During the period, both the Alaris and Kodak Moments businesses made significant progress with restructuring their organisations, which positions them well for delivering their current year goals.

In addition, a complete overhaul of our internal communications and external website were completed and both Kodak Moments and Alaris were rebranded. The business created a separate technology function to coordinate innovation across the portfolio, simplified its Kodak Alaris executive management team structure and completed its ERP implementation. Major transformations are underway in finance to enable improved governance, more real-time and precise financial reporting to further improve decision making.

People

A significant effort into redefining our mission, vision, values, strategic pillars and culture was kicked-off and rolled out globally, with significant involvement from our employee population.

Employee engagement has evolved through an internal communication reengineering and greater delegated leadership via a senior management forum, providing employees with broader access to information and enabling them to better share their voice.

Transformation projects which invest in talent are well underway, driving a more centralised organisation and promoting greater efficiencies and synergies, to ensure our strategic goals are delivered.

Future outlook

Looking ahead, our leadership continues to focus on investment and development to optimise performance in our core businesses, and will utilise some of the net cash benefit derived from the potential sale of the PPF business to fund growth initiatives.

Marc Jourlait
Chief Executive Officer
10 December 2018

Mission, Vision and Values

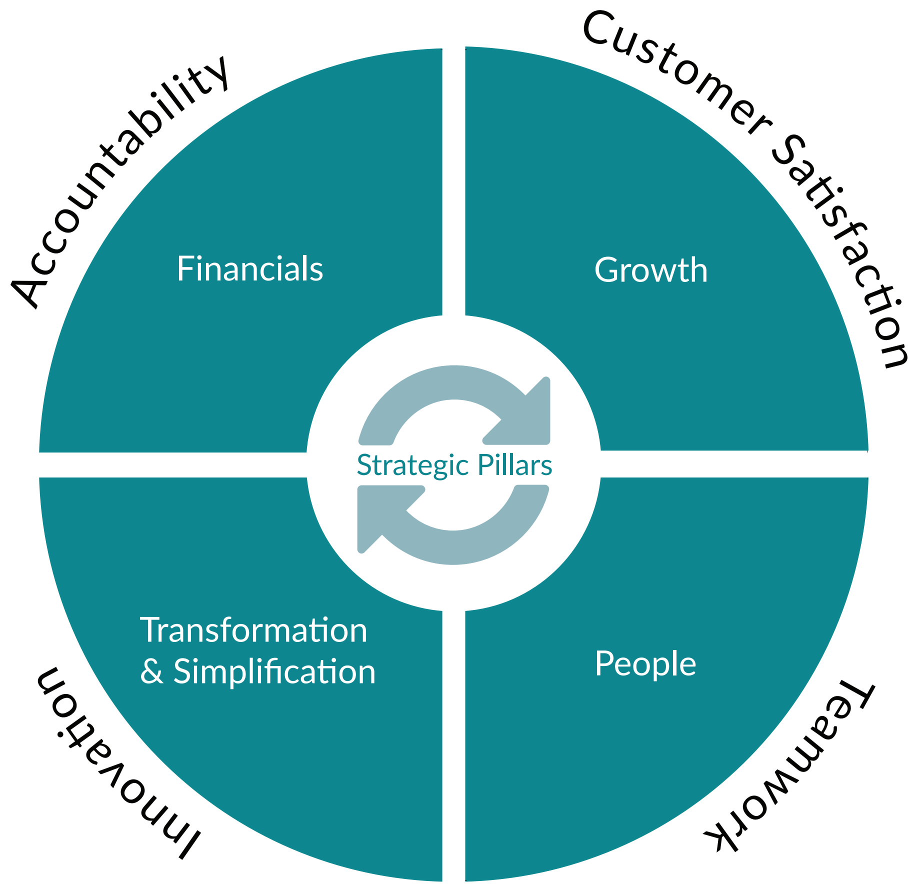
Mission	Transform and grow the Kodak Alaris portfolio to create value
Vision	To be recognised by the market as the leading provider of products and services across the Kodak Alaris portfolio
Values	I-ACT

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

A ccountability for results and performance

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

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



Kodak alaris

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

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

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

Where we've come from and where we're going

Kodak Alaris was formed in 2013 by the UK Kodak Pension Plan, after it had taken over the Kodak Personalised Imaging and Document Imaging businesses from the Eastman Kodak Company (EKC). At the behest of the UK pension regulatory authority, it was subsequently transferred to a new pension plan, KPP2, now its sole shareholder. Kodak Alaris is licensed to use the Kodak brand into perpetuity and plans to maintain the Kodak brand's rich global heritage and inject it with new speed and agility.

Today's markets and technologies are changing rapidly and Kodak Alaris is ready to meet those changes head-on. The name 'Alaris' represents speed and agility and comes from the Latin Alacritas, 'lively'. In English, alacrity also means cheerful, eager and willing, which describes Kodak Alaris and the way it approaches everything, from research and development to each individual customer.

What our businesses do

Kodak Moments

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

Alaris

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

Paper/Photochemicals/Film (PPF)

Meeting the demands of professional photographers, retailers, photo speciality stores, professional and wholesale labs and consumers with a broad portfolio of photo-paper, workflow solutions and film capture products. The sale of the PPF business will allow Kodak Alaris to reallocate its capital and invest in more profitable business segments, enabling greater returns as well as continuing to help simplify and restructure the organisation.

AI Foundry

At AI Foundry, we are focused on the future. We help banking and lending organisations take control of their future by shaping their now. For many organisations, the now is inefficient, with too many documents, manual error, and people involved in one process. AI Foundry changes that. We transform organisations into future-ready businesses, by automating manual processes, classifying and extracting data, and increasing the productivity.

Kodak Moments

Kodak Moments is a global leader in providing self-service retail photo kiosks and behind-the-counter dry technology photo lab equipment with related consumables, break-fix and network connected services.

Our vision is to be the brand customers choose to discover and relive the magical moments in everyday life—The Kodak Moments—and our innovation focus is on creating high quality photo products through a best in class customer experience.

Business overview

We have an install base of more than 100,000 consumer touchpoints across 30 countries globally, delivering a portfolio of high-quality photo products (prints, enlargements and photo gifts) through our retail partners to consumers. Our Direct to Consumer (DTC) offering includes mobile printing apps for iOS and Android, as well as Kodak Moments mobile and desktop websites with both ship to home and create and collect retail fulfilment options. Kodak Moments quality retail printing consumables are manufactured in our ISO certified (ISO 9001 Quality Management System and ISO 14001 Environmental Management) facility in the U.S. and through our strategic partner in Germany. Kodak Moments has finishing and supply chain facilities around the world for delivery to channel partners. Our in-store equipment is sourced from original manufacturing partners, and is assembled by third-party integrators located in the U.S. and Germany.

Kodak Moments increased its consumer reach in 2017 through expanding total photo category participation (including prints and premium products) supported by the Kodak Moments website launch and redesigned iOS and Android applications.

Industry dynamics

Kodak Moments market participation is based upon the overall global photo output market, which is valued at more than $18 billion in 2016: split between prints at approximately $11 billion, and premium products (e.g. photo books, canvas, mugs and home décor) at more than $7 billion. The five-year projections for the overall market are for slight growth on an overall basis, with traditional prints declining between 2-5% and premium products growing at more than 5% (both being geographic market dependent).

Kodak Moments currently participates predominantly within the dry technology retail segment of the global photo output market. Our share of this highly competitive environment was 24% based on the latest available information.

The democratisation of photo capture resulting from further digital transformation via the smartphone is increasing the market opportunity for Kodak Moments. Our opportunity lies in a multi-channel approach – both retail and ship-to-home – in leveraging the strength of our brand, technology and our retail partner relationships in delivering innovative photo solutions to consumers.

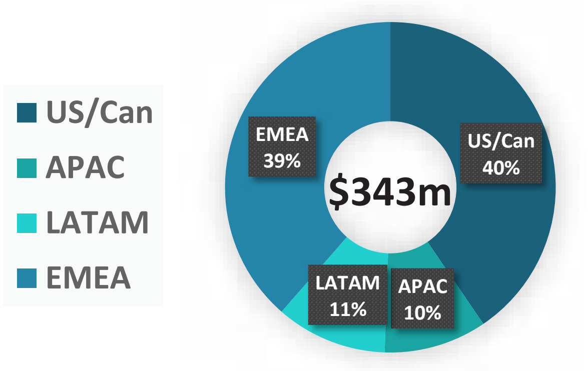
Key achievements

We invested in the equity of the Kodak Moments brand through a multifaceted U.S. campaign, which delivered 15 times gain in unaided awareness, a 50% increase in purchase consideration and a more contemporary perception of the brand.

In concert with enhancing the value of our brand, our high velocity technology development delivered an enhanced customer experience through software releases and introduction of new merchandising products across retail locations, Kodak Moments website and mobile applications. The launch of same-day retail mugs, patented panoramic printing, biometric ID and expansion of our in-store presence has resulted in double digit growth in premium products for both retailers and Kodak Moments. This multichannel focus, including investments in technology and our brand, has expanded our consumer reach, and significantly expanded our total photo category participation. Combined consumer direct revenue from the website launch and redesigned Kodak Moments iOS and Android applications grew five times year over year from 2016.

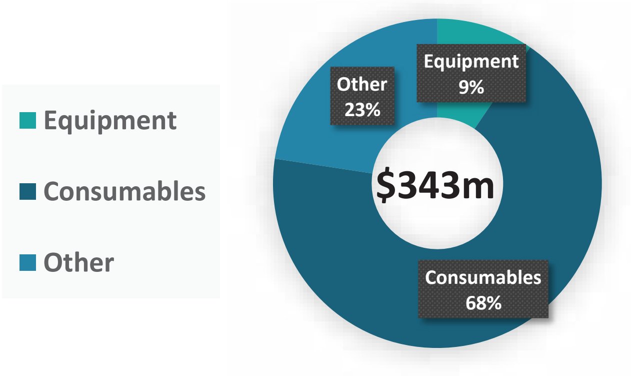
Kodak Moments financials

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



Revenue by region for the 15 months to 31 March 2018
(2016: US/Can 43%, LATAM 9%, EMEA 36%, APAC 12%)

Our revenue composition from the products and services described above, is as follows:



Revenue by segment for the 15 months to 31 March 2018
(2016: Equipment 9%, Consumables 65%, Other 26%)

Kodak Moments revenue for the 15 months to 31 March 2018 was $343m, which was comprised of revenue of $298m for the unaudited 12 months to 31 December 2017 and $45m for the three months to 31 March 2018. For the 2017 results, a $38 million decline in revenue was driven primarily by the insourcing of break-fix services by a key retail customer, a small decline in global print volume, and the impact of customer and product mix. These declines were partially offset by a beneficial impact from changes in foreign currency exchange rates, the growth of our direct-to-consumer business following a successful marketing campaign, and growth in our premium product portfolio.

Gross profit for the 15 months to 31 March 2018 was $93m, which was comprised of gross profit of $88m for the unaudited 12 months to 31 December 2017 and $6m for the 3 months to 31 March 2018. For the 2017 results, an $18m decline in gross profit was driven by the insourcing of break-fix services by a key retail customer, the decline in global print volume, and the impact of customer and product mix. These declines were partially offset by global cost-savings initiatives, the impact of growth in our premium product portfolio, the impact of restructuring and beneficial change in foreign currency exchange rates.

Future outlook

We operate in a very competitive market that includes the challenge of retail transformation. Our focus for 2018 will be continued innovation on mobile centric, multi-channel photo printing and gifting—making it easy to create and purchase high quality Kodak Moments photo products.

Kodak Moments

Case Study

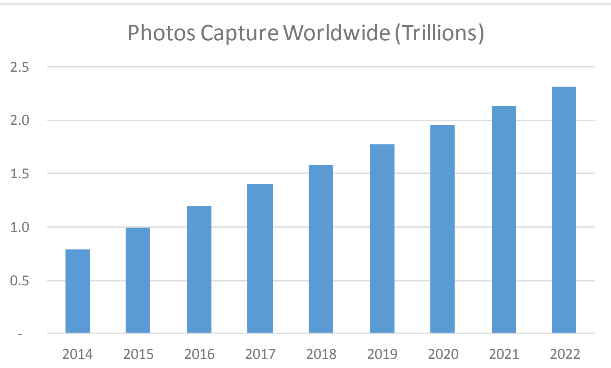
Kodak Moments Positioning for Growth

The Smartphone Opportunity

Adoption of the smartphone by consumers has transformed the photo industry in unprecedented ways and has truly democratised photography.

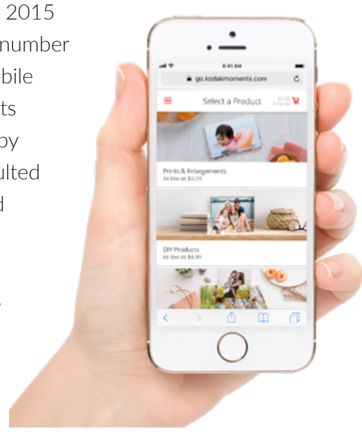
Never before have so many people around the globe had access to memorialising the important moments of their lives than today. Be it young or old, male or female, across the continents of the world, the smartphone and its omnipresence have driven sustained double digit growth in image capture.

It is estimated that 1.4 trillion digital images were captured worldwide in 2017 with a compounded annual growth rate (CAGR) of over 12% between 2014 and 2017. Predictions out to 2022 continue to show a CAGR of greater than 10%, so that by 2022 the number of pictures captured annually will grow to over 2.3 trillion. This explosion of photos creates new opportunities to monetise those consumer moments with quality photo products.



Underlying data sourced from Future Source and Info Trends studies (March 2018)

Focusing on the consumer experience of turning magical moments into products that memorialise people's stories has been the mission of our product teams in the Kodak Moments business. Utilising data mined from our user interfaces, online and in-person consumer interviews and experience testing, our teams have developed cutting edge experiences that enable those smartphone images to be used in a number of traditional as well as new and innovative ways. Whether it is transferring images to one of our Kodak Picture Kiosks around the globe or directly ordering products from the phone using mobile web or Android and iOS Smartphone apps, consumers are increasingly ordering from mobile using the experiences that our product teams have designed.



Between the beginning of 2015 and the end of 2017, the number of orders coming from mobile phones via Kodak Moments consumer solutions grew by greater than 60% and resulted in a 3% increase in printed units at our key strategic retailers over the same period. Meanwhile, orders that were created directly from the smartphone using mobile web and mobile apps grew by an impressive 27%, fuelled by a greater than 50% growth in orders shipped to home during that same time period. Kodak Moments product teams are now designing mobile first and even mobile only solutions that are able to harness this massive shift in the photo landscape to further fuel growth and enable market share gains against lagging competitors.

Convenience, access to cloud images, and privacy are among the key factors driving the opportunity to continue to innovate on the Kodak Moments value proposition of making it easy to create high quality photo products. We aim to deliver a best-in-class consumer experience and be the brand that consumer choose to discover and relive the magical moments in everyday life.

While smartphones are now the way for consumers to create and order great photo products, the explosion in smartphone ownership has also created opportunity for new products. The ability to take a panoramic photo is now in the hands of billions of consumers. We have turned this growing phenomenon into a revenue opportunity for our customers and Kodak Moments. In November of 2005, the technology that stitches together thermal photographic image panels to create panoramic prints was patented. We leveraged this invention and implemented the technology in our new and existing printer fleet, enabling them to print panoramic products through orders placed on our retail Kiosk fleet and our mobile apps. This has provided our retail partners the ability to offer a new trending product of high value to consumers, without additional capital expense. The new panoramic products have been an instant market success since their 2017 launch and delivered seven times year-over-year consumer sales in 2018.

Alaris

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

Our award-winning range of scanners, software and services are sold through 44 Kodak Alaris locations globally and are available through our network of channel partners located in over 100 countries. We are the global market leader for production scanners and, in 2018, our best-in-class scanner portfolio won the prestigious Scanner Line of the Year award from Buyers Lab for an unprecedented third consecutive year.

Business overview

Previously known as the Information Management division of Kodak Alaris, the "Alaris" business is a leading provider of information capture solutions that serves customers through a uniquely differentiated portfolio of scanning hardware, capture software and associated services. Alaris enables organisations to capture and consolidate data from digital and paper sources so they can extract valuable insight from the contents and deliver the correct information to the right people at the right time. The division's name shift to Alaris puts greater emphasis on the image science expertise that helps clients make sense of data and information in their business.

Industry dynamics

The Alaris market environment is influenced by the megatrend Digital Transformation which is a key strategic goal for most businesses and public organisations. Despite Digital Transformation being a priority for C-level executives, the implementation of company-wide Digital Transformation initiatives is still in the early stages of what analysts expect to be a 5-10 year horizon.

Alaris' core target market is Intelligent Information Management, where Information Capture enables Digital Transformation projects by converting business inputs to digital formats. This market is characterised by maturing global business applications dedicated to capturing information into databases and increasing demand for business applications that involve information capture into an active business workflow. These transactional information capture applications are a critical element of Information Management solutions as an enabler of automated workflows, which drive business effectiveness and profitability.

According to industry analysts, transactional document workflows are at the early stages of maturity. Front-office processes in a B2C environment like customer onboarding have a direct impact on the customer experience, which influence customer satisfaction and loyalty. While slightly more mature, there also continues to be potential in automating and optimising backoffice processes, which increases efficiency, reduces manual intervention, and can yield significant cost savings.

The scanner hardware market has been more challenging, in particular in 2017. The Production Scanner market shipments declined by 4% and revenue declined by 8% compared to 2016, driven by delayed market demand from the US public sector and reduced demand in China. The Addressable Distributed Scanner market increased by 3% in shipments, but declined by 5% in revenue due to mix changes. The first half of 2018 shows good recovery with the market decline slowing both in shipments and revenue. The Capture Software market continues to show strong growth, the global market revenue increased by 13% year over year.

Alaris portfolio and go-to-market model

The Alaris scanner offerings include Production Scanners used in centralised operations with high-volume requirements, e.g. mail rooms in insurance companies. Alaris also offers Distributed and Network Scanners that are designed for business applications with lower volumes of documents often closer to the source where paper documents enter a business.

The Alaris Capture Software portfolio includes hardware agnostic scanning software packages that provide images and metadata to content management systems or business applications.

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

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

Key achievements

In 2017 Alaris launched the IN2 Ecosystem that offers integrated solutions consisting of scanners, software, and services delivered by a global network of trusted partners. New offers are focused on creating value for customers through the IN2 ecosystem.

Alaris has a best in class scanner portfolio evidenced by leading revenue share in Production Capture and third in Distributed Capture. What differentiates Kodak and Alaris branded scanners is decades of industry leading image science expertise and innovations. This is evidenced by 76 patents granted and 11 patents pending for innovations in capture & processing.

In the Production Scanner segment Alaris is the market leader and accounts for 27% of vendor sales in 2017, consistent with the prior year. In the addressable Distributed Scanner segment Alaris accounts for 9% of vendor sales, consistent with 2016.

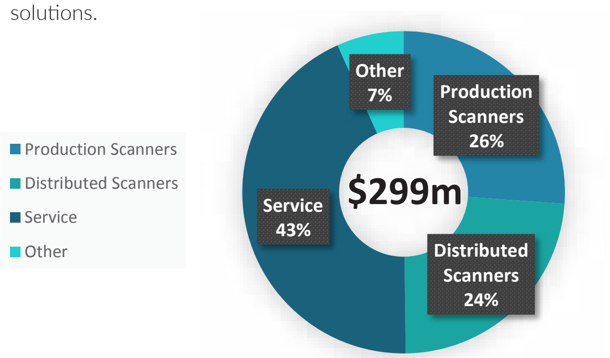
Winning the BLI Scanner Line of the Year award[1]. for three consecutive years is a reflection of Alaris' efforts to enhance its portfolio through an ongoing commitment to innovation. BLI noted that the Alaris scanner portfolio meets a growing need for intelligent, connected capture solutions. In 2017 five new scanner models, three software upgrades and two new service offers plus other enhancements were announced.

The S2000 Series scanners, in particular, have received numerous awards for industry-leading capabilities in image quality and document feeding technologies like Alaris' Perfect Page technology and Active Feed Technology.

Alaris has also been recognised for its Partner Program, earning a 5-Star rating in the 2018 Partner Program Guide of the CRN Magazine[2] . The 5-Star rating recognises an elite subset of companies that offer solution providers the best partnering elements in their channel programmes.

Alaris financials

Alaris generated revenues of $299m for the 15 months to 31 March 2018; revenues for the unaudited 12 months to December 2017 were $245m, a reduction of 6% compared to the same prior year period (2016: $261m), driven by the continued scanner market decline, especially in production level, centralised scanning solutions.



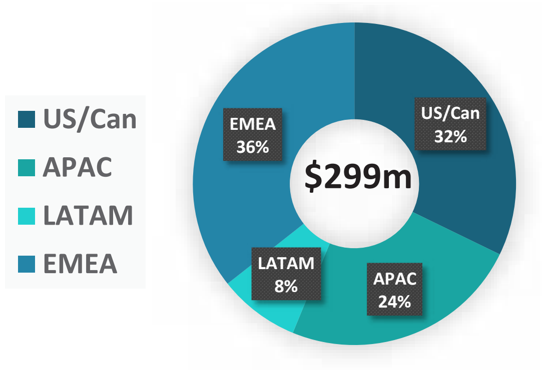
Revenue by segment for 15 months to 31 March 2018
(2016: Production Scanners 27%, Distribution Scanners 24%, Service 42%, Other 7%)

50% of Alaris' revenue was yielded from scanner hardware (2016: 53%); 43% from service revenues (2016: 42%) and approximately 7% from software/other (2016: 5%).

The U.S. & Canada and EMEA account for more than two thirds of the revenue generated for the 15 months to 31 March 2018 by the Alaris business. The emerging APAC and LATAM geographies account for the last third.

1 BLI analysts bestow the coveted Line of the Year honour annually to the vendor whose product line is rated the best overall, with models at every level excelling in BLI's rigorous two-month laboratory evaluations.

2 This annual guide is the definitive listing of partner programs from technology vendors that provide products and services through the IT channel.



Revenue by region for the 15 months to 31 March 2018
(2016: US/Can 37%, LATAM 8%, EMEA 33%, APAC 22%)

Gross profit for the 15 months to 31 March 2018 was $126m, which was comprised of $104m for the unaudited 12 months to 31 December 2017 and $22m for the 3 months to 31 March 2018. This represents a decline of 12% for the same period in 2016 (2016: $118m). Gross profit (GP), as a % of sales declined from 45% to 42% for the 12 month period to 31 December 2017.

In Q4 2017/Q1 2018, Alaris took proactive action, based on the prevailing market indicators, to restructure portions of the service, engineering and sales/marketing teams. The organisational adjustment resulted in gross annualised cost savings of approximately $5m and positioned the business well to drive improved performance in the future.

In addition to the restructuring actions taken, the Alaris sales leadership team was strengthened with a significant number of experienced new sales leaders in 2017. The new sales talent coupled with investment in sales and marketing automation and sales support, positions Alaris well to improve profitability in the future.

Future outlook

Kodak Alaris considers its very profitable document scanner business a key pillar for future business success. Alaris continues to invest to refresh and innovate key scanner and software platforms.
Alaris' innovation will continue to empower current and future customers to excel in their digital transformation efforts.
Specifically, Alaris will respond to the following unmet needs:

- Simplified and more efficient capture workflow processes. A key focus of Alaris' innovation efforts is to further expand the leading capture technology to make capture components even smarter.
- Vertically optimised solutions that allow businesses to capture information 'at the edge,' as soon as it enters the organisation, with web connected devices.
- Collaboration with vendors who can deliver the next generation of smart, connected solutions.
- Customer preference for OPEX type investments by offering subscription-based pricing and managed service offers.
- Value-added services for customisation and optimisation of customer workflows.
- The need to further expand and refine our partner engagement, providing optimised sales and marketing automation tools as well as lead generation.

In light of challenging markets, Alaris is also exploring growth opportunities in adjacent markets, where market requirements can be covered by its technology and business capabilities.

Alaris

Case Study
Oxford University Hospitals' Digital Transformation

Oxford University Hospitals' HR Achieves Paper-Light Status, Digital Transformation

Digital Transformation and adopting paper-light processes has delivered significant cost and time savings, improving internal efficiencies and productivity, at Oxford University Hospitals NHS Foundation Trust (OUH).

OUH, a world-renowned center of clinical excellence and one of the largest National Health Service teaching trusts in the UK, collaborated with Alaris partner MISL to digitise all its HR records, after relocating its central HR function to new premises in Cowley, Oxford.

MISL specified Kodak i5850S Scanners to power through the bulk scanning of all legacy files. OUH had around 13,000 files, each with multiple pages that needed to be digitised. It took around 16 weeks to process 2.5 million images.

Once captured, all the digital documents were fed into the Folding Space EDRMS (Electronic Data & Record Management System). This secure document and records management solution uniquely enables the viewing and presentation of all documents (scanned or digitally created) via a single screen user experience. Day forward scanning, an ongoing process now managed in-house by the HR records team, is conducted using Kodak i1190WN wireless scanners. These flexible, powerful scanners are designed for sharing in a workgroup and enable the OUH HR records team to seamlessly capture documents as they come in and upload them directly into the EDRMS.

The Trust has secured significant financial benefits both in terms of time savings and efficiency gains. It has also reduced paper and printing costs now that Corporate HR and the divisions are not printing documents. "We are confident that the return on investment on this initiative will be very strong," said Caroline Davies, Interim Head of Recruitment & Retention at OUH.

The HR function is now very close to achieving a paper-free environment. Change forms, health and wellbeing notifications, performance reviews and other communications from managers are now all received via email and can be seamlessly uploaded into the records system.
The Digital Transformation project has been so successful that the Trust is now looking to roll out the initiative across a further nine directorates.

Kodak alaris
Paper/Photochemicals/Film

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

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

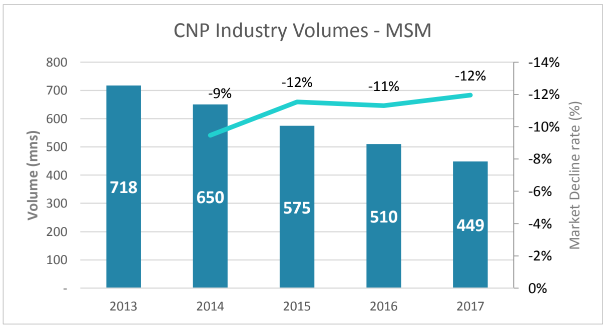
Business overview

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

Industry dynamics

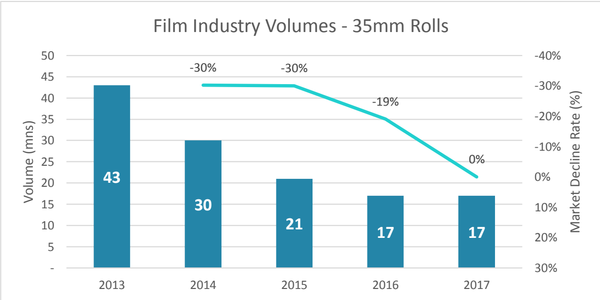
PPF is one of the leading global players in the imaging market with the majority of the PPF business performance coming from CNP (53%) and Film (27%) product segments.

The CNP industry continues to exhibit significant decline primarily driven by improvements in dry technologies adversely impacting volumes. The market is also impacted by anti-dumping legislation in the Chinese market providing a duty protection advantage to local competitors enabling them to operate with an advantaged pricing model. Whilst competitors have compromised price to gain volume share, PPF have operated at the high end of the market focused on high quality product offering maintaining margin and profitability.



Colour Negative Paper (CNP) Industry volumes 2013 - 2017

The film business has historically been experiencing a very large industry decline driven by the progression of digital technology. The industry decline rate has moderately slowed over the past few years, due to a resurgence in interest in film photography. The PPF business has capitalised on the resurgence with the re-introduction of P3200 products and Ektachrome.



Film Capture Industry volumes 2013 - 2017

Given the industry dynamics over many years PPF has progressively moved fully to an outsourced manufacturing model, except for the paper finishing operations in Manaus, Brazil. This facility is shared with the Kodak Moments business.

Key achievements

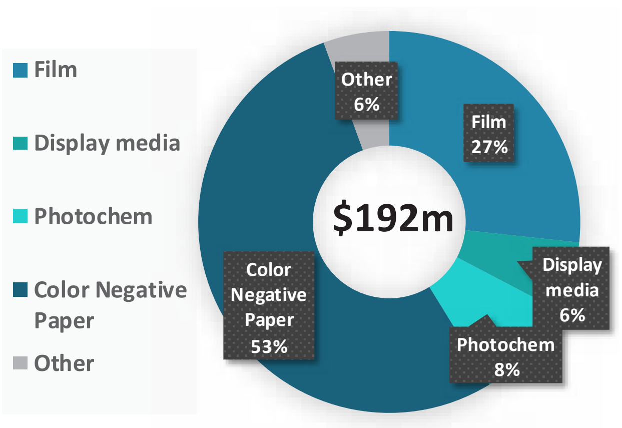
Outsourcing the supply chain has freed up valuable land and one significant achievement in the year was the sale of the remaining Harrow site with total cash proceeds of $78, of which $41m was received in the period. The remaining $37m was received in April 2018.

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

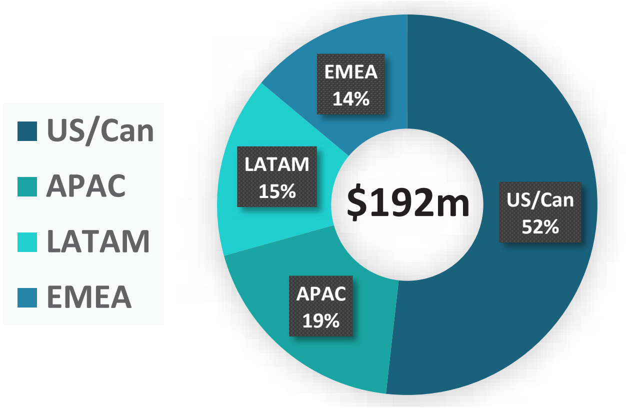
Delivering the world's best film for the professional market, helping photographers take powerful images with the most comprehensive and technically superior professional film portfolio available today.

The PPF team introduced 3 new CNP products targeted at the China/Asia, markets which helped to demonstrate PPF's commitment to the CNP market. In 2017, PPF's CNP volume and revenue declined as expected given the nearly double-digit industry decline in this category. Meanwhile, its Film volume and revenue grew year-on-year due to a resurgence in traditional photography.

PPF financials



Revenue by segment for 15 months to 31 March 2018
(2016: FC 17%, DM 7%, Photochem 8%, CNP 63%, Other 5%)



Revenue by region for 15 months to 31 March 2018
(2016: US/Can 29%, LATAM 12%, EMEA 42%, APAC 17%)

PPF revenues for the 15 months to 31 March 2018 were $192m and for the unaudited 12 months to 31 December 2017 were $160m (2016: $226m). The driver of reduced revenues relates to the outsourcing of CNP sensitising and photochemical manufacturing. The CNP outsourcing and related business model changes resulted in lower EMEA and APAC market share after the Harrow UK plant closure in addition to the 9% worldwide industry decline for CNP volumes.

Gross Profit for the 15-month period to 31 March 2018 was $16m and $15m for the unaudited 12-month period to 31 December 2017 (2016: $27m).

Future outlook

For the PPF business, CNP and Photochemicals volumes are expected to continue to decline over the coming years, broadly in-line with the projected industry outlook. Film volumes are anticipated to be relatively stable for the foreseeable future with profitable opportunities to expand a product portfolio.

Given the significant industry trends, Kodak Alaris has initiated a process to actively divest the business to a buyer with greater market synergies enabling them to more effectively mitigate the ongoing industry volume decline in CNP and maintain a profitable business for the future.

The planned sale of the PPF business will allow Kodak Alaris to invest in more profitable business segments, enabling greater returns, as well as continuing to help simplify and restructure the organisation.

AI Foundry aims to transform banking and lending operations by integrating information, people and processes to enable increased insight and improved decision-making. Our Actionable Intelligence Management (AIM) solutions help organisations streamline and automate manual processes, seize new business opportunities and manage compliance, all while driving bottom-line performance.

Organisations are hyper-focused on digitally transforming their organisations to compete in today's "always-connected" economy. Having an information management strategy is critical and sets the foundation for an enterprise to improve transparency, processing, response time, and ensures that all important data is easily accessible and searchable.

We call this "Actionable Intelligence." By combining the right technology with the right analytics and expertise, businesses can use data e.g. business documents, forms, etc. to better identify patterns, facilitate decisions, and define actions that deliver a critical competitive advantage. AI Foundry's Actionable Intelligence Lifecycle shows how our solutions can integrate information, people and processes to help derive insight and value.

Business overview

AI Foundry is focusing on several micro-segments in the financial services market, with mortgage processing and mortgage servicing being our core focus over the medium term. AI Foundry has made significant progress since entering the mortgage and lending market in late 2016, as a virtually unknown business. In the past 15 months, the business has signed contracts with its first 7 customers and built a significant sales pipeline.

Over the last 3 years AI Foundry has built a business with core capabilities, forming a world class team of finance industry experts and sophisticated software experts to drive this start-up business forward.

AI foundry's Actionable Intelligence Lifecycle

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

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

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

Industry dynamics

Mortgage originators typically advise borrowers, process loan files, collect, and verify the property and borrower data upon which lending decisions are based and, in the majority of cases, fund and close mortgage loans. According to data available pursuant to the Home Mortgage Disclosure Act ("HMDA"), there were more than 6,000[1] mortgage lenders in 2017 in the U.S., including national banks, regional banks, non-bank lenders and credit unions. Based on estimates provided by the Mortgage Bankers Association, there was an average of $1.5 trillion in loans originated annually for 1- to 4-family homes from 2013 to 2017[2].

According to research conducted by the AI Foundry leadership team, the North American mortgage market (including origination, servicing and secondary markets) alone represents a $500m opportunity for AI Foundry's solutions. Other adjacent lending markets (i.e. commercial lending, small business banking (and Small Business Administration (SBA) loans) wealth management) could utilise a solution that is substantially similar to the mortgage market in total increases the market opportunity in the U.S. alone to close to $1bn, according to research conducted by the AI Foundry leadership team. International markets in total represent a similar size lending market for AI Foundry's solutions. Furthermore, the market is growing aggressively and AI Foundry is in the right place at the right time with superior expertise and technology to win in this market.

Key achievements

We have achieved new business revenues of over $2m in the period, while continuing to attract world-class talent with the industry knowledge and experience to help drive future growth.

We have sponsored and participated in more than 20 industry events and conferences, been nominated and awarded to Top 20 Business Process Management (BPM) Solution providers 2017 and Top 20 Most Promising Bank Technologies 2018. These have significantly increased market awareness for the AI Foundry solutions.

AI Foundry financials

AIF Revenues were $2m for the 15 months to 31 March 2018, driven by the successful closure of several deals in 2017, a $2m increase on the same period last year (2016: nil). An adjusted EBITDA loss of $10m for the 15-month period (2016: $6 million loss) results from significant investment in resource, promotional activity and R&D, evolving our technology and building awareness of our innovative solutions.

1 Federal Financial Institutions Examination Council, FFIEC Announces Availability of 2016 Data on Mortgage Lending, September 28, 2017.

2 Mortgage Bankers Association, MBA Mortgage Finance Forecast as of January 20, 2018. Copyright 2018.

Future outlook

AI Foundry is positioned to be a successful software company serving the lending market. The combination of focus, expertise, and superior data science can enable the business to become the leading supplier of lending solutions.

To reach this potential the business will deliver end-to-end solutions that handle all the core business processes associated with mortgage origination, servicing, or securitisation. In time, AI Foundry will expand its solution portfolio to include solutions in commercial banking such as commercial lending, real estate, and small business banking loans as well as other retail banking areas.

While the initial focus is U.S. and lending markets, there is a significant opportunity for AI Foundry's core data science-based platform in other document intensive vertical markets, such as Insurance, Heathcare and Pharmaceuticals. These markets have different document and workflow support requirements which are a strong fit for AI Foundry's actionable intelligence platform. The strategy to pursue these includes working closely with vertical specific partners. There is a similar strategy outside of U.S. markets – find and work with several key local business process automation suppliers in order to leverage their local expertise and customers in taking the AIM platform to international markets for mortgages or any other vertical solution.

The business is working on developing its own IP that will utilise leading edge AI technologies including "computer vision", machine learning and intelligent robots to achieve high levels of automation.

Whilst revenues remain low in comparison to our other businesses, a significant closing pipeline for new business drives expectation of significant growth in FY19 and beyond.

Case Study

Certainty Home Loans, LLC

[As published in CIO Review magazine][1]

Breaking New Ground in the Mortgage Process

Certainty Home Loans, established in 2000, is a privately-owned retail mortgage company that offers a wide range of loan products and has an unparalleled commitment to the communities it serves. The company is based in Plano, Texas, has offices in 13 states in the U.S. and has achieved $1.5bn annually in funded loan volume. Certainty's customer commitment is evident in their need to be at the forefront in terms of their technology platform.

"Because of the nature of the banking industry, the mortgage process and documentation required has not decreased. Technology can help streamline and automate the manual processes but until now the mortgage industry has been a laggard on the technology adoption scale. This is no longer acceptable by today's consumers who expect an online application process, fast pre-approval decisions and loans to close in a few weeks at most," says Donald Jarrett, SVP-National Process Manager, Certainty Home Loans. "Our ultimate goal is to transform the mortgage application process to make it easy for the consumer, provide a streamlined and automated approach for us and to more easily communicate with our partners," says Jarrett.

"Our initial engagement with AI Foundry was to extract data directly off standardised documents. They achieved very high accuracy rates and virtually eliminated the need for human review and manual data entry," mentions Jarrett. Certainty then applied the same technology to mortgage appraisals and witnessed a similar superior extraction experience. Standardised loan documents are easy. The documents can be ingested into the system and the data extracted. The harder part of this process is the variability in documents – different pay-stubs, bank statements, etc. "This is where AI Foundry shines as their solution has multiple mechanisms to capture the data based upon the variations of the document and automate the entire loan data review process," says Jarrett.

Certainty's goal was to use AI Foundry's Agile Mortgages solution to eliminate the need to ever review the actual documents. By extracting the data directly from the source documents, it changes the game completely. "The underwriting review is simply a comparison of the data elements extracted from the documents to the data elements within the loan origination system and to really look at the accuracy of the information. It becomes a data review process, not a data input process; with the ability to return results automatically in seconds. Our initial results are a strong indication we are on the right track and putting us ahead of our competitors," ends Jarrett.

1 Available at https://magazine.cioreview.com/magazines/July2018/Banking/

Financial Performance Review

The Group's financial profile and its operational and financial stability have been radically, but positively, impacted by several significant events which have occurred during the reporting period.

First, with effect from January 2017 the Group has operated on a single global Enterprise Resource Planning (ERP) IT platform following three years of design, implementation and transition from systems provided by the Eastman Kodak Company (EKC), the prior owner of some of these operating divisions. This was a major achievement and, following a period of stabilisation, has provided the platform to progress further transformation across the global organisation to simplify processes, reduce duplication and improve productivity. We expect the platform will be enhanced and developed in the future to deliver further process and control improvements.

In April 2017 the Group completed a significant balance sheet restructuring (BSR) eliminating $575m of existing long-term debt. This is aimed at normalising the capital structure and putting the Group in a position to raise additional debt or other capital, should the need arise and to continue the investment in its growth ventures. This also allowed the completion of a new 3 year $67m revolving credit facility. The actual changes are covered in the sections below.

In the second half of 2017 the Board approved a change in the reporting date for the Group and its subsidiaries from 31 December to 31 March each year. The typical trading in the Group's established businesses is particularly seasonal (with peak season being October to December each year). This change of year-end allows management to focus on the execution of its business over this busy period and also moves the corporate planning and budgeting activities to a later quarter, when both the results of the key trading season are known, and appropriate capital allocation decisions can be better considered.

As a result, the year-end change to 31 March has led to a one-off 15-month reporting period from 1 January 2017 through to 31 March 2018 in this report. Future financial reporting will be on a 12-month basis with reports prepared to 31 March each year.

This one-time change has further dampened our reported earnings with the 15-month period, as it includes our lowest trading quarter (January to March, which is loss making) twice in these results. In addition, the Group booked an impairment of $168m against intangible assets due to decreases in the forecasted cash flows for these assets. This results from changes in our core markets and our ongoing business transformation.

Because of a decision to sell the PPF business during the period, these statements show the PPF business as 'held for sale', with the requisite disclosures in both the financial statements and the notes. As at the date of signing of this report, we are in advanced negotiations with a bidder for the potential sale of the entire PPF business, which would yield a significant net cash benefit to the Group if it were completed.

Finally, as noted in this report, after the year end KPP2 discussed with, and ultimately directed, the Board of the Company to enter into a process to explore the potential sale of some or all the assets of the business, which may ultimately lead to the change of ownership for some or all parts of the Group. This process commenced in 2018 and is expected to take some considerable time to ensure a smooth orderly process, limit any disruption to our customers and businesses and maximise value for KPP2.

	Audited 15 Months to 31 March 2018 **$000**	**Unaudited** 3 Months to 31 March 2018 **$000**	**Unaudited** 12 Months to 31 December 2017 **$000**	**Audited** 12 Months to 31 December 2016 **$000**
Revenue	836	131	705	813
Gross profit	234	28	206	242
Gross profit %	28%	22%	29%	30%
Adjusted costs[1]	(216)	(43)	(173)	(181)
Adjusted EBITDA[2]	18	(15)	33	61
Closing cash	70	70	70	41
Net working capital	80	80	102	113
Net Assets	157	157	356	(236)
Net Profit/(Loss)	(192)	(199)	7	(184)

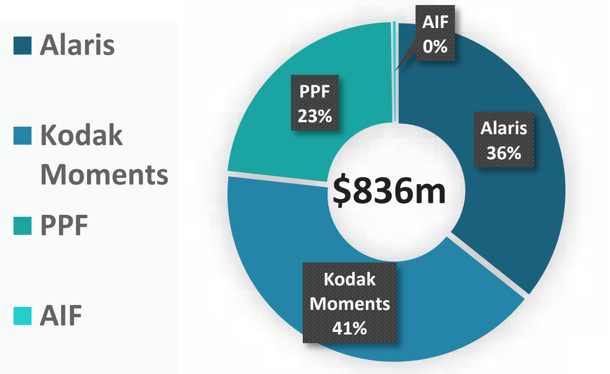
Extracts from consolidated income statement and balance sheet[3]

1 Adjusted costs are costs before interest, tax, depreciation, amortisation, impairment and non-recurring items.

2 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-recurring items. See page 99 for the reconciliation between loss for the period and adjusted EBITDA.

3 15 months includes continuing and discontinued operations. See page 99 for summary of these.

Revenue - the Group generated revenues of $836m for the 15 months to 31 March 2018, the unaudited 12 months to 31 December 2017 reporting $705m (2016: $813m), a reduction of $108m (13%) compared to the same prior year period. This was due to the continued contraction of the PPF business, which reduced by 25%, and challenging market conditions for Alaris. Whilst our core revenues have declined, there has been an improvement in our growth portfolio, AIF delivered $2m revenue in the 15-month period with a strong forward-looking pipeline and our direct to consumer (DTC) business gained traction following a targeted marketing campaign, improving both product and brand awareness

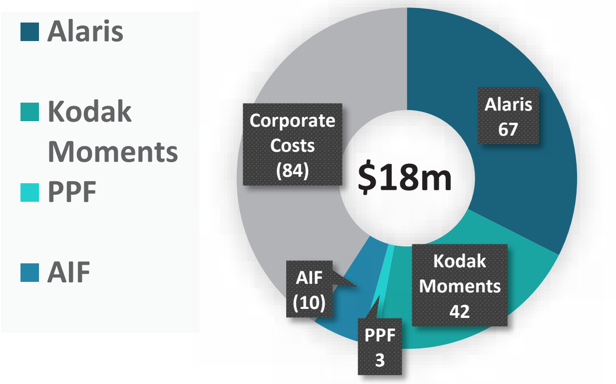


Revenue by business for 15 months to 31 March 2018

(2016: Alaris 32%, KM 40%, PPF 28%, AIF 0%)

Engineering – the business continues to invest significantly in the products and technologies where we see strong financial return opportunities in our chosen sectors. This led to spend of $70m for 15 months to 31 March 2018 (2016: $69 million) on the development of both current and future products. Approximately $16m (23%) of this is capitalised into intangible assets with the remainder being expensed to the income statement as either R&D or as cost of sales.

Adjusted EBITDA[1] – the lower revenues impacted bottom line earnings, which were $18m for the 15 months to 31 March 2018, the unaudited 12 months to 31 December 2017 generated adjusted EBITDA of $33m (2016: $61m). This primarily relates to a $36m reduction in gross profit to $206m (2016: $242m) resulting from reduced volumes, in the Alaris and PPF businesses, and a marginally weaker product mix and increased investment in growth ventures within the Kodak Moments and AIF businesses. The lower contribution has been partially mitigated through resizing the organisation and redefining processes through initiatives and major projects – particularly in PPF and Alaris.



EBITDA by business for 15 months to 31 March 2018

(2016: Alaris $59m, KM $63m, PPF $3m, AIF $0m, Corp. ($68m))

(2017: Alaris $57m, KM $46m, PPF $4m, AIF ($7m), Corp. ($67m))

Restructuring – the Group incurred restructuring costs of $9m for the 15 months to 31 March 2018 driven by several projects initiated across all business divisions to reduce the size of the back office organisation through process simplification actions and consolidation of shared activities. The most significant developments during the period were the consolidation of the Global Shared Service Centre (GSSC) into a single location and a comprehensive review of the Global Operations structure. In addition to simplification and standardisation activities, there was substantial further progress to resize parts of the portfolio which are declining, including the PPF business, and to commence the process to exit some countries and legal entities where the business opportunity is outweighed by the costs of maintaining a position or footprint.

Restructuring costs for the unaudited 12 months to 31 December 2017 were $5m (2016: $17m), a significant reduction from the prior year which included costs relating to the closure of the manufacturing site in Harrow, UK at the end of 2016.

Non-recurring items – the business incurred non-recurring items with a net benefit of $69m (2016: $10m expense). This included non-recurring costs of $23m for the 15 months to 31 March 2018 (2016: $42m), these were primarily driven by restructuring costs of $9m (as discussed above) and litigation costs of $10m relating to the discontinuation of our relationship with ITyX Technology GmbH. In addition, both transformation and restructuring activity resulted in additional resourcing. A transformation team was implemented during the period to launch programmes driving cost reduction through organisational review and operational efficiencies at a cost of $1m. Finally, at the end of 2016, the business successfully transitioned to a new global ERP system, severing the link to EKC and enabling the flexibility to shape our IT infrastructure. There were residual costs of $1m in 2017 resulting from the programme.

The $92m (2016: $32m) of non-recurring income resulted firstly from the purchase price valuation adjustments associated with the reverse earn-out provisions for the acquisition of the business from EKC of $23m (2016: $9m). Secondly, from the profit on the disposal of the UK manufacturing site in Harrow which generated $69m (2016: $19m) of other income and a $41m cash inflow for the 15 months to 31 March 2018. The remaining tranche payment of $37m was received in April 2018. The income recognised from the disposal of the site includes the removal of approximately $8m of property and plant assets and a $2m provision release from the balance sheet for dilapidations.

1 See page 99 for the reconciliation between loss for the period and adjusted EBITDA.

Financial Performance Review (continued)

Impairment – the carrying value of our intangible assets is tested on an annual basis. The ongoing changes in our core markets and our business transformation have contributed to changes in expectations for the future recoverability of some of these intangibles. In the 15 months to 31 March 2018, this has caused the Group to impair the carrying value of customer relationships ($25m charge), the Brand licence from EKC ($26m charge), the development costs ($8m charge) and software ($11m charge). In addition, the carrying value of goodwill in the Alaris business has been impaired ($95m charge) giving a total charge of $165m (2016: $110m). These assessments have been completed taking account of the direction to dispose of the businesses, the initial valuation work and estimated transaction costs to achieve this.

In addition to the above, the Group has impaired land and buildings of $1m and the PPF leasehold improvements of $2m, which will not be recovered through the proposed sale.

Interest – lower borrowing as a result of the balance sheet restructuring (see below) has reduced the interest expense by 50% to $24m for the unaudited 12 months to 31 December 2017, (2016: $48m).

Tax – tax expense was $20m for 15 months to 31 March 2018 and $12m for the unaudited 12 months to 31 December 2017 (2016: $9m), which is split into both current and deferred tax and driven by a mix of income from various taxing jurisdictions, many of which have higher statutory tax rates than the UK. The difference between current and deferred tax results from the difference in timing of taxability or deductibility of various income items.

Loss after tax[1] – the Group reported a loss after tax and interest of $192m for the 15 months to 31 March 2018 (12 months to 31 December 2016: $184m loss). This includes $24m (2016: $48m) of interest costs in the year, $245m (2016: $169m) of depreciation, amortisation, impairment and a non-recurring items net benefit of $69m (2016: $10m expense).

Balance sheet restructuring (BSR) – the restructuring transaction undertaken was to swap $575m of the Tranche A and Tranche B loan notes due to the shareholder, KPP2, for new shares in Kodak Alaris Holdings Ltd. The remaining $100m of Tranche B loan notes were also amended such that no cash interest is payable until maturity in 2028 with the effect that there will be no planned debt service cashflows to KPP2 until that final maturity. Annual interest costs are calculated in line with the loan notes and capitalised in to the outstanding balance.

In addition, the share premium account was extinguished to a capital contribution reserve creating $573m of additional distributable reserves in the Company. As a result, net assets have changed from a deficit to a surplus of $157m at 31 March 2018 (31 December 2016: $236m deficit).
The equitisation has resulted in significantly improved financial strength and increased liquidity enabling the business to respond to investment options supporting future growth opportunities.

Revolving credit facility (RCF) renewal – following the completion of the BSR the Group signed a renewed 3 year multicurrency revolving credit facility of $67m with its principal lender to June 2020, with an option to extend to June 2021. On 30 June 2017, in accordance with the terms of the facility, the facility amount was reduced to $55m after proceeds were received from the sale of the Harrow land site. As of the 31 March 2018 the group had drawn nil of the available facility, but $3m was utilised by way of outstanding trade guarantees.

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

Cash and investments – the Group ended the period with a strong balance sheet and significant liquidity with closing cash balances of $70m for 31 March 2018 (31 Dec 2016: $41m), including cash receipts of $41m for the first tranche payment relating to the disposal of the Harrow manufacturing site. The operating cash inflow of $36m for the 15-month period (2016: $40m) remaining broadly in line with prior year despite the reduced earnings, which reflects the effective management of working capital. capital expenditure of $39m, restructuring payments of $12m and financing activities of $16m for the 15 months to 31 March 2018, offset the operating cash inflow.

Net working capital – was $80m at 31 March 2018, an improvement of $22m from the unaudited 31 December 2017 position of $102m (31 Dec 2016: $113m). This improvement was primarily from lower inventory and accounts receivables reflecting improved management of financial working capital and the seasonality of the trading flows.

Dividends – given the instruction to monetise the business on behalf of the shareholder the Board concluded that no dividend should be proposed until further progress is made on this activity ensuring the Group retains maximum financial flexibility to continue investing in the attractive opportunities across the portfolio while considering attractive disposal options. This should ensure the maximum value for the shareholder.

M. Alflatt

Mark Alflatt
Chief Financial Officer
10 December 2018

1 See page 99 for the reconciliation between loss for the period and adjusted EBITDA.

Risk Report

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

Our approach

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

We have identified experienced risk champions across all areas of the business and functions. We will also be identifying relevant training programmes for different levels of the organisation, a risk intranet site and risk communications to the wider organisation.

Corporate oversight

Risk management

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

In addition, we will be introducing a process where by all businesses and functions will perform an annual risk assessment that considers the Group's principal risks and specific local risks, relevant to the market in which they operate.

Financial control

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

Financial Risk Committee

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

Political risk

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

Agreement has now been reached to extend the Brexit transition period to December 2020. Whilst this development has allowed a bit more time, there still have not been any advanced discussions regarding treaty negotiations, customs regulations, mobility of people, or other important issues.

The key areas of focus for Kodak Alaris include:

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

Key areas of risk focus

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

Business assurance

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

The results of audits are reported to the KAEC and senior management and, where required, corrective actions are agreed. The results of all audits are summarised for the Audit Committee along with progress against agreed actions.

Risk appetite

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

Cybersecurity / GDPR

In the area of Information Security and Data Privacy, there continues to be active development of programmes for regulatory compliance, incident response and risk management, among others. This includes the formation of a Security Steering Committee comprising decision makers from each business unit and corporate functional areas to address Risk and Governance at a corporate level. Additionally, we've instituted a risk-based review of our policies, procedures and security protocols in connection with the 2018 General Data Protection Regulation (GDPR).

In connection with these on-going programmes, the Board has recently approved significant changes to our Data Privacy Policy. Furthermore, the Board named James Walworth (Deputy General Counsel) and Robert Steron (Chief Information Security Officer) to be Kodak Alaris' Data Protection Officer (DPO), and deputy DPO, respectively. Toward this end, Robert and James have both attained the International Association of Privacy Professional's (IAPP) Certified Information Privacy Manager (CIPM) credential. Both have additionally successfully pursued IAPP's Certified Information Privacy Professional credential in European Privacy Law (CIPP/E).

M&A transaction risk

To cover the risk of not creating sufficient value from divestitures, management will be performing ongoing strategic reviews of the Group's net operating assets.

Kodak Alaris Principal Risks

The table below identifies the Group's top seven risks as agreed by the KAEC and Board:

RISK DESCRIPTION	IMPACT	MITIGATION	TREND
Market Competitiveness Failure to identify and adapt to changing technology and market trends	Declining Revenues Reduction in EBITDA and cash	Set up of innovation team to help broaden the portfolio and drive opportunities throughout the organisation CTO Established Greater utilisation of voice of the customer and market segment research	⇔
Regulation and Political Risk Political unrest, Tarriffs, Quotas etc.	Declining revenues Reduction in EBITDA and cash	Reviewing supply chain and key customer strategies	⇔
Cyber Security / Data Privacy Business is hit by a cyber attack or significant data loss	Reputational Damage Regulatory Fines Loss of revenue	Up to date tools to support the detection and prevention of unauthorized access Information security training program Robust Incident Response Plan Dedicated team with appropriate expertise	↑
People Talent Management, Inability to attract and retain high calibre staff	Lack of skillset for growth Increased staff turnover Reduction in staff morale	Talent Management and Development Plans Succession Planning Developing and recruiting right skills to support growth areas	⇔
Dependence on Key Suppliers Issues with any of our single suppliers could lead to higher prices or unavailability	Quality and timeliness of supply Customer disruption Reduction in EBITDA and cash	Identifying and working with potential alternative suppliers Monitoring performance of supply chain	⇔
Dependence on Key Customers One or more of the company's largest customers fails or discontinues doing business with us	Declining revenues Reduction in EBITDA and cash	Agreement of mid to long term contracts that renew at different times Continuing to develop our portfolio including alternative retail channels Adapt to create new opportunities for growth	⇔
Growth Initiatives Business is unable to execute on all growth areas and not enough 'bets' in the pipeline	Declining revenues Reduction in EBITDA and cash	Regular business unit reviews with KAEC against plan Reviews with Board of Directors Funding levels will be adjusted as appropriate to maximise returns	↑

KEY: ↑ Risk increasing ⇔ Risk remaining unchanged

Summary

The business has two risks where the assessed risk has increased over the last fifteen months:

- **Cybersecurity/data privacy** – it is generally accepted that despite significant development of defences and strengthening of controls taking place in these areas, risks will continue to rise in the coming years.
- **Growth initiatives** – there have been delays in realising the growth in revenues that were projected. Whilst the pipeline remains strong, AIF revenues have been delayed by the challenges of contracting in a highly regulated market. Despite strong increases over 2016, DTC revenues have been lower than expectations and will require further investment to maximise returns.

There are five risks where the assessed risk remains unchanged over the last twelve months:

- **Market competitiveness** – all businesses are seeing greater market competitiveness pressure than was already anticipated. This has resulted in greater revenue declines in the Alaris business.
- **Regulation and political risk** – regulation and political risk which may affect sales or supply
- **People** - due to targeted retention plans, succession plans and non-cash retention activity the risk has been assessed as remaining unchanged.
- **Dependence on key customers** – this remains unchanged due to the mid/long term contracts that are in place as well as the initiatives.
- **Dependence on key suppliers** – as our manufacturing base decreases and we purchase finished goods, we are naturally becoming less dependent on our key suppliers.

Corporate Social Responsibility

At Kodak Alaris we believe in the power of positive change. That's why we bring our passion for transformation into the world that surrounds us, focusing our efforts in places where we can create the most positive change.

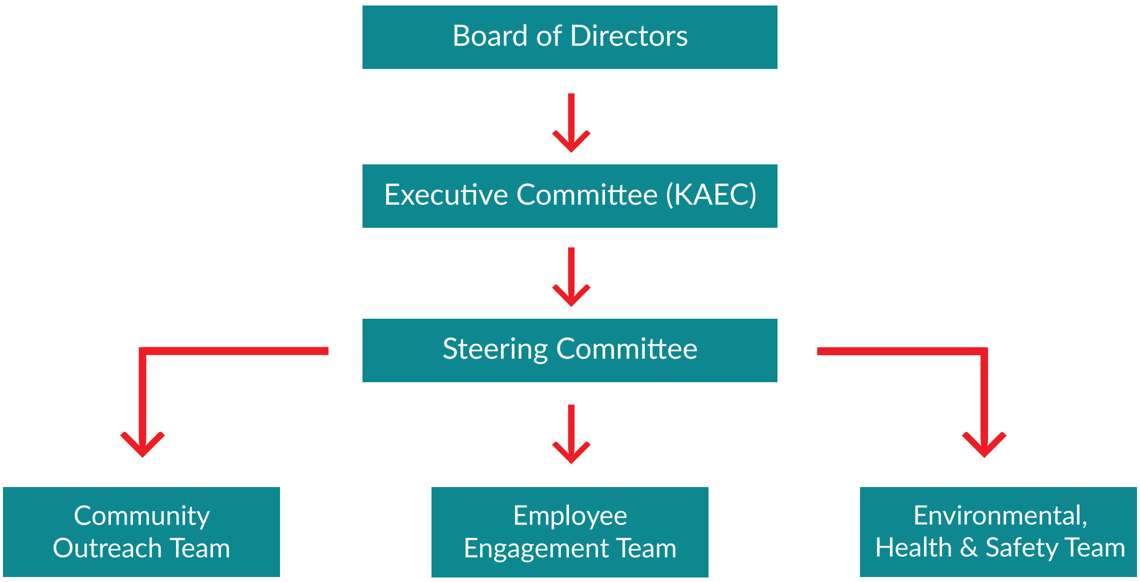
Our focus

Safeguarding the health & safety and wellbeing of our employees, reducing our environmental pollution impact and caring for the people in our communities.

Our governance structure

Our Corporate Social Responsibility (CSR) governance structure is underpinned by the robust global governance structure which exists within Kodak Alaris. The Board reviews and approves the strategic direction of our CSR, the executive committee makes recommendations and endorses our CSR's strategic direction, while the steering committee oversees the primary areas of focus to ensure opportunities align with the overall CSR strategy.

The teams tasked with implementing the CSR's strategic endeavours are: the Community Outreach Team, which is responsible for recognising the vulnerable areas within our communities and pairing those with available resource to create altruistic value and transform our communities; the Employee Engagement Team, which is responsible for nurturing the wellbeing of our employees and enhancing their lives to create a cohesive global team; and the Environmental, Health & Safety (EH&S) Team, which is responsible for ensuring corporate activities are carried out in a safe and environmentally responsible manner, ensuring accountability for environmental, health and safety impacts.



Community outreach

As a corporate entity Kodak Alaris recognises its need to contribute to the society it operates in and as such has set up a Community Outreach programme. This programme assumes a degree of responsibility to those who are in-need, deprived or vulnerable within our society. It actively promotes volunteering endeavours by offering each employee 16 hours of paid volunteer work per year for work in the community. This means that teams of employees, with the support of Kodak Alaris, are giving their time and talents and contributing to the environment, investing in research of disease and health advancement, and providing shelter and food for local communities and wellness causes. Furthermore, the introduction of the "In-Kind Sharing Everyday Moments That Matter" initiative, offers our talent and products to provide photo services within our communities so as to make a positive difference, so that others, can preserve and savour their special moments too.

Employee engagement

Kodak Alaris is a keen advocate of the promotion and well-being of its employees. Employee Engagement initiatives have been implemented that offer our employees the chance to enhance their lives through the development of life-skills. Language workshops, wellbeing fairs, enhanced IT training and seminars are open to all our employees. Kodak Alaris also promotes healthy work habits by providing a dedicated 'Wellness Workspace' including stand-up conference rooms, treadmill desks and sit-stand stations. Our learning library programme will continue to offer wellness education sessions and seminars.

Environment, health and safety (EH&S)

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

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

The policy states that new products will be developed to minimise the EH&S risks throughout their lifecycle. We are committed to being good citizens in every community in which we operate. We communicate to suppliers our expectation that they conduct their operations in a responsible manner. We have maintained our strong emphasis on injury prevention, resulting in a low annual injury rate of three lost time injuries per 1000 employees in 2017. In addition, there were no penalties, fines, safety recalls, or enforcement actions for products or our worldwide operations. Furthermore, we have increased our long-term business sustainability through voluntary, "beyond compliance" 5-year environmental goals covering products and services that are environmentally responsible and safe throughout their lifecycle.

Corporate Social Responsibility (continued)

5-Year Environmental Goals:

GOAL	PROGRESS
Reduce our total greenhouse gas (GHG) emissions (tCO2-eq) per US $ Revenue by 5% compared with 2015	We conducted a GHG emissions materiality study in 2016 to understand the sources of emissions associated with our activities in 2015. Based on this information, we set several key goals targeted at reducing energy consumption from key sources of emissions. In 2018, we are conducting an updated materiality study to measure interim progress.
Maintain uninterrupted ISO 14001 Environmental Management System certifications	We have maintained five externally accredited ISO 14001 Environmental Management Systems on environmental oversight and governance of manufacturing sites and product stewardship. The management systems require policy and senior management leadership and commitment, compliance with legal and other requirements, risk management, annual internal and external audits with the goal of continuous improvement and minimisation of environmental impacts.
Meet Australian Packaging Covenant (APC)	This voluntary agreement between government and industry's goals are to reduce the environmental impacts of packaging, to design more sustainable packaging, increase recycling rates and reduce packaging litter. We signed the APC and created an action plan to contribute to the covenant's objectives. The 2018 annual APC report indicated a rise in the "sustainability score" from 17% (in 2017) to 33%.
All Scanners will meet Electronic Product Environmental Assessment Tool (EPEAT) criteria (100% Bronze, 80% Silver and 10% Gold)	EPEAT is a global three tier rating system (Eco Logo) to recognise environmental performance of electronic products. EPEAT is third-party verified and covers the full product lifecycle, from design and production to energy use and recycling. We are ahead of our goal as our entire scanner portfolio is currently registered at EPEAT Silver level.

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

Marc Jourlait
Chief Executive Officer
10 December 2018

Corporate Governance Statement

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

Compliance

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

We have extended the accounting period of the Group and a number of its subsidiaries to 31 March, where feasible. This was undertaken in order to permit the Group to focus primarily on customer service and cash collection during September to December, the peak trading period for the Alaris and Kodak Moments businesses. KPMG LLP, the Group's auditors have therefore adjusted their audit accordingly to cover a 15-month period.

Following work carried out within the Group, led by the Chairman of the Audit Committee, we are pleased to report an improved risk management governance structure was adopted by the Board in March 2018, which will result in a more thorough review of principal risks and mitigation plans.

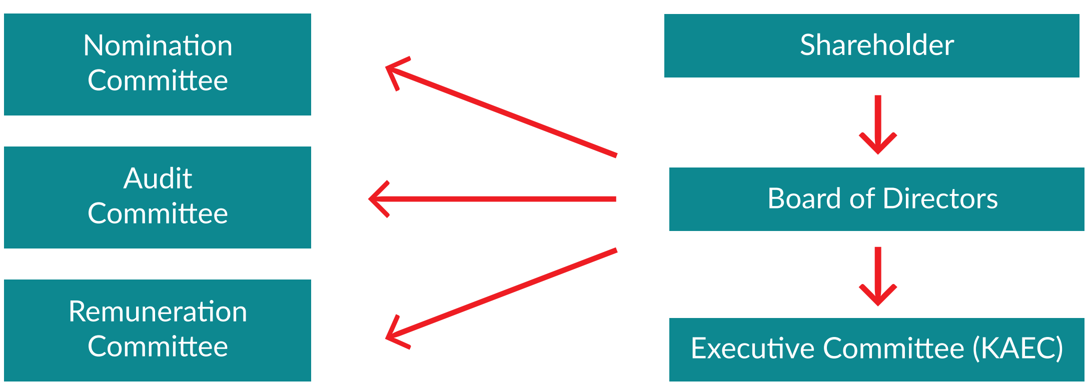
During the period we have also made preparations for the potential consequences of Brexit. Whilst the nature of the exit is uncertain we are confident in the resilience of the business and our financial resources to deal with unforeseen circumstances. With a strong direct presence in the EU, the Group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

One other area that has received particular attention during the financial period was a full review of the Group's insurance coverage which culminated in a tender process to appoint a new broker and insurers.

We also continued to mature our Compliance Programme during the financial period. Some highlights included the appointment of a Chief Information Security Officer who brought a new energy to our Information Security programme; the engagement of Navex, a leading provider of confidential whistleblowing and employee reporting programmes globally and a large investment in the readiness for implementation of the General Data Protection Regulations (GDPR), in May 2018.

In order to promote honesty and integrity amongst employees, the Board has ensured an anti-corruption culture is embedded in the Group's Business Conduct Guide. In the financial period, a report was provided to the Board at each meeting allowing it to closely monitor operating risks in all regions. This is complimented by e-learning modules and in person training to emphasise compliance.

Finally, during the financial period, an important investment was made in a contract management software tool that aims to deliver a stronger governance framework to contracting and approvals processes within the Group.



Corporate Governance Statement (continued)

Governance framework

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

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

Board responsibilities, attendance and activities

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

During the period the Board met on twelve scheduled occasions. At each Board meeting, the CEO provided an update on the Group's key activities and the CFO or delegate provided an update on the Group's financial performance for the period.

Board evaluation and outcome

In addition to the routine reports, the Board considered a range of matters during the year including amongst other items:

- Business performance – financial, operational and strategic performance updates on the Group's businesses were provided by the relevant business Presidents
- Strategy and annual budget – the Group's strategy was reviewed and the annual budget was approved. The Group's overall financial performance and those of its Businesses were reviewed against budget on a routine basis
- Technology – progress updates on the development of the DTC and AI Foundry businesses
- Environment Health and Safety (EH&S) – the Group's strategy on EH&S matters and performance against that strategy
- Disputes and litigation – updates on any material disputes faced by the Group were provided by the Group General Counsel
- Business transformation programme – review of cost and employee productivity improvements, management talent development and evolving the culture of the Group

Board composition

The Board is led by an experienced independent Chairman and comprises seven Directors (including the Chairman). In addition to the Chairman, the Board includes four independent Non-Executive Directors one of whom represents the Company's shareholder. See pages 34 and 35 for more detail on the directors.

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

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

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

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

Board changes - A new CEO was appointed on 1 January 2017 and Executive director on the same date. He replaced Jeffrey Goodman, the prior interim CEO, who resigned on 31 December 2016. There have been no further changes to the Board.

Kodak Alaris Executive Committee (KAEC)

The KAEC consists of senior Kodak Alaris employees – specifically the Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Presidents of each of the four Businesses, Human Resources Director and Group General Counsel and Company Secretary.

The CEO and other members of the KAEC provide regular face-to-face updates to employees. These updates provide a summary of the Group's strategy and performance, together with details of the challenges and opportunities faced by the Group. These events are designed to update employees on the progress of the Group and provide them with an opportunity to ask questions regarding the business.

Audit Committee

The Audit Committee is chaired by Stephen Webster. Stephen Webster is a senior independent Non-Executive Director with extensive financial experience gained in a number of prior senior positions. The composition of the Audit Committee includes all the Non-Executive Directors. The CFO is required to be present at all meetings. The quorum for the Audit Committee is two.

The Audit Committee regularly receives an update on any material fraud or whistleblowing cases together with any recommendations. A risk register has been developed and approved by the Committee and is being matured within the operating businesses and corporate functions in line with the Group's appetite for risk and its risk profile. See pages 38 to 41 for the Audit Committee Report.

Nomination Committee

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

The Committee has responsibility for succession planning, appointments to the Board and key roles within the Company. The Committee is also responsible for reviewing leadership development programmes for the Company and to consider programmes for the continuing development of Non-Executive Directors.

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

Remuneration Committee

The Remuneration Committee is chaired by Brian Larcombe. Brian Larcombe is a senior independent Non-Executive Director with extensive Board level experience. The composition of the Committee includes all the Non-Executive Directors. The quorum for the Remuneration Committee is two.

The Committee has responsibility for determining the overall framework and policy for the remuneration of the Executive Directors and other senior Executives, as determined by the Board. The remuneration policy in respect of Executive Directors and senior management is to provide packages that are intended to attract, motivate and retain high calibre individuals necessary to develop the Group.

Items discussed included senior management objectives, performance management, incentive schemes and Board appointments.

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

Mark Elliott

Mark Elliott
Chairman
10 December 2018

Board of Directors

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

Mark was appointed Chairman to the Board in May 2014.

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

External directorships:
Mark is also Chairman at Qinetiq Group Plc, having previously spent one year as a Non-Executive Director. Previously Mark was a Non-Executive Director of Reed Elsevier Group plc (and also Chairman of its Remuneration Committee) and Reed Elsevier NV from April 2003 until April 2013 and a Non-Executive Director of G4S plc, where he was the Senior Independent Director and Chairman of the Remuneration Committee.

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

Marc Jourlait
Chief Executive Officer and Executive Director

Marc was appointed Chief Executive Officer in January 2017.

Experience:
Marc was Deputy CEO at Navico, a leading manufacturer of marine communications systems and prior to this was General Manager – EMEA and VP at Bose, the consumer electronics group.

Marc has overall responsibility for Kodak Alaris, its financial and operational performance and strategy. Marc is leading a programme of cultural change within the group and is responsible for redesigning the group's mission, vision and values.

Stephen P. Webster
Non-Executive Director and Chairman of the Audit Committee

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

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

External directorships:
Stephen has held a number of other non-executive appointments and was until recently a consulting member of the Gerson Lehrman Group Research Council. He was also a Non-Executive Director of Aventas Group, an internationally diversified industrial manufacturing business headquartered in Ireland, where he was a Senior Independent Director and a member of the Audit and Remuneration Committees and a Non-Executive Director of Aqualisa Group, a leading shower designer and manufacturer in the UK where he was Chairman of the Audit Committee.

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

Mark Alflatt
Chief Financial Officer and Executive Director

Mark was appointed Chief Financial Officer in February 2016.

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

Mark has responsibility for the global finance, operations and IT organisations across the group. He has no external directorships.

Board of Directors (continued)

Brian Larcombe

Non-Executive Director and Chairman of the Remuneration Committee

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

Experience:
He is a Partner in a private equity business in India that invests in fast growing private companies tied to the growth in India's consumer spend. His executive career was previously largely with 3i, a leading international private equity investor, with approximately $15bn of owned and managed assets. Brian headed its main investment business, became CFO in 1992 and after a successful IPO on the London Stock Exchange, was appointed CEO in 1997. He retired from 3i in 2004 and has since sat on the boards of many private and public companies and served on various business and educational councils.

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

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

Steven Ross

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

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

Experience:
Steven led the Kodak Pension Plan in its acquisition of the assets which now form Kodak Alaris and during late 2013 and 2014, he led the recruitment of the Board of Kodak Alaris and its management team. Steven spent much of the 1980s advising companies and trustees upon commercial pension issues (such as scheme mergers and the pensions aspects of company sales or acquisitions) and negotiating solutions to meet their challenges. In 1992 Steven established what became one of the leading Trustee companies which he led until eight years ago when he formed Ross Trustees. Many of the trusteeships that Steven has undertaken have been high profile and involved complex negotiations and commercial arrangements.

External directorships:
Steven is a director of S Ross Limited, Ross Corporate Services Limited and Ross Trustees Services Limited. Steven is also Chairman of the Arconic pension scheme and Director of BBA and Hitachi pension schemes.

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

Patrick J. de Smedt

Non-Executive Director

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

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

External directorships:
Patrick has served on the boards of a number of European public and private companies. He is currently also a Senior Independent Director of KCOM Group plc, Page Group plc and Morgan Sindall Group plc where he is also Chairman of the Remuneration Committee. Previously Patrick was a Non-Executive Director and Chairman of the Remuneration Committee of Victrex plc and CPP Group plc.

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

John O'Reilly

Group General Counsel and Company Secretary

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

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

Previously John was the General Counsel for the EMEA region at Parker Hannifin, a global engineering business and Corporate M&A counsel at Rolls-Royce plc. Before moving in house, John spent 8 years in private practice as an M&A lawyer. He is a qualified Solicitor in England and Wales.

Principal activities

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

The review of performance during the period ended 31 March 2018, expected future development, and principal values and uncertainties are contained in the Strategic Report on pages 1 to 29.

Directors

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

• Mark Elliott (Chairman) – Non-Executive Director
• Marc Jourlait (Chief Executive Officer) – Executive Director, appointed 1 January 2017
• Mark Alflatt (Chief Financial Officer) – Executive Director
• Ross Trustees Services Limited represented by Steven Ross – Non-Executive Director
• Patrick J. de Smedt - Non-Executive Director
• Brian Larcombe – Non-executive Director
• Stephen P. Webster - Non-Executive Director
• Jeffrey S Goodman (Acting Chief Executive Officer) – Executive Director, resigned on 31 December 2016

Director indemnities and insurance

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

Sole shareholder

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

Financial risk management

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

Subsequent events and future developments

After the reporting date, the shareholder issued an instruction to the Directors to undertake the active exploration of an orderly disposal of the Group or its component businesses.

Given the instruction received, the Directors and management team are actively progressing the planning and options to monetise the business and return funds to the shareholder over the coming years, recognising that this process is likely to take some considerable time. The Company has appointed advisors and prepared an initial view of likely valuations and timing to achieve such objectives. However, the exact nature, requirements and timing of this process will of course be determined by the nature of potential buyers and which assets are ultimately disposed. In the meantime, pleasingly, our businesses continue to trade normally.

Going concern

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

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

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

Balance Sheet restructuring

The Company undertook a significant financial restructuring in early 2017 with the objective of normalising the capital structure and balance sheet gearing levels while providing capacity for future third party debt to fund investment in its growth ventures. The transactions undertaken were to swap $575 million of the $675 million Tranche A and Tranche B loan notes due to the

Shareholder for new shares in Kodak Alaris Holdings Ltd. The remaining $100 million of Tranche B loan notes was also amended such that no cash interest is payable until maturity in 2028 with the effect that there will be no planned debt related cash payments to KPP2 until that final maturity.

This transaction had a significant and positive impact on the Group balance sheet and will be of benefit to all the Group's stakeholders including our customers, suppliers, employees, shareholders and existing and future capital providers.

Research and development

During the period ended 31 March 2018 the Group invested a total of $46 million (2016: $39 million) in research and development expenditure to support the development of future products and markets. A total of $30 million (2016: $33 million) was charged to the income statement in the year. In addition, $16 million (2016: $6 million) was capitalised as internally developed intangible assets. The investments improved and expanded our Kodak Moments, Alaris and PPF software applications and enhanced our kiosk, dry lab and scanner product lines. The Group plans to continue to invest in research and development.

Branches outside UK

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

Political donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period (2016: nil).

Dividends

No dividends were paid in the period or declared in respect of the period ended after 31 March 2018.

As a result of the financial restructuring completed in early 2017, the Company and the Shareholder have agreed a revised dividend policy (below). In addition to the criteria outlined in the policy, any dividend must be approved by the Board of Directors and continue to provide the Company with sufficient levels of cash liquidity to adequately fund the business needs.

Kodak Alaris Holdings Limited Dividend Policy:

In 2018 and subsequent years, subject to any limitations noted here, the Company will pay KPP2 (by way of cash dividend) the maximum amount which it can legally pay on the basis of the distributable reserves shown in the audited accounts for the previous year. The dividends will be subject to any limitations required by third party debt providers such as any Revolving Credit Facility or other Term Debt Facility providers and subject to the Board being satisfied on the availability of minimum cash and liquidity levels, the future cash needs of the business for normal operations including cash requirements for investment and otherwise that the payment is in the best interests of the Company.

Employee matters

The Company and its subsidiaries recognise that its employees are key to successfully delivering its strategy and sustaining future business. With approximately 2,084 employees at the 31 March 2018 (31 December 2016: 2,370) in 27 countries (2016: 27), the Company relies on talented people who are committed to achieve its objectives.

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

The Company is committed to creating an inclusive work environment where a diverse range of talented people can work together to ensure business delivery. Diversity amongst the Company's workforce is a significant force for innovation and assists the Company in responding to customer requirements.

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office. This is however, the final year Mike Harper will be lead partner and we would like to offer our sincere gratitude for his professionalism and support over the last 5 years.

Approved by the board on 5 December 2018 and signed on its behalf,

M. Alflatt

Mark Alflatt
Director, Chief Financial Officer
10 December 2018

Audit Committee Report

Presented below is Kodak Alaris's Audit Committee Report for the period ended 31 March 2018, which provides an insight into our work, the key issues handled and the focus of the Audit Committee. The Audit Committee monitors the Group's Accounting Policies, Control Environment and financial reporting process on behalf of the Board of Directors. The Group's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting.

System of risk management and internal control

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

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

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

Configuration

The Audit Committee comprises the 5 Non-Executive Directors of the Board (Stephen Webster, Mark Elliot, Patrick De Smedt, Brian Larcombe and Steven Ross), whose relevant experience is set out on pages 34 and 35. In addition, by invitation, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Group General Counsel, the Group Financial Controller, the Director of Business Assurance regularly attend meetings of the Audit Committee together with the Group's external auditors.

Responsibilities

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

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

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

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

Activities and major areas

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

The main activities of the Committee were:

AUDIT COMMITTEE ACTIVITIES	MAR '17	APR '17	SEPT '17	DEC '17	MAR '18
Review of the Annual Report and Financial Statements	√	√			
Review of the CFO's report on accounting issues, accounting standards and judgements	√	√	√	√	√
Review and approval of business assurance's audit plan including the results of audit work	√	√	√	√	√
Risk management update and review	√		√	√	√
Review of financial and IT controls				√	√
Review of compliance, Data Privacy and whistleblowing	√		√	√	√
Review of external auditor's reports to the Board	√	√			√
Review of external auditor's fees, engagement letter and independence	√	√		√	√
Review of new foreign currency hedging policy		√	√	√	√

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

AREA	ISSUE	RESOLUTION
Valuation of goodwill & intangible assets	Reflecting the appropriate amount of goodwill and intangible assets carried in the Financial Statements.	Both fair value less costs to sell and value-in-use calculations were prepared by management based on external valuations, market measures and financial forecasts. The Audit Committee reviewed, discussed and challenged the management reports prepared and the models/assumptions were reviewed in detail by KPMG as part of the audit. The Group proposed an impairment to be reflected for the 31 March 2018 period-end of $165m as detailed in Note 4.
Revenue Recognition	Review and monitoring of implementation of a new policy. Ensuring compliance with IFRS 15 and assessment of the impact of its adoption.	The Audit Committee agreed that the Group revenue recognition policy needed to be updated to reflect IFRS 15 which is effective from 1 April 2018. They analysed the conclusions of the management review and agreed with the recommendations for accounting treatment.
Taxes	The determination of tax assets and liabilities requires the application of judgement as to the ultimate outcome and can change over time depending on facts and circumstances.	The audit committee reviewed management updates and external auditor assessments on tax matters to confirm appropriateness of treatment. The Group proposed a write-off relating to deferred tax assets for the 31 March 2018 period end, with a consequent net tax change of $16m.
IT Controls	Addressing the weakness of system controls due to new IT systems implementation.	The Audit Committee reviewed the mitigating plans which included improvements in Segregation of Duties, user access, privileged user access, automated system controls as well as the introduction of business operating standards and scrutinised the actions taken to improve the IT system controls. It requested and was provided with additional information from both Business Assurance and the external auditors on reasonable and fit-for-purpose IT controls.
Business and Finance Controls	Improving business processes and finance controls is a continuous process.	The business assurance team have been supporting the business units, IT and Finance teams to increase the number and continue to improve the quality of their key controls following significant organisational change. The Audit Committee reviewed and approved the roadmap and timeline and have discussed progress made throughout the period. A number of process improvement projects have been carried out or are underway across the business units and functional areas. The Audit Committee has reviewed and monitored the progress of these.
Risk Management	Introducing a lean and sustainable risk management process to address the differing views as to the correct approach to risk and the value of a corporate risk process.	The Audit Committee Chairman participated in discussions with the CEO, CFO and director of business assurance around the current risk maturity levels and the future level of maturity the Group wanted to achieve, as well as proposed recommendations form the business assurance team. This produced a gap analysis, which then helped identify an appropriate set of short/medium/long term actions including setting up of a specific Risk Committee with regular quarterly meetings, identifying risk champions, risk training, introduction of business unit and functional risk registers and twice yearly Audit Committee reviews.
Going concern	The directors are required to state whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as and when they fall due over the period of their assessment.	The balance sheet restructure and Harrow disposal have significantly reduced the Group's borrowings and improved the headroom on covenant requirements. Management have presented a report to the Audit Committee to demonstrate the ongoing solvency and liquidity of the Group, considering all the available planning information, including the current year budget, most recent forecasts and the latest 5-year plan, together with additional liquidity scenarios. In each scenario, there is sufficient headroom to achieve all covenant requirements of the Group's HSBC facility and sufficient liquidity to be able to pay liabilities as they fall due, being March 2021. The Audit Committee also reviewed external auditor assessments on going concern to confirm appropriateness of treatment. As a result of KPP2's instruction, in a full divestiture scenario the Company will, after settling all its obligations over the medium-term, liquidate any remaining legal entities of the Group. Therefore, given that the Company will continue in business for a finite period and in accordance with the going concern concept of preparing financial statements discussed in the conceptual framework in IAS 1, the directors have concluded that the financial statements should not be prepared on a going concern basis.

Business assurance

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

In November 2016 the Audit Committee reviewed and agreed the 2017/18 business assurance annual audit plan, which they believed was appropriate to the scope and nature of the Group. The Audit plan is risk based, taking strategic priorities and the strength of the control environment into consideration - with finance, all business units and regions covered each year. Additional areas were added to the plan as required throughout the year, when appropriate.

The Audit Committee reviewed the business assurance's summary reports at each meeting, enabling it to monitor the progress of the audit plan, discussed key findings and subsequent plans to address them, in addition to status updates of previous key findings. The Audit Committee was satisfied that the business assurance function is working effectively and improves risk management throughout the Group.

External audit

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

Performance and audit plan

Following the completion of the 2016 year-end audit, the Audit Committee carried out an informal review of the audit process and general effectiveness. Prior to commencement of the of the 2018 period-end audit, the Audit Committee reviewed, challenged and approved the external auditors work plan and resources and agreed with them the various key areas of focus including revenue recognition, impairment, IT controls as well as particular focus on certain higher risk audit areas. The Audit Committee met once with the external auditors without management being present. This provided the opportunity for direct discussion and feedback between the two parties where they discussed the key audit points. The Audit Committee also concluded that the auditor remains effective as external auditors going forwards.

Independence and objectivity

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

During the period, the Committee approved a new policy on the employment of ex-employees of the external auditor to ensure that independence is maintained in such circumstances.

Non-audit services

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

Steve Webst

Stephen Webster
Audit Committee Chairman
10 December 2018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Statement of Directors' Responsibilities

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

The directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable UK law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in Note 2C, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and parent company to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, and corporate governance statement that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual report

The directors confirm that to the best of our knowledge:

- the financial statements prepared in accordance with the IFRSs as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the annual report, including the strategic report includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Mark Elliott

Mark Elliott
Chairman
10 December 2018

KPMG

Independent auditor's report

to the members of Kodak Alaris Holdings Limited

1. Our opinion is unmodified

We have audited the financial statements of Kodak Alaris Holdings Limited ("the Company") for the period ended 31 March 2018 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Balance Sheet for both Group and Company, Statement of Changes in Equity for both Group and Company, Cash Flow for both Group and Company, and the related notes, including the accounting policies in note 2. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Overview		
Materiality: group financial statements as a whole	$8.2m (2016:$8.5m) 1% (2016: 1%) of group revenue	
Coverage	90% (2016: 89%) of group revenue	
Risks of material misstatement		**vs 2016**
Recurring risks	Carrying Value of Goodwill and Intangibles	▲
	Revenue Cut-Off	◀▶
	Carrying value of investments in subsidiaries (parent company only)	▲
Event driven	Going Concern	▲

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

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

	The risk	Our response
Carrying value of goodwill and intangibles ($131 million; 2016: $326m) *Refer to Note 2N (accounting policy) and Note 13 (financial disclosures).*	**Valuation of goodwill and intangibles:** The recoverable amount of the Alaris and Kodak Moments Cash-Generating Units to which goodwill and intangible assets are allocated is determined from fair value less cost to sell calculations, which represent a key judgment area as inappropriate assumptions, particularly relating to forecast cash flows, discount rates or disposal costs could result in a material misstatement of the goodwill and intangibles balances as a result of the level of headroom associated with this CGU.	Our procedures included: — **Assessed reasonableness of discount rates:** Obtained an understanding of discount rates used by management. Engaged corporate finance specialists to assess whether the discount rates utilised are reasonable. — **Benchmarking assumptions:** Challenged assumptions used in the cash flows and valuations included in the impairment model based on our knowledge of the Group and the industry and markets in which the subsidiaries operate; — **Central allocations:** Assessed the appropriateness of models used for balance sheet and central cost allocation by cash generating unit — **Sensitivity Analysis:** Performed analysis to assess the sensitivity of the impairment review to changes in the key assumptions above. — **Assessing transparency:** Assessed whether the Group's disclosures about the impairment test appropriately reflected the risks inherent in the valuation of goodwill and intangible assets.
Revenue Cut-Off ($836 million; 2016: $813m) *Refer to Note 2Q (accounting policy) and Note 3 (financial disclosures).*	**Cut-Off risk:** Revenue recognition surrounding cut off is considered a significant risk due to the presumed risk of fraud that exists in all revenue and a significant risk of error due to risk of inaccurate sales cut off and potential errors in deferring revenue to service contracts,	Our procedures included: — **Process understanding:** Obtained an understanding of the different revenue streams for in-scope components in order to appropriately define and respond to the different risks within each revenue stream — **Substantive testing:** Performed substantive test work over revenue items through the period, ensuring recognition is appropriate in line with applicable IFRS standards. — **Cut-Off testing:** Reviewed sales transactions either side of the balance sheet date as well as credit notes issued post year end to ensure revenue has been recognised in the appropriate period.

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

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

	The risk	Our response
Going Concern - liquidity *Refer to Note 2C (accounting policy) and Note 30 (subsequent events).*	**Going Concern - liquidity:** The financial statements have not been prepared on a going concern basis as a result of the instruction received from the shareholder post year end (see Note 30) to conduct an orderly disposal of the component businesses and in due course wind up the entity. Liquidity in the forecast period is considered a significant risk as a result of the group operating in declining sectors and its continued losses.	Our procedures included: — **Understanding the instruction:** A copy of the instruction from the shareholder was reviewed and management were challenged as to their response and impact on the going concern assumption — **Challenging assumptions in forecasts:** Challenged key assumptions used within the forecast, such as timing and value of business disposals and ensuring consistency with forecasts used for impairment analysis — **Retrospective review:** A retrospective review of FY17/18 and prior year's actual performance against budget to assess management's ability to accurately forecast — **Banking facilities:** Considered available banking facilities, renewal dates and assumptions made in forecasts — **Covenant compliance:** Considered compliance with banking covenants
Parent company risk area – Carrying value of investments in subsidiaries ($188 million; 2016: $547 million) *Refer to Note 1 (parent accounting policies) and Note 4 (parent financial disclosures).*	**Overstatement of value of investments in subsidiaries:** The carrying amount of the parent company's investments in subsidiaries represents 45.5% (2016: 68.4%) of the company's total assets. Their recoverability is directly correlated to the valuation of the CGUs assessed in the Group accounts, where we consider there to be a high risk of significant misstatement. This is therefore considered to be the area that has the greatest effect on our audit of the parent company.	Our procedures included: — **Net assets & earnings review:** Reviewed investments and intercompany receivables as a combined balance of each individual subsidiary entity against the net assets and EBIT (earnings before interest and tax where net assets insufficient) of the that individual subsidiary. — **Impairment review:** For any investment with an indicator of impairment, a detailed impairment review was performed and challenged in line with goodwill and intangible asset impairment review above. — **Consideration of shareholder instruction:** in light of the shareholder instruction for an orderly disposal, the parent company balance sheet was assessed against that of the group and aligned accordingly.

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

The materiality for the Group financial statements as a whole was set at $8.2m for the 15 month period ended 31 March 2018 (2016: 12 month period $8.5m), determined with reference to a benchmark of Group revenue of $836m (2016: $813m), of which it represents 1% (2016: 1%).

The benchmark is consistent with prior year, and has been utilised due to the on-going stabilisation of the relatively new business which results in a fluctuating loss making position and as such, isn't deemed an appropriate benchmark.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.4m (2016: $0.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the 35 (2016: 39) components which report to group, we subjected 12 (2016: 14) to audits for Group reporting purposes and none (2016: one) to specified risk-focused audit procedures. The components within the scope of our work accounted for the following percentages of the group results:

The remaining 10% (2016: 11%) of total Group Revenue, 5% (2016: 1%) of Group Profit before Tax and 9% (2016: 4%) of total group assets is represented by 23 reporting components, none of which individually represent more than 5% of any of total Group revenue, Group profit before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level to support that there were no significant risks of material misstatements within these entities.

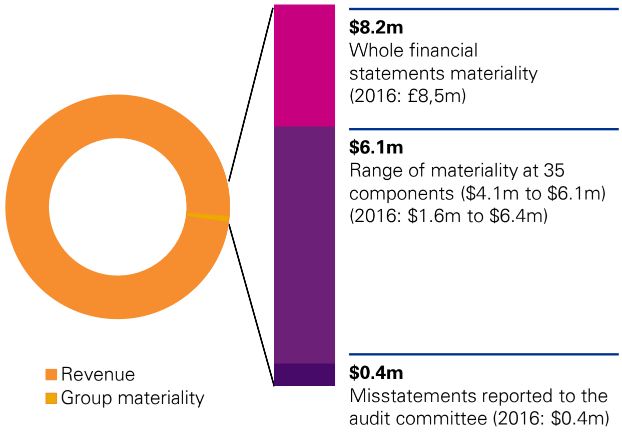
The Group audit team instructed component auditors as to the significant risks to be covered, including the revenue recognition and management override of controls as outlined above. Carrying value of Intangibles and Goodwill was assessed at a Group level. The Group audit team determined the component materiality's which ranged from $4.1m to $6.1m (2016: $1.6m to $6.4m). Component materiality was set with regard to the mix of size and risk profile of the components relative to the Group.

As part of determining the scope and preparing the audit plan and strategy, the Group team led planning calls with components to discuss key audit risks and obtain input from component teams. The Group team visited 2 components (2016: 2) who are recognised as being individually financially significant. File reviews by senior members of the audit team were also conducted to ensure that work performed over significant risk areas was appropriate. Conference calls were also held with other components when required. At these visits and meetings the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group Audit team was then performed by the component auditor.

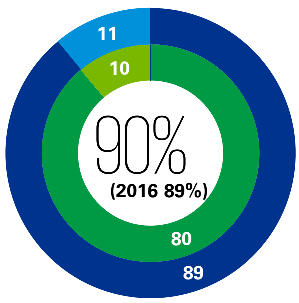
The materiality for the Parent Company financial statements as a whole was set at $3.5m for the 15 month period ended 31 March 2018 (2016: 12 month period $8.5m).

Revenue $836m (2016: $813m)

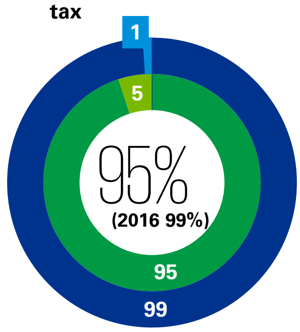
Group Materiality $8.2m (2016: $8,5m)



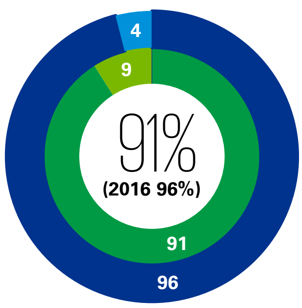
Group revenue



Group profit before tax



Group total assets



- Full scope for group audit purposes 2017/18
- Desk top review procedures 2017/18
- Full scope for group audit purposes 2016
- Desk top review procedures 2016

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

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

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 43, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Michael Harper

Michael Harper
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD
13 December 2018

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Consolidated Income Statement

for the period ended 31 March 2018

	Note	15 Months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Continuing operations			
Revenue	3	**643,553**	587,167
Cost of sales		**(426,979)**	(371,314)
Gross profit		**216,574**	215,853
Administrative expenses	4	**(418,131)**	(325,901)
Research and development expensed		**(28,654)**	(30,693)
Operating loss		**(230,211)**	(140,741)
Financial income	8	**11,422**	596
Financial expenses	8	**(24,404)**	(56,288)
Loss before tax		**(243,193)**	(196,433)
Income tax provision	9	**(2,976)**	1,471
Loss from continuing operations		**(246,169)**	(194,962)
Discontinued operations			
Profit from discontinued operations, net of tax	10	**54,268**	10,981
Loss for the period		**(191,901)**	(183,981)
Adjusted earnings before non-recurring items, interest, tax depreciation and amortisation (adjusted EBITDA)	11	**11,189**	47,915

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

See page 99 for summary of continuing and discontinued operations and reconciliation of loss for the period to adjusted EBITDA.

The notes on pages 54 to 88 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the period ended 31 March 2018

	Note	15 Months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Loss for the period		**(191,901)**	(183,981)
Other comprehensive (expense)/income:			
Items that will not be recycled to profit or loss			
Re-measurements of defined benefit liability	*21*	**3,423**	651
Deferred tax on other comprehensive loss for the period	*15*	**(749)**	(18)
Commodity hedge loss		**(68)**	-
Items that may be recycled subsequently to profit or loss			
Foreign currency translation differences – foreign operations	*23*	**9,393**	(12,288)
Other comprehensive income/(expense) for the period, net of tax		**11,999**	(11,655)
Total comprehensive expense for the period		**(179,902)**	(195,636)

The notes on pages 54 to 88 are an integral part of these consolidated financial statements

Consolidated Balance Sheet
at 31 March 2018

	Note	31 March 2018 $000	31 December 2016 $000
Assets			
Property, plant and equipment	*12*	**47,535**	61,982
Intangible assets	*13*	**108,626**	214,094
Goodwill	*13*	**22,371**	111,423
Trade and other receivables	*17*	**14,778**	10,454
Investments in equity-accounted investees	*14*	**235**	494
Deferred tax assets	*15*	**18,462**	27,152
Non-current assets		**212,007**	425,599
Inventories	*16*	**49,465**	59,735
Trade and other receivables	*17*	**136,413**	137,842
Cash and cash equivalents	*18*	**69,936**	40,641
		255,814	238,218
Assets classified as held for resale	*10*	**23,348**	-
Current assets		**279,162**	238,218
Total assets		**491,169**	663,817
Liabilities			
Other interest-bearing loans and borrowings	*19*	**(109,514)**	(667,442)
Other payables	*20*	**(18,378)**	(12,863)
Employee benefits	*21*	**(19,824)**	(19,050)
Provisions	*22*	**(2,811)**	(5,296)
Deferred tax liabilities	*15*	**(12,186)**	(10,331)
Non-current liabilities		**(162,713)**	(714,982)
Other interest-bearing loans and borrowings	*19*	**(1,228)**	(7,667)
Trade and other payables	*20*	**(150,842)**	(158,051)
Income and other Tax payable	*9*	**(3,413)**	(5,630)
Provisions	*22*	**(14,408)**	(13,701)
		(169,891)	(185,049)
Liabilities classified as held for resale	*10*	**(1,333)**	-
Current liabilities		**(171,224)**	(185,049)
Total liabilities		**(333,937)**	(900,031)
Net assets / (liabilities)		**157,232**	(236,214)
Equity attributable to equity holders of the parent			
Share capital	*23*	**167,000**	167,000
Retained deficit	*23*	**(575,059)**	(385,764)
Capital contribution reserve	*23*	**573,348**	-
Translation reserve	*23*	**(8,057)**	(17,450)
Total surplus / (deficit)		**157,232**	(236,214)

The notes on pages 54 to 88 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10 December 2018 and were signed on its behalf by:

Mark Alflatt
Chief Financial Officer

Company registered number: 8550309

Consolidated Statement of Changes in Equity

for the period ended 31 March 2018

	Note	Share premium $000	Capital contribution reserve $000	Share capital $000	Translation reserve $000	Retained deficit $000	Total equity $000
Balance at 1 January 2016		-	-	167,000	(5,162)	(202,416)	(40,578)
Loss for the year		-	-	-	-	(183,981)	(183,981)
Items that will not be recycled to profit or loss:							
Re-measurement of defined benefit liability	21,23	-	-	-	-	651	651
Deferred tax on other comprehensive loss for the year	15	-	-	-	-	(18)	(18)
Items that are or may be recycled to profit or loss:							
Foreign currency translation differences – foreign operations, net	23	-	-	-	(12,288)	-	(12,288)
Total comprehensive expense for the year		-	-	-	(12,288)	(183,348)	(195,636)
Balance at 31 December 2016		-	-	167,000	(17,450)	(385,764)	(236,214)
Balance at 1 January 2017		-	-	167,000	(17,450)	(385,764)	(236,214)
Loss for the period		-	-	-	-	(191,901)	(191,901)
Items that will not be recycled to profit or loss:							
Re-measurement of defined benefit liability	21,23	-	-	-	-	3,423	3,423
Deferred tax on other comprehensive loss for the period	15	-	-	-	-	(749)	(749)
Commodity hedge loss		-	-	-	-	(68)	(68)
Items that are or may be recycled to profit or loss:							
Foreign currency translation differences – foreign operations, net	23	-	-	-	9,393	-	9,393
Shares issue	23	575,348	-	-	-	-	575,348
Transfer from share premium account	23	(575,348)	575,348	-	-	-	-
Share issue cost	23	-	(2,000)	-	-	-	(2,000)
Total comprehensive income / (expense) for the period		-	**573,348**	-	**9,393**	**(189,295)**	**393,446**
Balance at 31 March 2018		-	**573,348**	**167,000**	**(8,057)**	**(575,059)**	**157,232**

The notes on pages 54 to 88 form part of these financial statements.

Consolidated Cash Flow Statement

for the period ended 31 March 2018

	Note	15 Months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Cash flows from operating activities			
Loss for the period		**(191,901)**	(183,981)
Adjustments for:			
Depreciation and impairment charge	*12*	**25,999**	23,575
Amortisation and impairment charge	*13*	**218,850**	145,900
Loss on disposal of property, plant and equipment		**709**	1,002
Profit from sale of land at Harrow	*10*	**(68,992)**	-
Gain on sale of subsidiary		**-**	(2,836)
Fair value adjustment	*4*	**(23,458)**	(5,000)
Restructuring costs	*4, 10*	**9,425**	-
Asset write downs	*4*	**1,185**	-
Information systems separation costs	*4*	**1,170**	-
Other non-cash movements		**1,029**	-
Changes in provisions	*4*	**5,547**	-
IAS 19 pension charge	*21*	**1,681**	1,426
Exceptional pension costs	*21, 4*	**2,662**	-
Taxation		**20,378**	8,660
Net foreign exchange losses		**(12,665)**	15,274
Net financial expense		**23,584**	48,235
		15,204	52,255
Decrease in trade and other receivables		**56,683**	15,281
(Increase)/decrease in inventories		**(6,437)**	17,532
(Decrease)/increase in provisions		**(1,509)**	1,927
Decrease in trade and other payables		**(14,916)**	(34,781)
Taxation Paid		**(10,400)**	(9,554)
Cash contributions to pension schemes	*21*	**(2,593)**	(2,365)
Net cash from operating activities		**36,030**	40,295
Cash flows from investing activities			
Purchase of property, plant and equipment	*12*	**(23,181)**	(11,545)
Economic benefit received		**-**	2,358
Acquisition of subsidiary		**-**	(1,683)
Acquisition of intangible assets	*13*	**(16,143)**	(10,161)
Disposal of property, plant and equipment		**491**	1,402
Disposal of subsidiaries		**-**	18,243
Interest received		**797**	596
IT One time expenditure	*4*	**(1,170)**	(24,124)
Proceeds from Harrow land sale		**41,053**	18,506
Earn out income		**7,000**	4,000
Net cash from / (used) in investing activities		**8,847**	(2,408)
Cash flows from financing activities			
Decrease in long term borrowings		**(4,319)**	(14,348)
Bank (repayments)/borrowings		**(6,928)**	6,415
Share issue costs		**(2,000)**	-
RCF arrangement fees paid		**(1,350)**	-
Interest paid		**(1,173)**	(19,028)
Net cash used in financing activities		**(15,770)**	(26,961)
Net increase in cash and cash equivalents		**29,107**	10,926
Cash and cash equivalents at beginning of the year		**40,641**	35,827
Effect of exchange rate fluctuations on cash held		**188**	(6,112)
Cash and cash equivalents at the end of the period	*18*	**69,936**	40,641

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

The notes on pages 54 to 88 form part of these financial statements.

Note 1: General information

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

Note 2: Accounting policies

A. Basis of preparation

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

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

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

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

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

B. Changes in accounting policies and disclosures

Accounting standards adopted in the period

There have been no new or amended accounting standards that have been adopted by the Group in the period ended 31 March 2018.

Accounting standards not yet adopted

The Group has not applied the following standards in the consolidated Group Financial Statements which are effective from 1 January 2018 (unless otherwise indicated) and will be applicable to from accounting period beginning on or after 1 April 2018:

- IFRS 9 'Financial instruments' – addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. The standard prescribes requirements for recognition and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, derecognition and general hedge accounting. The standard eliminates the existing IAS 39 Financial Instruments: Recognition and measurement categories of held to maturity, loans and receivables and available for sale but carries forward the guidance on recognition and derecognition of financial liabilities from IAS 39.

Recognition and measurement: IFRS 9 divides all financial assets currently in the scope of IAS 39 into two categories: measured at amortised cost and measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in the profit or loss (fair value through profit or loss, FVTPL) or recognised in other comprehensive income (fair value through other comprehensive income, FVOCI).

Impairment: IFRS 9 introduces an 'expected credit loss' (ECL) model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting: IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

The Group has assessed the initial impact of this standard and does not believe that the new classification requirements will have a material impact on its consolidated financial statements.

- IFRS 15 'Revenue recognition' – the new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. This core principle is achieved through a five-step methodology that is required to be applied to all contract with customers. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The standard applies to annual periods beginning on or after 1 January 2018 with early application permitted.

The Group is required to adopt IFRS 15 Revenue from contracts from 1 April 2018. The Group has assessed the estimated impact that the initial application of IFRS 15 will have on its consolidated financial statements. The estimated impact of the adoption of these standards on the Group's equity as at 1 April 2018 is based on assessments undertaken to date and is summarised below:

Estimated impact of adopting IFRS 15			
	As reported at 31 March 2018 $000	Estimated adjustments due to adoption of IFRS 15 $000	Estimated adjusted opening balance at 1 April 2018 $000
Reserves	(575,059)	(3,840)	(578,899)

The total estimated adjustment (net of tax) to the opening balance of the Group's equity at 1 April 2018 is $3,840 thousand. The principal components of the estimated adjustments are as follows:

I. Payments to Customers

Across the Group, certain payments in relation to customer contracts are treated as prepayments and amortised, as a deduction to revenue, over the length of the contract.

Under IFRS 15, these payments do not represent a payment for services and therefore should be expensed, against revenue, as incurred.

The Group's assessment is that this will result in a decrease of $3,738 thousand in retained earnings as result of the change in treatment.

II. Intangible contract assets

As outlined in the accounting policies the Group has historically capitalised Deferred COGS. Under IFRS 15, revenue will be reallocated across the various performance obligation related to these contracts. Once control of the equipment has passed to the customer, the performance obligation is satisfied and revenue allocated to the performance obligation will be recognised.

The Group's assessment is that there is no longer any deficit to be recovered over the life of the contract, and hence there is no asset to capitalise, which will result in a net decrease of $102 thousand in retained earnings.

III. Transition

The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

- IFRS 16 'Leases' – replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on-balance sheet) and an operating lease (off-balance sheet). IFRS 16 now requires lessees to recognise the lease liability reflecting future lease payments and a right to use asset for virtually all lease contracts. The standard applies to annual periods beginning on or after 1 January 2019 with early application permitted.

The Group is currently undertaking an exercise to quantify the impact of this standard.

Amendments to the standards during the period

The Directors anticipate that the adoption of the following amendments is not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IFRS 2 'Share-based compensation'; the amendments address the classification and measurement of share-based compensation transactions, which address several requests that the IASB and the IFRS Interpretations Committee received. The amendment contains clarifications and amendments surrounding:

- Accounting for cash-settled share-based compensation transactions that include a performance condition;
- Classification of share-based compensation transactions with net settlement features; and
- Accounting for modifications of share-based compensation transactions from cash-settled to equity-settled.

The standard applies to annual periods beginning on or after 1 January 2018 with early application permitted.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures'; the amendment clarifies that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

The standard applies to annual periods beginning on or after 1 January 2018.

C. Going concern

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

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

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

D. Basis of consolidation

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

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

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

Investments in associates are stated using the equity method.

E. Foreign currency

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

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

F. Classification of financial instruments issued by the Group

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

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

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

G. Non-derivative financial instruments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

H. Derivative financial instruments

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

I. Intra-group financial instruments

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

J. Property, plant and equipment

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

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

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

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

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

K. Business combinations

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

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

L. Intangible assets and goodwill

Goodwill

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

Research and development

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

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

Software

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

Deferred COGS

The Group may sell equipment to customers at a price below its cost, on the basis that this deficit will be recovered from the profits of highly probable future sales. This sale is considered to give rise to an intangible asset, which, subject to an impairment review, is recognised at the time of delivery and amortised on a straight-line basis over the period that highly probable sales are expected to be earned.

Other intangible assets

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

Amortisation

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

- Patents – unexpired life of patents, average approximately 10 years
- Customer relationships – 5 to 15 years
- Capitalised development costs – 3 to 5 years
- Capitalised software development costs – up to 3 years
- Trademarks – 5 years
- Software – 3 to 7 years

M. Inventories

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

N. Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

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

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

Non-financial assets

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

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

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

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

O. Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

Short-term benefits

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

P. Provisions

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

Q. Revenue

Revenues comprise sales to outside customers after discounts, excluding value added taxes. Revenue transactions include sales of products, equipment, software, services, and integrated solutions. The Company recognises revenue when it is probable that future economic benefits will flow to the entity, and the amount of revenue and costs incurred or to be incurred can be measured reliably.

For product sales, the revenue recognition criteria are generally met when the significant risks and rewards of ownership have transferred to the buyer, which may be upon shipment or upon delivery to the customer, based on contract terms or legal requirements in certain jurisdictions.

For equipment sales, the recognition criteria are generally met when the equipment is delivered and installed at the customer site. Revenue is recognised for equipment upon delivery as opposed to upon installation when the equipment has stand-alone value to the customer, and the amount of revenue allocable to the equipment is not legally contingent upon the completion of the installation. In instances in which the agreement with the customer contains a customer acceptance clause, revenue is deferred until customer acceptance is obtained, provided the customer acceptance clause is considered to be substantive.

For software sales, the revenue recognition criteria generally follow the sale of products.

Revenue from services includes extended warranty, customer support and maintenance agreements, consulting, business process services and training & education. Service revenue is recognised by reference to the stage of completion or, where the service is provided on a continuous basis, rateably over the contractual period. In service arrangements where final acceptance of a system or solution by the customer is required, revenue is deferred until all acceptance criteria have been met.

When an arrangement is comprised of separately identifiable components where revenue recognition occurs at a different time, or the components belong to a different category for disclosure purposes, the consideration is allocated based on relative fair values. This revenue is then recognised for each component on this basis as the products are delivered and services provided, as described above.

At the time revenue is recognised, the Company provides for the estimated costs of customer incentive programs and estimated returns and reduces revenue accordingly. The Company accrues the estimated cost of post-sale obligations, including basic product warranties, based on historical experience at the time the Company recognises revenue.

R. Expenses

Operating lease payments

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

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

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

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

S. Taxation

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

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

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

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

T. Non-recurring items

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

U. Discontinued operations

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

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

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

V. Assets held for sale

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

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

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

Note 3: Revenue

Segmental split of revenue:

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

	AI Foundry $000	Kodak Moments $000	Alaris $000	Continuing Operations Total $000	Discontinued Operation PPF $000	Total 12 Months to 31 December 2016 $000
Sale of goods	-	247,949	157,586	405,535	222,496	628,031
Rendering of services	-	78,051	103,581	181,632	3,249	184,881
Total revenues	-	326,000	261,167	587,167	225,745	812,912

Geographical split of revenue:

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

	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total 12 Months to 31 December 2016 $000
Sale of goods	138,339	83,913	48,216	135,067	405,535
Rendering of services	95,286	58,924	5,074	22,348	181,632
Total revenues	233,625	142,837	53,290	157,415	587,167

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

	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total 12 Months to 31 December 2016 $000
Sale of goods	62,931	99,765	28,190	31,610	222,496
Rendering of services	3,249	-	-	-	3,249
Total revenues	66,180	99,765	28,190	31,610	225,745

Note 4: Administrative expenses (continuing operations)

		Note	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Advertising			**26,123**	18,859
Marketing			**18,216**	18,831
Sales expenses			**54,277**	40,842
Depreciation and amortisation			**54,140**	39,312
General and administrative			**99,903**	77,233
Ongoing administration expenses			**252,659**	195,077
Impairment:	Land and buildings	*12*	**750**	-
	Trademark and Patents	*13*	**26,275**	90,000
	Customer Relationships	*13*	**25,350**	-
	Development costs	*13*	**7,978**	-
	Software	*13*	**10,828**	-
	Goodwill	*13*	**94,648**	20,000
Impairment			**165,829**	110,000
Restructuring costs[1]			**9,165**	5,741
Information systems separation costs[2]			**1,170**	24,124
EKC earn out income[3]			**(23,458)**	(9,000)
One-off subsidy receipts[4]			**(938)**	(986)
Legal, professional and other costs[5]			**10,404**	945
Transformation costs[6]			**1,372**	-
Asset write-downs[7]			**1,185**	-
Additional pension liability[8]			**1,590**	-
Other one-off pension catch-up costs[9]			**1,072**	-
Release of accruals and provisions not required[10]			**(1,919)**	-
Non-recurring items			**(357)**	20,824
Total administrative expenses			**418,131**	325,901

1 Restructuring costs for 2018 relate primarily to the Kodak Moments and Alaris businesses

2 Information systems costs relate to the implementation of new IT platform

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

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

5 Legal costs and jury award (see note 27) in relation to Kodak Alaris mediation with ITyX Technology GmBH

6 Costs related to individuals who have been solely focused on transformation activities across the business during the period

7 Asset write down costs in relation to historic assets created on acquisition, which no longer meet the criteria for capitalisation

8 There was a historical change in the pensionable salary calculation for employees in a defined benefit scheme, which resulted in an additional liability for the Group

9 One-off catch-up corrections for defined benefit pension liabilities

10 Reassessment of various asset retirement obligations resulted in a number of provisions being released

Note 5: Auditor's remuneration

	15 months to 31 March 2018 $000	12 Months to 31 December 2016 (Restated) $000
Audit of these financial statements	**1,392**	1,243
Audit of the statutory financial statements of subsidiaries of the Company	**754**	638
Taxation compliance services	**58**	48
Audit – related assurance services	**25**	7
Total Auditor's remuneration	**2,229**	1,936

Note 6: Staff numbers and costs

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

	Number of Employees 15 months to 31 March 2018	Number of Employees 12 Months to 31 December 2016
Country/Region		
United Kingdom	**157**	363
United States & Canada	**1,108**	1,233
Europe, Middle East & Africa	**260**	266
Asia-Pacific	**444**	580
Latin America	**238**	240
Total staff numbers per Country/Region	**2,207**	2,682
Segment		
Kodak Moments	**675**	794
Alaris	**927**	1,042
PPF (discontinued)	**83**	367
AI Foundry	**52**	-
Shared	**470**	479
Total staff numbers per segment	**2,207**	2,682

The aggregate payroll costs of these persons were as follows:

	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Wages and salaries	**225,290**	178,569
Social security costs	**22,301**	37,854
Contributions to defined contribution plans	**6,241**	7,164
Expenses related to defined benefit plans	**1,681**	1,340
Total staff costs	**255,513**	224,927

Note 7: Directors' remuneration

	15 Months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Directors' emoluments	**2,436**	1,570
Amounts receivable under short term, variable pay schemes	**788**	-
Company contributions to defined contribution pension plans	**99**	-
Benefits in kind	**4**	-
Severance payments	**-**	475
Amounts paid to third parties in respect of directors' services	**96**	72
Total Directors' remuneration	**3,423**	2,117

The aggregate of emoluments of the highest paid director was $2,002,692 (2016: $712,652) and Company pension contributions of $13,619 (2016: $nil) were made to a money purchase scheme on his behalf.

	Number of directors 15 months to 31 March 2018	Number of directors 12 Months to 31 December 2016
Retirement benefits are accruing to the following number of directors under:		
Defined contribution pension schemes	**2**	-

Note 8: Finance income and expense (continuing operations)

	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Financial income		
Interest income financial assets	**833**	596
Foreign exchange gain	**10,589**	-
Total financial income	**11,422**	596
Financial expenses		
Total interest expense on financial liabilities measured at amortised cost	**23,736**	46,326
Interest expense on pension obligations	**586**	485
Foreign exchange loss	**-**	7,534
Interest paid	**82**	1,943
Total financial expenses	**24,404**	56,288

Note 9: Taxation (continuing operations)

Recognised in the income statement

	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Current tax expense		
Current period:		
United Kingdom	**(15,167)**	(2,474)
Foreign	**7,403**	5,844
Adjustments for prior year	**(2,970)**	(40)
Current tax (benefit)/expense	**(10,734)**	3,330
Deferred tax expense:		
Origination and reversal of temporary differences	**(57,968)**	(65,388)
Reduction in tax rate	**13,106**	4,511
Current year losses for which no deferred tax asset was recognised	**57,937**	56,329
Adjustments for prior year	**635**	(253)
Deferred tax charge/(credit)	**13,710**	(4,801)
Total income tax provision	**2,976**	(1,471)

Reconciliation of effective tax rate

	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Loss for the period	**(246,169)**	(194,962)
Total income tax provision	**2,976**	(1,471)
Loss excluding taxation	**(243,193)**	(196,433)
Tax using the UK corporation tax rate of 19.2% (2016: 20%)	**(46,693)**	(39,286)
Effect of tax rates in foreign jurisdictions	**(25,733)**	(27,080)
Reduction in tax rate on deferred tax balances	**13,107**	4,511
Non-deductible expenses	**6,247**	4,338
Current year losses for which no deferred tax asset was recognised	**57,939**	56,329
Over provided in prior years	**(1,891)**	(283)
Total income tax provision	**2,976**	(1,471)

Income tax recognised in other comprehensive income

	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Foreign exchange translation differences	-	-
Minimum pension liability	**749**	(18)
Total tax recognised in other comprehensive income	**749**	(18)

Current Income Tax Asset/Liability

	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Current Asset	-	-
Current Liability	**(3,413)**	(5,630)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2018 has been calculated based on these rates.

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

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

Note 10: Discontinued operations

In January 2018, the Board of Directors approved a proposal to pursue the sale of its Paper, Photochemicals and Film (PPF) business and authorised management to initiate discussions with potential buyers. Management is actively marketing the business and expects to complete a sale of the PPF business before 31 March 2019. Changing circumstances may extend the time to complete the sale beyond 31 March 2019, however management is responding to these changes and continues to be committed to the plan. The associated assets and related liabilities were classified as held for sale, with the PPF business reported as a discontinued operation in the current period. The non-recurring fair value measurement for the disposal group of $34,044 thousand (before $2,800 thousand in selling costs) is classified as a Level 2 input based on observable market prices. An impairment loss of $2,219 thousand was recognised in relation to assets that relate to the PPF business but are not classified as held for sale. The impairment loss has been applied to reduce the carrying value of tangible assets.

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

Income Statement

	Note	**15 Months to 31 March 2018 $000**	**12 Months to 31 December 2016 $000**
Discontinued operation			
Revenue	*3*	**192,171**	225,745
Cost of sales		**(174,306)**	(199,461)
Gross profit		**17,865**	26,284
Administrative expenses		**55,133**	(3,088)
Research and development expensed		**(1,316)**	(2,007)
Operating profit		**71,682**	21,189
Financial income		**9**	-
Financial expenses		**(22)**	(77)
Profit before tax		**71,669**	21,112
Income tax provision		**(17,401)**	(10,131)
Profit after tax from discontinued operations		**54,268**	10,981
Non-recurring items			
Restructuring costs		**260**	11,837
Gain on disposal of Wuxi[1]		**-**	(2,636)
Profit from sale of land at Harrow[2]		**(68,992)**	(18,506)
Gain on closure of Russia[3]		**-**	(1,182)
Total non-recurring items		**(68,732)**	(10,487)
Profit before tax as above		**71,669**	21,112
Adjusted for:			
Depreciation and amortisation		**1,582**	2,646
Impairment		**2,219**	-
Net finance cost		**13**	77
Non-recurring items		**(68,732)**	(10,487)
Adjusted EBITDA discontinued operations		**6,751**	13,348

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

1 Gain on disposal of Kodak Alaris (Wuxi) Co. ltd

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

3 The gain on disposal of Russia is the write-off of negative goodwill and negative customer relationships relating to PPF

The major classes of assets and liabilities classified as held for sale as of 31 March 2018 include:

Balance Sheet

	31 March 2018 $000
Assets	
Property, plant and equipment	**1,436**
Intangible assets	**2,792**
Deferred tax assets	**205**
Non-current assets	**4,433**
Inventories	**18,688**
Trade and other receivables	**227**
Cash and cash equivalents	**-**
Current assets	**18,915**
Total assets	**23,348**
Liabilities	
Employee benefits	**(228)**
Non-current liabilities	**(228)**
Other interest-bearing loans and borrowings	**-**
Trade and other payables	**(1,087)**
Income and other Tax payable	**(18)**
Current liabilities	**(1,105)**
Total liabilities	**(1,333)**
Net assets	**22,015**

The net cash flows received from the PPF business include:

Cash Flow

	15 Months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Cash flows from:		
Operating activities	**(16,047)**	14,255
Investing activities	**41,053**	39,334
Net cash inflow	**25,006**	53,589

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

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting loss from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, non-recurring items, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the re-measurement of disposal groups.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA many not be comparable with similarly titled performance measures and disclosures by other entities.

	Note	15 Months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Loss from continuing operations		**(246,169)**	(194,962)
Total income tax provision	*9*	**2,976**	(1,471)
Loss before tax		**(243,193)**	(196,433)
Adjusted for:			
Net finance costs		**12,982**	55,692
Loss on disposal PPE		**709**	1,002
Depreciation		**22,151**	21,821
Amortisation		**53,068**	35,009
Impairment	*4*	**165,829**	110,000
Non-recurring items	*4*	**(357)**	20,824
Adjusted EBITDA		**11,189**	47,915

Note 12: Property, plant and equipment

	Land and buildings $000	Plant and equipment $000	Rental Equipment $000	Under construction $000	Total $000
Cost					
Balance at 1 January 2016	35,766	58,905	50,276	-	144,947
Acquisitions through business combinations	-	298	-	-	298
Other acquisitions	177	1,554	8,828	986	11,545
Disposals	(2,952)	(7,107)	(4,210)	-	(14,269)
Disposals – business	(2,243)	(1,242)	-	-	(3,485)
Effect of movements in foreign exchange	(1,756)	260	(1,428)	(352)	(3,276)
Balance at 31 December 2016	28,992	52,668	53,466	634	135,760
Balance at 1 January 2017	28,992	52,668	53,466	634	135,760
Acquisitions	4	1,106	168	21,903	23,181
Transfer from under construction	980	2,525	15,002	(18,589)	(82)
Other movements	(456)	4,323	-	-	3,867
Disposals	(11,947)	(1,780)	(9,510)	-	(23,237)
Reclassification to assets held for sale	(1,253)	(3,708)	-	(2)	(4,963)
Effect of movements in foreign exchange	291	(224)	7,917	407	8,391
Balance at 31 March 2018	**16,611**	**54,910**	**67,043**	**4,353**	**142,917**
Depreciation and impairment					
Balance at 1 January 2016	(8,868)	(29,788)	(27,122)	-	(65,778)
Depreciation charge for the year	(2,282)	(6,145)	(14,794)	-	(23,221)
Impairment losses	-	(354)	-	-	(354)
Depreciation on disposals	2,879	6,084	2,903	-	11,866
Depreciation on disposals – business	409	260	-	-	669
Effect of movements in foreign exchange	383	(727)	3,871	(487)	3,040
Balance at 31 December 2016	(7,479)	(30,670)	(35,142)	(487)	(73,778)
Balance at 1 January 2017	(7,479)	(30,670)	(35,142)	(487)	(73,778)
Depreciation charge for the period	(2,105)	(6,812)	(14,113)	-	(23,030)
Impairment losses	(2,969)	-	-	-	(2,969)
Other movements	456	(4,323)	-	-	(3,867)
Depreciation on disposals	22	426	9,414	-	9,862
Reclassification to assets held for sale	313	3,214	-	-	3,527
Effect of movements in foreign exchange	(92)	(224)	(5,298)	487	(5,127)
Balance at 31 March 2018	**(11,854)**	**(38,389)**	**(45,139)**	**-**	**(95,382)**
Net book value at 31 December 2016	21,513	21,998	18,324	147	61,982
Net book value at 31 March 2018	**4,757**	**16,521**	**21,904**	**4,353**	**47,535**

Property plant and equipment under construction at 31 March 2018 totalled $4,353 thousand (2016: $147 thousand) primarily rental equipment in transit. The amount of borrowing costs capitalised during the year was nil (2016: nil). Included in plant and equipment are capitalised spare parts used in the ongoing maintenance requirements of the Group. Spare parts are annually reviewed for impairment and a charge of $110 thousand (2016: $354 thousand) has been recognised in the year.

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

Note 13: Intangible assets

	Goodwill $000	Customer Relationships $000	Trademarks and Patents $000	Development costs $000	Software $000	Other $000	Total $000
Cost							
Balance at 1 January 2016	139,304	124,276	214,892	34,167	31,731	34,437	578,807
Disposals	(928)	(50)	-	-	-	-	(978)
Disposal – Businesses	-	-	-	-	-	(12,374)	(12,374)
Acquisitions through business combinations	145	1,240	-	-	-	-	1,385
Other acquisitions – internally developed	-	-	-	6,111	-	-	6,111
Other acquisitions – externally purchased	-	-	-	-	1,944	2,106	4,050
Transfer to prepayments	-	-	-	-	-	(4,567)	(4,567)
Effect of movements in foreign exchange	(7,098)	(5,496)	-	-	-	(2,025)	(14,619)
Balance at 31 December 2016	131,423	119,970	214,892	40,278	33,675	17,577	557,815
Balance at 1 January 2017	131,423	119,970	214,892	40,278	33,675	17,577	557,815
Other acquisitions – internally developed	-	-	-	15,781	28	-	15,809
Other acquisitions – externally purchased	-	-	-	-	-	334	334
Transfer from under construction	-	-	-	-	82	-	82
Disposals	-	-	-	-	-	(15,046)	(15,046)
Reclassifications	(552)	(2,658)	-	107	(100)	1,605	(1,598)
Reclassification to assets held for sale	-	(15,537)	(14,024)	-	-	-	(29,561)
Effect of movements in foreign exchange	6,274	6,420	-	-	-	203	12,897
Balance at 31 March 2018	**137,145**	**108,195**	**200,868**	**56,166**	**33,685**	**4,673**	**540,732**
Amortisation and impairment							
Balance at 1 January 2016	-	(32,460)	(28,463)	(14,186)	-	(13,552)	(88,661)
Amortisation for the year	-	(9,590)	(8,088)	(9,726)	(6,421)	(2,075)	(35,900)
Impairments for the year	(20,000)	-	(90,000)	-	-	-	(110,000)
Disposals	-	527	-	-	-	-	527
Disposals – Business	-	-	-	-	-	648	648
Effect of movements in foreign exchange	-	1,136	-	-	-	(48)	1,088
Balance at 31 December 2016	(20,000)	(40,387)	(126,551)	(23,912)	(6,421)	(15,027)	(232,298)
Balance at 1 January 2017	(20,000)	(40,387)	(126,551)	(23,912)	(6,421)	(15,027)	(232,298)
Amortisation for the period	-	(13,351)	(21,849)	(10,669)	(6,859)	(1,043)	(53,771)
Impairments for the period	(94,648)	(25,350)	(26,275)	(7,978)	(10,828)	-	(165,079)
Disposals	-	-	-	-	-	15,046	15,046
Reclassifications	-	2,097	1,368	-	-	(1,867)	1,598
Reclassification to assets held for sale	-	15,537	11,232	-	-	-	26,769
Effect of movements in foreign exchange	(126)	(1,743)	-	-	-	(131)	(2,000)
Balance at 31 March 2018	**(114,774)**	**(63,197)**	**(162,075)**	**(42,559)**	**(24,108)**	**(3,022)**	**(409,735)**
Net book value at 31 December 2016	111,423	79,583	88,341	16,366	27,254	2,550	325,517
Net book value at 31 March 2018	**22,371**	**44,998**	**38,793**	**13,607**	**9,577**	**1,651**	**130,997**

Other intangible assets are primarily comprised of the net balance of deferred costs associated with kiosks. Refer to Accounting Polices note 2L for further details. The amortisation expense on other intangibles is recognised in cost of sales in the income statement. Fully amortised deferred costs of $15,046 thousand were derecognised in the period as the underlying contracts have expired and no future economic benefits were expected.

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

An impairment loss was recognised in the period in relation to the brand and customer relationships assets in both the Alaris and Kodak Moments business units. In addition, impairment losses are also recognised in relation to Goodwill for the Alaris and the Kodak Moments business units. The impairment loss related to Goodwill in the Kodak Moments business unit exceeded the value of Goodwill and was, therefore, allocated to patents, development costs, software and land and buildings (see note 12).

In the comparative period, an impairment loss was recognised in relation to Patents and Trademarks in the Alaris business unit due to the rebranding of the business and the expectation it was going to be less reliant on the Kodak Brand. An impairment loss was also recognised in relation to Goodwill in the Kodak Moments business unit due to lower growth curves associated with new products.

Impairment Charges		15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Alaris Business Unit			
Trademark and Patents (see (i))		**9,510**	90,000
Customer Relationships (see (ii))		**24,645**	-
Goodwill (see (iii))		**86,174**	-
Total Alaris Business Unit Impairment Charges		**120,329**	90,000
Kodak Moments Business Unit			
Trademark and Patents (see (i))		**13,195**	-
Customer Relationships (see (ii))		**705**	-
Goodwill (see (iii)) – allocated as follows:			
Goodwill	***8,474***		
Trademark and Patents	***3,570***		
Development Costs	***7,978***		
Software	***10,828***		
Land and Buildings (see note 12)	***750***		
Total Goodwill Impairment Charge		**31,600**	20,000
Total Kodak Moments Business Unit Impairment Charges		**45,500**	20,000
Total Impairment Charges		**165,829**	110,000

All impairment losses were recorded in administrative expenses. In the prior year, Goodwill impairment loss for the Kodak Moments Business Unit was all allocated to Goodwill.

i. Recoverability of Brand asset

Included within the carrying values of Patents and Trademarks at 31 March 2018, before any impairments, are assets for the Kodak brand associated with Alaris and Kodak Moments business units. The carrying value of these assets are $25,575 thousand and $16,335 thousand respectively (2016: $124,000 thousand and $22,000 thousand respectively).

The economic performance of the business is expected to be below the 2016 forecasts as result of higher than previous expected declines in the markets for the products in which the Alaris and Kodak Moments businesses each operates in. Therefore, management have performed an impairment review of the brand asset since the cash flows associated with the brand are expected to be below previous expectations.

The recoverable amounts of the Kodak brand were estimated based on the value in use of the asset and they, along with the respective discount rate used, are as follows:

Brand Asset Impairment Test	15 months to 31 March 2018	12 Months to 31 December 2016[1]
Alaris Business Unit		
Recoverable Amount ($000)	**16,065**	34,000
Discount rate	**15.0%**	11.0%
Kodak Moments Business Unit		
Recoverable Amount ($000)	**3,140**	N/A
Discount rate	**13.0%**	N/A

This impairment test has resulted in an impairment of this asset for the Alaris and Kodak Moments business units of $9,510 thousand and $13,195 thousand respectively (2016: $90,000 thousand and nil respectively).

ii. Recoverability of customer relationship asset

The carrying values of this asset at 31 March 2018, before impairments, for Alaris and Kodak Moments business units are $50,622 thousand and $20,297 thousand respectively (2016: $49,583 thousand and $30,000 thousand respectively). This includes the carrying value of other intangible assets of $540 thousand (2016: $1,165 thousand), which is an asset similar in nature to customer relationships assets and for which the cash flows are indistinguishable from those generated by customer relationships assets.

As per the brand asset impairment test, the forecasted economic performance, coupled with expected changes in customer contracts, has resulted in management performing an impairment test.

The recoverable amounts of these assets were estimated based on the value in use of the asset and they, along with the respective discount rate used, are as follows:

1 There was no indicator of impairment in Kodak Moments brand asset in the prior period and, hence, no impairment review was performed

Customer Relationship Impairment Test	15 months to 31 March 2018	12 Months to 31 December 2016[1]
Alaris Business Unit		
Recoverable Amount ($000)	**25,950**	N/A
Discount rate	**14.5%**	N/A
Kodak Moments Business Unit		
Recoverable Amount ($000)	**19,591**	N/A
Discount rate	**10.8%**	N/A

This impairment test has resulted in an impairment of this asset for the Alaris and Kodak Moments business units of $24,645 thousand and $705 thousand respectively (2016: nil and nil respectively).

iii. Impairment testing for CGUs containing goodwill

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

Allocation of Goodwill (pre-March 2018 impairment)	15 months to 31 March 2018 $000	12 Months to 31 December 2016 $000
Alaris Business Unit	**108,671**	104,212
Kodak Moments Business Unit	**8,474**	7,211
Total Goodwill	**117,145**	111,423

The recoverable amount of the respective CGU was based on fair value less costs of disposal estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value (see Note 24) based on the inputs in the valuation technique used. In prior periods, the recoverable amount of the respective CGU was based on value in use – however, due to the instruction received from the shareholder (see Note 30), management have determined that using the fair value less costs of disposal is a more appropriate valuation method in this period.

The key assumptions used in the estimation of the recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment as at 31 March 2018 of future trends in the relevant industries. They have been based on historical data from both external and internal sources.

The discount rate for the fair value was a post-tax measure estimated based on the weighted average cost of capital for similar businesses, consistent with the assumptions that a market participant would make, which management consider to be conservative. The cost of equity is calculated as Risk free rate + (Beta * premium over risk free rate) + size premium. The main assumptions in the calculation are

- Risk free rate is the average 10-year US bonds
- The Industry Beta classifications were consistent with the competitors of each business
- The size premium was calculated based on Ibbotson 2017 SBBI Market Report

Five years of the cash flows were included in the discounted cash flow model and include specific estimates and assumptions that a market participant would make. A growth rate of 0.5% was applied to the terminal value, consistent with the assumption that a market participant would make.

Budgeted EBITDA is based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue decline. Revenue decline was projected using the expected market decline for the products in which each CGU operates using a conservative view of reports provided by 3rd party experts. EBITDA was adjusted for corporate costs required to run the business on a standalone basis and are consistent with the assumptions that a market participant would make. EBITDA was also adjusted for working capital expectations and projected capex costs.

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

1 There was no indicator of impairment in the customer relationship assets in the prior period and, hence, no impairment review was performed

Alaris Business Unit

The carrying amount of the CGU was determined to be higher than its recoverable amount of $46,900 thousand and an impairment loss of $86,174 thousand is required to be recognised (2016: nil).

This impairment charge is fully allocated to Goodwill and was recognised in administrative expenses.

The key assumptions used in the estimation of fair value less costs to sell were as follows:

Alaris CGU Impairment Test	15 months to 31 March 2018	12 Months to 31 December 2016[1]
Discount rate	**12.9%**	10.5%
Terminal value growth rate	**0.5%**	0.0%
5YP EBITDA growth rate (average over five years)	**(7.4%)**	12.6%

Following the impairment loss recognised in the Alaris CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to a further impairment.

Kodak Moments Business Unit

The carrying amount of the CGU was determined to be higher than its recoverable amount of $68,400 thousand and an impairment loss of $31,600 thousand is required to be recognised (2016: $20,000 thousand).

The key assumptions used in the estimation of the value in use were as follows

Kodak Moments CGU Impairment Test	15 months to 31 March 2018	12 Months to 31 December 2016[1]
Discount rate	**13.8%**	10.4%
Terminal value growth rate	**0.5%**	0.0%
5YP EBITDA growth rate (average over five years)	**15.3%**	12.2%

Since the impairment loss is greater than the value of the Goodwill, the remaining impairment has been allocated to other fixed assets, as per the impairment charges table above.

1 The assumptions for impairment test performed for the 12 months to 31 December 2016 were used in a value in use calculation

Note 14: Investments in equity accounted investees

Investments in associates	Country of incorporation	Class of shares held	Ownership %	31 March 2018 $000	31 December 2016 $000
KK East West[1]	Japan	Ordinary	25.0%	-	293
Immobiliare Aquileja S.r.l. (formerly Fotomarket)[2]	Italy	Ordinary	20.9%	**235**	201
ITyX Technology GmbH[3]	Germany	Ordinary	25.1%	**17,860**	17,860
				18,095	18,354
Provision				**(17,860)**	(17,860)
Total investments in associates				235	494

	31 March 2018 $000	31 December 2016 $000
Balance at beginning of the period	**494**	492
Shares sold in the period	**(293)**	-
Effect of movements in foreign exchange	**34**	2
Balance at the end of the period	235	494

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

1 KK East West: 1-1-71 Nakameguro, Meguro-KU, Tokyo, 153-0061 Japan. Nature of relationship – associate. Sold on 30 November 2017

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

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

Note 15: Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 March 2018 $000	Liabilities 31 March 2018 $000	Assets 31 December 2016 $000	Liabilities 31 December 2016 $000
Property, plant and equipment	**429**	**(1,020)**	14,042	(834)
Intangible assets	**4,306**	**(6,527)**	3,760	(7,750)
Inventories	**519**	**(355)**	505	-
Financial assets	**3**	**(23)**	-	-
Employee benefits	**5,661**	**(1,823)**	6,914	(1,311)
Provisions	**1,673**	**(403)**	1,691	(331)
Tax value of loss carry-forwards	**3,176**	**-**	165	-
Other	**2,695**	**(2,035)**	75	(105)
Total Tax	**18,462**	**(12,186)**	27,152	(10,331)
Net Tax asset		**6,276**		16,821

Movement in deferred tax during the period:

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

	1 January 2016 $000	Recognised in income $000	Recognised in equity $000	Acquired or Disposed in business combination $000	Reclassified to Held for Sale $000	31 December 2016 $000
Property, plant and equipment	(399)	14,359	-	(752)	-	13,208
Intangible assets	3,805	(7,887)	-	92	-	(3,990)
Inventories	638	170	-	(303)	-	505
Financial assets	(19)	19	-	-	-	-
Employee benefits	6,909	(1,288)	(18)	-	-	5,603
Provisions	1,178	3	-	-	179	1,360
Tax value of loss carry-forwards utilised	934	(641)	-	(127)	-	166
Other	(3,588)	66	-	3,491	-	(31)
Movement in deferred tax	9,458	4,801	(18)	2,401	179	16,821

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

These unrecognised assets total $190 million (2016: $181 million), of which approximately $130 million relate to US operations (2016: $146 million). Of the total $190 million in unrecognised deferred tax assets (2016: $181 million), approximately $48 million results from acquired intangibles (2016: $37 million).

1 Opening figures adjusted for discontinued operations

Note 16: Inventories

	31 March 2018 $000	31 December 2016 $000
Raw materials and consumables	**4,995**	9,391
Work in progress	**3,257**	3,889
Finished goods	**41,213**	46,455
Total inventories	**49,465**	59,735

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to $359 million (2016: $372 million). The write-down of inventories to net realisable value amounted to $9 million (2016: $6 million). There were no reversals of write-downs during the period (2016: $nil).

Note 17: Trade and other receivables

	31 March 2018 $000	31 December 2016 $000
Trade receivables	**74,348**	114,313
Other receivables	**63,623**	15,882
Unbilled revenue	**267**	7,087
Prepayments	**12,953**	11,014
Total trade and other receivables	**151,191**	148,296
Non-current	**14,778**	10,454
Current	**136,413**	137,842
Total trade and other receivables	**151,191**	148,296

There were no material amounts pledged as collateral for the period (2016: nil).

Note 18: Cash and cash equivalents

	31 March 2018 $000	31 December 2016 $000
Cash and cash equivalents per balance sheet	**69,936**	40,641

Cash and cash equivalents includes $459 thousand (2016: $nil) that are restricted as to withdrawal or use under the terms of certain contractual agreements.

Note 19: Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 24. The Group renegotiated its credit facilities and changed its capital and debt structure in early 2017, see Note 23.

	31 March 2018 $000	31 December 2016 $000
Loan notes	**105,652**	646,963
Interest payable	**860**	16,234
Other borrowings	**3,002**	4,245
Non-current liabilities	**109,514**	667,442
Other borrowings	**1,227**	7,666
Interest payable	**1**	1
Current liabilities	**1,228**	7,667

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 31 March 2018 $000	Carrying amount 31 March 2018 $000	Face value 31 December 2016 $000	Carrying amount 31 December 2016 $000
$300M Tranche A loan notes	USD	LIBOR +5%	2021	-	-	271,800	271,800
$300M Tranche B loan notes	USD	LIBOR +7%	2028	-	-	375,163	375,163
$100M Tranche B loan notes	USD	LIBOR +7%	2028	**105,652**	**105,652**	-	-
Other borrowings	INR	12.25%	2019	**909**	**909**	1,596	1,596
Promissory note	USD	0%	2020	**320**	**320**	400	400
Assumed loan notes	USD	2%	2023	**3,000**	**3,000**	3,500	3,500
Other borrowings (current)	GBP	3.0% - 3.25%	2016	-	-	6,415	6,415
				109,881	**109,881**	658,874	658,874

Note 20: Trade and other payables

	31 March 2018 $000	31 December 2016 $000
Trade payables	**62,116**	61,162
Deferred revenue	**49,043**	54,383
Non-trade payables and accrued expense	**39,683**	42,506
Current	**150,842**	158,051
Other payables	**2,891**	5,288
Deferred revenue	**15,487**	7,575
Non-current	**18,378**	12,863

Note 21: Employee benefits

Pension Plans

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

Defined contribution plans
The Group's contributions under these plans amounted to $6,241 thousand (2016: $7,164 thousand) during the period.

Defined benefit plans
The Group operates defined benefit plans in various countries, the main locations being Germany, the Netherlands and Switzerland. Approximately 65% of the total defined benefit obligation accrued to date relates to the defined benefit plans in Germany, which for the most part are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life.

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

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

	Present value of defined benefit obligation 31 December 2016 $000	Fair value of plan assets 31 December 2016 $000	Net balance sheet position 31 December 2016 $000
Amounts recognised at 01 January 2016	(44,093)	23,107	(20,986)
IAS 19 Cost			
Current service cost	(1,559)	-	(1,559)
Past service cost – plan amendments	133	-	133
Past service cost – curtailments	-	-	-
Interest (expense)/income	(950)	492	(458)
Benefit Cost Recognised in Income Statement	(2,376)	492	(1,884)
Actuarial gains/(losses)			
Return on plan assets, excluding interest expense	-	3,299	3,299
Gain from change in demographic assumptions	62	-	62
Loss from change in financial assumptions	(594)	-	(594)
Loss from actuarial experience	(2,116)	-	(2,116)
Actuarial (losses)/gains recognised in consolidated statement of other comprehensive income	(2,648)	3,299	651
Cash flow			
Employer contributions	-	2,368	2,368
Employee contributions	(98)	98	-
Benefits paid directly by the Company	327	(327)	-
Benefits paid from plan assets	322	(322)	-
Net cash (out flow)/in flow	551	1,817	2,368
Other			
Exchange differences	1,889	(1,088)	801
Total other	1,889	(1,088)	801
Amounts recognised at 31 December 2016	(46,677)	27,627	(19,050)

Details of the plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 March 2018 and 31 December 2016 are shown below:

	31 March 2018 $000	31 December 2016 $000
Present value of defined benefit obligation	**(53,679)**	(46,677)
of which: amounts owing to active members	**(38,836)**	(36,685)
of which: amounts owing to not active members	**(12,093)**	(9,521)
of which: amounts owing to pensioners	**(2,750)**	(471)
Fair value of plan assets	**33,855**	27,627
Net defined benefit liability	**(19,824)**	(19,050)
Weighted average duration of defined benefit obligation	19 Years	20 Years

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

Plan Assets	Quoted 31 March 2018 $000	Other 31 March 2018 $000	Total 31 March 2018 $000
Cash, Fixed Income, Equities	-	-	-
Other	-	33,855	**33,855**
Total	-	33,855	**33,855**

The principal assumption used at the period-end was the discount rate. The weighted-average discount rate used at 31 March 2018 was 2% (2016: 2%).

Other significant assumptions include the rate of future salary increases and the rate of future pension increases. The weighted-average salary increase assumption at the period-end was 2.6% (2016: 2.6%). The weighted-average future pension increase assumption was 1.2% (2016: 1.1%).

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. For example, in Germany, the life expectancy for a male aged 65 at the balance sheet date is 19.13 years, while the life expectancy at age 65 for a male aged 40 at the balance sheet date is 21.13 years.

The past service cost during the period of $1,590 thousand relates to one-off charges to commitments in Germany. The past service credit during the period of $196 thousand relates to employees leaving the business, resulting in a curtailment in France (2016: past service credit of $133 thousand resulted from changes to commitments in Switzerland related to the prior Eastman Kodak plan).

The Group expects to make a contribution of $1,839 thousand (2016: $1,541 thousand) to the defined benefit plans, including benefit payments to participants in unfunded plans, during the next financial year.

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

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

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

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

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

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

Sensitivity analysis

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

	Increase/(decrease) in defined benefit obligation ($000)
Discount rate – Increase by 100 basis points	(9,041)
Rate of salary increase – Increase by 100 basis points	3,561
Rate of pension increase – Increase by 100 basis points	7,019

Funding

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

Note 22: Provisions

	Warranties $000	Restructuring $000	Asset Retirement Obligations $000	Other $000	Total $000
Balance at 1 January 2016	3,780	3,153	10,138	-	17,071
Provisions made during the year	4,718	17,971	393	-	23,082
Provisions used during the year	(1,999)	(13,780)	(45)	-	(15,824)
Provisions reversed during the year	(3,254)	(685)	(10)	-	(3,949)
Effect of movement in foreign exchange	70	(718)	(735)	-	(1,383)
Balance at 31 December 2016	3,315	5,941	9,741	-	18,997
Non-current	-	-	5,296	-	5,296
Current	3,315	5,941	4,445	-	13,701
Total provisions at 31 December 2016	3,315	5,941	9,741	-	18,997
Balance at 1 January 2017	3,315	5,941	9.741	-	18,997
Provisions made during the period	3,506	10,108	852	7,899	22,365
Provisions used during the period	(1,638)	(11,139)	(9)	-	(12,786)
Provisions reversed during the period	(3,642)	(683)	(7,202)	-	(11,527)
Effect of movement in foreign exchange	34	(494)	630	-	170
Balance at 31 March 2018	**1,575**	**3,733**	**4,012**	**7,899**	**17,219**
Non-current	**-**	**-**	**2,411**	**400**	**2,811**
Current	**1,575**	**3,733**	**1,601**	**7,499**	**14,408**
Total provisions at 31 March 2018	**1,575**	**3,733**	**4,012**	**7,899**	**17,219**

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

Provisions for restructuring include severance costs and are expected to be utilised within a year. The provision is based on those restructuring actions which have been approved and communicated as of 31 March 2018.

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

Other provisions include a provision of $400 thousand in respect of an arbitration action brought by Impartner Inc., Monroe County, New York, USA. They also include a provision of $7,466 thousand in relation to an US litigation action brought by ITyX Solutions AG. See Note 27 for further details.

Note 23: Capital and reserves

Share capital	31 March 2018 Number 000s	31 March 2018 $000	31 December 2016 Number 000s	31 December 2016 $000
Issued for cash ordinary shares of $1.00 each	**167,000**	**167,000**	167,000	167,000

Other equity	Share premium $000	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total other equity $000
1 January 2016	-	-	(5,162)	(202,416)	(207,578)
Other comprehensive loss	-	-	-	(183,981)	(183,981)
Items that will not be recycled to profit or loss:					
Re-measurements of defined benefit liability	-	-	-	651	651
Deferred tax on other comprehensive loss for the year	-	-	-	(18)	(18)
Items that are or may be recycled to profit or loss:					
Foreign currency translation differences – foreign operations, net	-	-	(12,288)	-	(12,288)
Total other equity as at 31 December 2016		-	(17,450)	(385,764)	(403,214)
1 January 2017	-	-	(17,450)	(385,764)	(403,214)
	-	-			
Other comprehensive loss			-	(191,901)	(191,901)
Items that will not be recycled to profit or loss:					
Re-measurements of defined benefit liability	-	-	-	3,423	3,423
Deferred tax on other comprehensive loss for the period	-	-	-	(749)	(749)
Commodity hedge loss	-	-	-	(68)	(68)
Items that are or may be recycled to profit or loss:					
Foreign currency translation differences – foreign operations, net	-	-	9,393	-	9,393
Share issue	575,348	-	-	-	575,348
Transfer from share premium account	(575,348)	575,348	-	-	-
Share issue costs[1]	-	(2,000)	-	-	(2,000)
Total other equity as at 31 March 2018	**-**	**573,348**	**(8,057)**	**(575,059)**	**(9,768)**

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

Translation reserve

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

Dividends

No dividends were recognised during the period and no dividends were proposed by the directors after the balance sheet date (2016: nil).

Balance sheet restructuring

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

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

Note 24: Financial Instruments

(a) Fair values of financial instruments

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

There are no significant derivative financial instruments at 31 March 2018 (2016: nil).

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

	Level	Carrying amount 31 March 2018 $000	Fair value 31 March 2018 $000	Carrying amount 31 December 2016 $000	Fair value 31 December 2016 $000
Financial liabilities measured at amortised cost					
Tranche A CISX Listed Loan Notes Libor+5% Maturity 2021	2	**-**	**-**	271,800	271,800
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**105,652**	**105,652**	375,163	375,163
Promissory Note 0% Maturity 2020	2	**320**	**320**	400	400
Assumed Loan Notes 2% Maturity 2023	2	**3,000**	**3,000**	3,500	3,500
Other borrowings 12.25% Maturity 2019	2	**909**	**909**	1,596	1,596
Revolving Credit Facility	2	**-**	**-**	6,415	6,415

(b) Credit risk

Financial risk management

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

At the balance sheet date there were significant concentrations of credit risk exposure to retail customers in the Kodak Moments business. This is driven by the seasonality of sales. Management are confident about the recoverability of these balances with the majority of amounts outstanding at 31 March 2018 having been collected post year-end.

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

Exposure to credit risk

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

	31 March 2018 $000	31 December 2016 $000
Cash and cash equivalents	**69,936**	40,641
Trade receivables	**74,348**	104,646
Other receivables	**63,623**	15,882

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

	31 March 2018 $000	31 December 2016 $000
US and Canada	**21,688**	36,394
Europe, Middle East and Africa	**29,366**	35,903
Asia Pacific	**11,450**	15,252
Latin America	**11,844**	17,097
	74,348	104,646

Credit quality of financial assets and impairment losses

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

	Gross 31 March 2018 $000	Impairment 31 March 2018 $000	Gross 31 December 2016 $000	Impairment 31 December 2016 $000
Not past due	**67,533**	**(204)**	82,754	(14)
Past due 0-30 days	**5,059**	**-**	15,002	-
Past due 31-60 days	**1,564**	**(15)**	4,144	(204)
Past due 61-90 days	**579**	**(169)**	802	(25)
More than 90 days	**3,417**	**(3,416)**	5,858	(3,671)
	78,152	**(3,804)**	108,560	(3,914)

(c) Liquidity risk

Financial risk management

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

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

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

As of 31 March 2018, the Group had drawn $nil (2016: not applicable) against the facility. Interest is charged at a floating rate based on Euribor or Libor depending upon the drawdown currency plus a variable margin. It should be noted that $3 million of the facility was utilised by way of outstanding guarantees (2016: $12 million).

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

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1 to 2 years $000	2 to > 5 years $000	5 years and over $000
31 March 2018						
Tranche A Loan notes	-	-	-	-	-	-
Tranche B Loan notes	**105,652**	**294,962**	-	-	-	**294,962**
Interest payable (long-term)	**860**	**860**	-	-	-	**860**
Promissory Note - EPM	**320**	**320**	**100**	**100**	**120**	-
Assumed Loan notes	**3,000**	**3,210**	**560**	**550**	**2,100**	-
Other borrowings	**909**	**1,007**	**690**	**317**	-	-
Interest payable	-	-	-	-	-	-
Revolving Credit Facility	-	-	-	-	-	-
Trade payables	**62,116**	**62,116**	**62,116**	-	-	-
31 December 2016						
Tranche A Loan notes	271,800	334,405	21,588	83,918	228,899	-
Tranche B Loan notes	375.163	871,870	-	-	-	871,870
Interest payable (long-term)	16,234	16,234	-	-	-	16,234
Promissory Note - EPM	400	400	100	100	200	-
Assumed Loan notes	3,500	3,780	570	560	1,620	1,030
Other borrowings	1,596	1,934	768	694	472	-
Interest payable	1	1	1	-	-	-
Revolving Credit Facility	6,415	6,415	6,415	-	-	-
Trade payables	63,424	63,424	63,424	-	-	-

(d) Market risk

Financial risk management

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

Foreign currency and interest rate risk

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

Market risk - Foreign currency risk

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

	Sterling $000	Euro $000	US Dollar $000	RMB $000	Other $000	Total $000
31 March 2018						
Cash and cash equivalents	**4,275**	**27,559**	**8,986**	**5,821**	**23,295**	**69,936**
Trade receivables	**4,488**	**21,838**	**26,482**	**3,485**	**18,055**	**74,348**
Other receivables	**37,600**	**414**	**22,973**	**251**	**2,385**	**63,623**
Borrowings, including interest	**-**	**-**	**(109,832)**	**-**	**(909)**	**(110,741)**
Trade payables	**(1,665)**	**(10,880)**	**(37,856)**	**(6,111)**	**(5,604)**	**(62,116)**
31 December 2016						
Cash and cash equivalents	394	1,560	7,567	18,896	12,224	40,641
Trade receivables	4,118	32,133	34,826	-	33,569	104,646
Borrowings, including interest	(6,415)	-	(667,097)	-	(1,596)	(675,108)
Trade payables	(8,351)	(3,008)	(32,752)	-	(19,313)	(63,424)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the US dollar at 31 March 2018 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

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

	Equity at 31 March 2018 $000	Profit or loss 15 months to 31 March 2018 $000	Equity at 31 December 2016 $000	Profit or loss 12 months to 31 December 2016 $000
Euro	**-**	**3,951**	-	3,069
Pound Sterling	**-**	**4,470**	-	(1,033)

A 10% percent weakening of the above currencies against the US dollar at 31 March 2018 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

Profile

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

	31 March 2018 $000	31 December 2016 $000
Variable rate instruments		
Financial liabilities – Tranche A & Tranche B CISX Listed Loan Notes	**105,652**	646,963

Sensitivity analysis

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

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

Profit or loss	**31 March 2018 $000**	**31 December 2016 $000 (Restated)**
Increase	**(1,332)**	(6,559)
Decrease	**1,332**	6,559

(e) Capital management

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

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group ensures a combination of short-term liquidity headroom with a long-term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 10.3 years (2016: 8.5 years).

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

Note 25: Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Property $000	**Vehicles $000**	**Equipment $000**	**Total $000**
31 March 2018				
Less than one year	**7,260**	**2,032**	**68**	**9,360**
Between one and five years	**11,053**	**1,913**	**100**	**13,066**
More than five years	**6,105**	**-**	**-**	**6,105**
Total operating leases	**24,418**	**3,945**	**168**	**28,531**
31 December 2016				
Less than one year	8,483	3,795	17	12,295
Between one and five years	10,123	5,892	10	16,025
More than five years	1,365	-	-	1,365
Total operating leases	19,971	9,687	27	29,685

During the year $17 million (2016: $11 million) was recognised as an expense in the income statement in respect of operating leases.

Note 26: Commitments

Capital commitments

There are no material capital commitments for the Group at 31 March 2018 (2016: none).

Off-balance sheet arrangements

As per 2016, the Group is party to lease arrangements primarily associated with facilities that are not reflected on the balance sheet. The leases have varying terms including escalation clauses and renewal rights none of these terms represent unusual arrangements or create material onerous obligations. The future aggregate minimum lease payments under non-cancellable operating leases and associated future minimum sublease income are disclosed in Note 25.

Guarantees and indemnities

The Company has issued certain guarantees in respect of a number of third parties. The guarantees held on behalf of the Company by HSBC totals $3 million (2016: $7 million).

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

Note 27: Contingencies

Kodak Alaris Inc. was defending an arbitration action brought by Impartner, Inc. in Monroe County, New York, United States. The Group made a provision of $400 thousand at 31 March 2018 (see Note 22). The matter was subsequently settled on a without prejudice basis after the end of the financial period to avoid the arbitration and no material adjustment was required to the provision.

Kodak Alaris Inc. is the defendant in a US litigation action brought by ITyX Solutions AG. Arising from the same litigation, Kodak Alaris Inc. has brought counterclaims against ITyX Solutions AG; ITyX Systemwicklung OHG; ITyX Technology GmbH, Suleyman Arayan and Heiko Groftschik. The matter came to trial in November 2018 and a verdict was delivered by the jury on 26 November 2018. While Kodak Alaris Inc. was found to have validly terminated its agreements with ITyX Solutions AG, ITyX Solutions AG was awarded $7,466 thousand in damages against Kodak Alaris Inc. for breaching certain contractual obligations. Therefore, a provision for $7,466 thousand (see note 22) was recorded at 31 March 2018 as an adjusting event (see Note 30).

In 2016, the Group was not involved in any litigation that was likely to result in any material liability and hence no provision was required.

Note 28: Related parties

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

	Interest expense $000	**Amounts owed to related party $000**
31 March 2018		
Ultimate parent of the Group	**21,591**	**106,512**
Associates	-	-
	21,591	**106,512**
31 December 2016		
Ultimate parent of the Group	45,926	663,197
Associates	-	-
	45,926	663,197

In addition to the transactions and balances shown in the above table, the Group has been charged $467 thousand (2016: $400 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, $93 thousand was outstanding at 31 March 2018 (2016: $20 thousand).

During the period, a secured loan of $1 million (2016: nil) was advanced to a director, with an interest rate of 4.1% per annum. At 31 March 2018, the balance outstanding was $1,044,417 (2016: nil) and is included in Note 19 Other interest-bearing loans and borrowings. The terms of the loan stipulated that it was to be paid in full, along with accrued interest, at the earliest of 29 March 2019, upon the sale of a property or upon termination of employment. The full loan amount, along with the accrued interest, was repaid on 4 October 2018. No provision for doubtful debts or expense in respect of doubtful debts were recorded during the period.

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

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

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

Name	Registered office	Country of incorporation	Class of shares held
Directly held			
Kodak Alaris S.A.I.C.	San Vladimiro 3056 Piso 1 (1642), San Isidro, Buenos Aires	Argentina	Ordinary
Kodak Alaris Australia Pty. Limited	2 Domville Ave, Hawthorn Victoria 3122	Australia	Ordinary
Kodak Alaris Belgium SA	Avenue de Port 86c, Box 204, 1000 Bruxelles	Belgium	Ordinary
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda.	Av. Dos Oitis, No. 760, warehouses 1 and 2, Distrito Industrial, Manaus, Amazonas	Brazil	Ordinary
Kodak Alaris (Brazil) Comércio de Material Fotográfico e Serviços Ltda.	Rod. Presidente Dutra, KM 154,7, Suite 1, Ground floor, part D of Building 6, São José dos Campos, São Paulo	Brazil	Ordinary
Kodak Alaris Operations Canada Inc.	160 Elgin Street, Suite 2600, Ottawa, Ontario, K1P 1C3	Canada	Ordinary
Kodak Alaris France SAS	90/112 bis avenue de la liberté 94700 Maisons-Alfort	France	Ordinary
Kodak Alaris Germany GmbH	Hedelfingerstraße 60, 70327 Stuttgart	Germany	Ordinary
Kodak Alaris Hong Kong Limited	16/F Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong	Hong Kong	Ordinary
Kodak Alaris India Private Limited	Unit-2, Office No. 272, Solitaire Corporate Park Guru Hargovindji Rd, Andheri East, Mumbai 400093, Maharashtra	India	Ordinary
Kodak Alaris Italy S.R.L.	Via Assunta 61CAP 20834 Nova Milanese (MB)	Italy	Ordinary
Kodak Alaris Japan Kabushiki-Kaisha	KDX Ochanomizu-Building 2-9, Surugadai Kanda Chioda-ku, Tokyo	Japan	Ordinary
Kodak Alaris Services Mexico, S.A. De C.V.	Prol. Av. Mariano Otero 408 Int 2, Ciudad del Sol, Zapopan, Jalisco, C.P. 45050	Mexico	Ordinary
Kodak Alaris Mexico S.A. de C.V.	Prol. Av. Mariano Otero 408 Int 2, Ciudad del Sol, Zapopan, Jalisco, C.P. 45050	Mexico	Ordinary
Kodak Alaris Netherlands B.V.	De Kronkels 16a, 3752 LM, Bunschoten-Spakenburg	Netherlands	Ordinary
Kodak Alaris Singapore Pte. Ltd.[1]	315 Alexandra Road, No. 04-18 Sime Darby Business Center, Singapore 159944	Singapore	Ordinary
Kodak Alaris Spain, S.L.U.	Santiago de Compostela, 94, 28035 Madrid	Spain	Ordinary
Kodak Alaris Sweden AB	Veddesta Centrum 175 72, Järfälla, Sweden	Sweden	Ordinary
Kodak Alaris Switzerland Sàrl	Route de Crassier 21, 1262 Eysins	Switzerland	Ordinary
Kodak Alaris IPCo Switzerland Sàrl	Route de Crassier 21, 1262 Eysins	Switzerland	Ordinary
Kodak Alaris Thailand Limited[2]	No. 549/277 Charansanitwong Rd, Banghunsri Sub-district, Bangkoknoi District, Bangkok	Thailand	Ordinary
Kodak Alaris Limited	Hemel One, Boundary Way, Hemel Hempstead, Herts., HP2 7YU	United Kingdom	Ordinary
Kodak Alaris Inc.	2711 Centreville Road, Suite 400, Wilmington, Delaware 19808	United States	Ordinary
Indirectly held			
Kodak Alaris International Limited Zweigniederlassung Österreich	Neustiftgasse 5/1/9, 1070 Wien	Austria	Ordinary
Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd.	Ist Floor, Building 8, 27 New Jinqioa Road, Jinqiao Economic and Technology Development Zone, Pudong New District, Shanghai	China	Ordinary
Kodak Alaris Management (Shanghai) Co. Ltd	Ist Floor, Building 8, 27 New Jinqioa Road, Jinqiao Economic and Technology Development Zone, Pudong New District, Shanghai	China	Ordinary
Kodak Alaris Denmark Branch, Fillial af Kodak Alaris International Limited	c/o TMF Denmark A/S Bredgade 6, 1, 1260 Copenhagen	Denmark	Ordinary
Kodak Alaris International Limited, Finnish Branch	c/o TMF Finland Oy, Erottajankatu 9 B 3, 00130 Helsinki	Finland	Ordinary
Kodak Alaris Limited Ireland Branch	1st Floor, 10-11 Exchange Place, IFSC, Dublin 1	Ireland	Ordinary
Kodak Alaris International Limited[3]	Hemel One, Boundary Way, Hemel Hempstead, Herts., HP2 7YU	United Kingdom	Ordinary
Kodak Alaris Limited Dubai Branch	Office 401, Al Barsha Business Point, Al Barsha 1, Dubai	UAE	Ordinary

Note 29: Ultimate parent company

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

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

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

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

Note 30: Subsequent events

After the reporting date, the shareholder issued an instruction to the Directors to undertake the active exploration of an orderly disposal of the Group or its component businesses. Given the instruction received, the Directors and management team are actively progressing the planning and options to monetise the business and return funds to the shareholder over the coming years, recognising that this process is likely to take some considerable time. The Company has appointed advisors and prepared an initial view of likely valuations and timing to achieve such objectives. However, the exact nature, requirements and timing of this process will of course be determined by the nature of potential buyers and which assets are ultimately disposed. In the meantime, pleasingly, our businesses continue to trade normally.

Kodak Alaris Inc. is the defendant in a US litigation action brought by ITyX Solutions AG (see Note 27) The matter came to trial in November 2018 and a verdict was delivered by the jury on 26 November 2018. While Kodak Alaris Inc. was found to have validly terminated its agreements with ITyX Solutions AG, ITyX Solutions AG was awarded $7,466 thousand in damages against Kodak Alaris Inc. for breaching certain contractual obligations. Based on advice from legal counsel, no provision was initially made for the litigation action. However, since a verdict has been delivered before the authorisation of the financial statements, a provision for the amount of the jury award was recorded at 31 March 2018 as an adjusting event.

Note 31: Accounting estimates and judgements

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

Key sources of estimation uncertainty

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

Defined benefit pension schemes

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

Amortisation and impairment of intangibles

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

Impairment of Goodwill

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

Key areas of judgement

Capitalisation of development costs

The Group undertakes development activities and capitalises certain expenditures as internally generated intangible assets when certain criteria are met. Judgement is required to determine when accumulation of costs to be capitalised begins and ends as well as determining the appropriate amortisation period. In 2018 the Group capitalised $16 million (2016: $6 million) in development costs. If a product is determined to become obsolete in a future period, the unamortised balance would need to be written off.

Contingent consideration

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

Fair values

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

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

Impairment of Goodwill

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

Other key areas of judgement

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

Company Balance Sheet
at 31 March 2018

	Note	31 March 2018 $000	31 December 2016 $000
Assets			
Intangible assets	*2*	**25,832**	67,958
Investments in subsidiaries	*4*	**187,832**	546,939
Non-current assets		**213,664**	614,897
Tax receivable		**10,767**	3,892
Trade and other receivables	*3*	**154,130**	179,982
Cash and cash equivalents	*5*	**34,553**	472
Current assets		**199,450**	184,346
Total assets		**413,114**	799,243
Liabilities			
Other interest-bearing loans and borrowings	*6*	**(106,512)**	(663,197)
Other payables	*7*	**-**	(258)
Non-current liabilities		**(106,512)**	(663,455)
Other interest-bearing loans and borrowings	*6*	**(56,308)**	(77,745)
Trade and other payables	*7*	**(93,062)**	(143,146)
Current liabilities		**(149,370)**	(220,891)
Total liabilities		**(255,882)**	(884,346)
Net assets/(liabilities)		**157,232**	(85,103)
Equity attributable to equity holders of the parent			
Share capital	*8*	**167,000**	167,000
Retained deficit	*8*	**(583,116)**	(252,103)
Capital contribution reserve	*8*	**573,348**	-
Total surplus/(deficit)		**157,232**	(85,103)

The notes on pages 91 to 97 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10 December 2018 and were signed on its behalf by:

Mark Alflatt
Chief Financial Officer

Company Statement of Changes in Equity
for the period ended 31 March 2018

		Share premium $000	Capital contribution reserve $000	Share Capital $000	Retained deficit $000	Total parent equity $000
Balance at 1 January 2016		-	-	167,000	(104,253)	62,747
Intercompany dividend received		-	-	-	4,424	4,424
Loss for the year		-	-	-	(152,274)	(152,274)
Total comprehensive loss for the year		-	-	-	(147,850)	(147,850)
Balance at 31 December 2016		-	-	167,000	(252,103)	(85,103)
Balance at 1 January 2017			-	167,000	(252,103)	(85,103)
Share issue	*8*	575,348	-	-	-	575,348
Transfer from share premium account	*8*	(575,348)	575,348	-	-	-
Share issue cost	*8*	-	(2,000)	-	-	(2,000)
Intercompany dividend received		-	-	-	31,817	31,817
Loss for the period		-	-	-	(362,830)	(362,830)
Total comprehensive gain / (loss) for the period		-	**573,348**	-	**(331,013)**	**242,335**
Balance at 31 March 2018		-	**573,348**	**167,000**	**(583,116)**	**157,232**

The notes on pages 91 to 97 form part of these financial statements.

Company Cash Flow Statement
for the period ended 31 March 2018

	Note	15 months to 31 March 2018 $000	12 months to 31 December 2016 $000
Cash flows from operating activities			
Loss for the period		**(362,830)**	(152,274)
Adjustments for:			
Amortisation and impairment	*2*	**42,126**	79,923
Asset write downs		**1,185**	-
Investment provision		**308,024**	6,666
Taxation		**(6,668)**	(3,597)
Intercompany management fees		**1,604**	-
Foreign exchange (gain) / loss		**(8,341)**	24,787
Royalties income		**(15,750)**	(14,099)
Net intercompany interest		**(4,853)**	(3,871)
Interest expense		**23,508**	47,904
		(21,995)	(14,561)
Decrease/ (increase) in trade and other receivables		**142**	(1,629)
Increase in trade and other payables		**1,789**	2,105
Decrease in tax payable		**(206)**	(316)
Net cash used in operating activities		**(20,270)**	(14,401)
Cash flows from investing activities			
Dividends received from subsidiaries		**-**	4,424
Cash received from subsidiaries on liquidation		**-**	1,241
Interest received		**-**	23
Net cash from investing activities		**-**	5,688
Cash flows from financing activities			
Repayment of loan		**(2,888)**	(2,600)
Decrease in loans and advances to Group undertakings		**81,952**	144,556
RCF arrangement fees paid		**(1,350)**	-
Bank charges and interest paid		**(954)**	(18,460)
(Decrease) / increase in RCF / Bank borrowings		**(6,928)**	6,415
Share issue cost		**(2,000)**	-
Decrease in loans and advances from Group undertakings		**(14,623)**	(130,833)
Net cash from / (used) in financing activities		**53,209**	(922)
Net increase / (decrease) in cash and cash equivalents		**32,939**	(9,635)
Cash and cash equivalents at beginning of period		**472**	8,272
Effect of exchange rate fluctuations on cash held		**1,142**	1,835
Cash and cash equivalents at the end of the period	*5*	**34,553**	472

The notes on pages 91 to 97 form part of these financial statements.

Notes to the Company Financial Statements

(forming part of the financial statements)

Note 1: Accounting policies

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

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

The Company is currently in the process of completing its assessment of the impact of IFRS 9 to its financial statements. The Company does not expect there to be any material impacts from the implementation of IFRS 9 to its financial statements.

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

Note 2: Intangible assets

	Other Intangibles $000	Trademarks and Patents $000	Total $000
Cost			
Balance at 1 January 2016	2,500	152,921	155,421
Balance at 31 December 2016	2,500	152,921	155,421
Balance at 1 January 2017	2,500	152,921	155,421
Balance at 31 March 2018	**2,500**	**152,921**	**155,421**
Amortisation and impairment			
Balance at 1 January 2016	-	(7,540)	(7,540)
Amortisation charge	(1,335)	(2,166)	(3,501)
Impairment charge	-	(76,422)	(76,422)
Balance at 31 December 2016	(1,335)	(86,128)	(87,463)
Balance at 1 January 2017	(1,335)	(86,128)	(87,463)
Amortisation charge	(625)	(16,294)	(16,919)
Impairment charge	-	(25,207)	(25,207)
Balance at 31 March 2018	**(1,960)**	**(127,629)**	**(129,589)**
Net book value at 31 December 2016	1,165	66,793	67,958
Net book value at 31 March 2018	**540**	**25,292**	**25,832**

The Company has brand, patents and trademarks and other intangibles denominated in USD.

Based on the same assessment techniques as described in Note 13 of the consolidated financial statements, the Company identified and booked $25,207 thousand of brand and patent impairment charges in 2018 (2016: $76,422 thousand).

Note 3: Trade and other receivables

	31 March 2018 $000	31 December 2016 $000
Other trade receivables	**293**	1,623
Prepayments	**934**	544
Amounts due from Group undertakings	**152,903**	177,815
Total trade and other receivables	**154,130**	179,982
Current	**154,130**	179,982
Total trade and other receivables	**154,130**	179,982

There were no material amounts pledged as collateral for the year (2016: nil).

Note 4: Investments

Investments in subsidiaries	Country of Incorporation	Ownership %	31 March 2018 $000	31 December 2016 $000
Directly held				
Kodak Alaris S.A.I.C.[1]	Argentina	75%	**5,752**	5,752
Kodak Alaris Australia Pty. Limited	Australia	100%	**500**	500
Kodak Alaris Belgium SA[2]	Belgium	99%	**224**	224
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda.[2]	Brazil	99%	**2,082**	2,082
Kodak Alaris (Brazil) Comércio de Material Fotográficoe Serviços Ltda.[2]	Brazil	99%	**4,744**	4,744
Kodak Alaris Operations Canada Inc.	Canada	100%	**1,043**	1,043
Kodak Alaris France SAS	France	100%	**815**	815
Kodak Alaris Germany GmbH	Germany	100%	**6,034**	6,034
Kodak Alaris Hong Kong Ltd.	Hong Kong	100%	**2,600**	2,600
Kodak Alaris India Private Limited[2]	India	99%	**1,755**	1,755
Kodak Alaris Italy S.R.L.	Italy	100%	**11**	11
Kodak Alaris Japan Kabushiki-Kaisha	Japan	100%	**-**	-
Kodak Alaris Services Mexico, S.A. De C.V.[2]	Mexico	99%	**4**	4
Kodak Alaris Mexico S.A. de C.V.[2]	Mexico	99%	**2,104**	2,104
Kodak Alaris Netherlands B.V.	Netherlands	100%	**-**	-
Kodak Alaris Singapore Pte. Ltd.[3]	Singapore	100%	**3,000**	3,000
Kodak Alaris Spain, S.L.U.	Spain	100%	**-**	
Kodak Alaris Sweden AB	Sweden	100%	**7**	7
Kodak Alaris IPCo Switzerland Sarl[4]	Switzerland	100%	**-**	51,083
Kodak Alaris Switzerland Sarl	Switzerland	100%	**2,242**	2,242
Kodak Alaris Thailand Limited[5]	Thailand	0.01%	**-**	-
Kodak Alaris Limited[6]	United Kingdom	100%	**18,069**	18,069
Kodak Alaris Inc.[7]	United States	100%	**136,331**	444,355
Indirectly held[8]				
Kodak Alaris International Limited Zweigniederlassung Österreich	Austria	100%	**-**	-
Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd.	China	100%	**-**	-
Kodak Alaris Management (Shanghai) Co. Ltd	China	100%	**-**	-
Kodak Alaris Denmark Branch, Fillial af Kodak Alaris International Limited	Denmark	100%	**-**	-
Kodak Alaris International Limited, Finnish Branch	Finland	100%	**-**	-
Kodak Alaris Limited Ireland Branch	Ireland	100%	**-**	-
Kodak Alaris International Limited	United Kingdom	100%	**515**	515
Kodak Alaris Limited Dubai Branch	UAE	100%	**-**	-
			187,832	**546,939**

Investments in associates	Country of Incorporation	Ownership %	31 March 2018 $000	31 December 2016 $000
ITyX Technology GmbH[9]	Germany	25.1%	**17,860**	17,860
			17,860	17,860
Provision			**(17,860)**	(17,860)
			-	-

1 The Company holds 75% directly with the remainder held by other subsidiaries

2 The Company holds 99% to 99.999% directly with the remainder held by other subsidiaries

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

4 The Company held 100% in 2016 and was liquidated on 31 March 2017, reincorporated in July 2017 and in the process of being liquidated.

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

6 The Company held ~0.01% directly with the remainder held by other subsidiaries at 31 March 2018. This entity was liquidated on 2 April 2018.

7 A provision of $308 million was made against the investment in Kodak Alaris Inc. in March 2018.

8 These are subsidiaries or branches of subsidiary entities

9 In 2015, we discontinued our relationship with ITyX Technology GmbH, the software platform for our AI Foundry business unit. The discontinuation of the relationship was subject to legal proceedings and details are provided in Note 27 of the consolidated financial statements.

Note 5: Cash and cash equivalents

	31 March 2018 $000	31 December 2016 $000
Cash and cash equivalents per balance sheet	**34,553**	**472**

There is no restricted cash held by the Company.

Note 6: Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate and foreign currency risk, see note 9. The Group renegotiated its credit facilities and changed its capital and debt structure in early 2017, see note 24 of the consolidated financial statements.

	31 March 2018 $000	31 December 2016 $000
Loan notes	**105,652**	646,963
Interest payable	**860**	16,234
Non-current liabilities	**106,512**	663,197
Loan from associate/subsidiaries	**56,308**	71,330
Other Borrowings	**-**	6,415
Current liabilities	**56,308**	77,745

Note 7: Trade and other payables

	31 March 2018 $000	31 December 2016 $000
Amounts due to Kodak Alaris IPCo Sarl	-	51,631
Amounts due to other Group undertakings	88,413	88,937
Other trade payables and accrued expense	4,649	2,578
Current	**93,062**	**143,146**
Other payables	-	258
Non-current	**-**	**258**

Note 8: Capital and reserves

Share capital	31 March 2018 Number 000s	31 March 2018 $000	31 December 2016 Number 000s	31 December 2016 $000
Issued for cash ordinary shares of $1.00 each	**167,000**	**167,000**	167,000	167,000

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

Dividends

No dividends were recognised during the period and no dividends were proposed by the directors after the balance sheet date.

Balance sheet restructuring

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

Other equity	Share premium	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total other comprehensive income $000
1 January 2016	-	-	-	(104,253)	(104,253)
Other comprehensive loss	-	-	-	(147,850)	(147,850)
Total other equity at 31 December 2016	-	-	-	(252,103)	(252,103)
1 January 2017	-	-	-	(252,103)	(252,103)
Share issue	575,348	-	-	-	575,348
Transfer from share premium account	(575,348)	575,348	-	-	-
Share issue costs[1]	-	(2,000)	-	-	(2,000)
Other comprehensive loss	-	-	-	(331,013)	(331,013)
Total other equity at 31 March 2018	**-**	**573,348**	**-**	**(583,116)**	**(9,768)**

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

Note 9: Financial instruments

(a) Fair values of financial instruments

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

There are no significant derivative financial instruments at 31 March 2018 (2016: nil).

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

	Level	Carrying amount 31 March 2018 $000	Fair value 31 March 2018 $000	Carrying amount 31 December 2016 $000	Fair value 31 December 2016 $000
Financial liabilities measured at amortised cost					
Tranche A CISX Listed Loan Notes Libor+5% Maturity 2021	2	-	-	271,800	271,800
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**105,652**	**105,652**	375,163	375,163
Loans due to Subsidiaries	2	**56,308**	**56,308**	71,330	71,330
Revolving Credit Facility	2	-	-	6,415	6,415

(b) Credit risk

Financial risk management

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

The Company has no receivables due from an external third party and hence has no external credit risk as at the reporting date.

(c) Liquidity risk

Financial risk management

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

The Company's liquidity requirements are supported by both the Group's revolving credit facility and the funding structures that are in place.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1 to 2 years $000	2 to > 5 years $000	5 years and over $000
31 March 2018						
Tranche B Loan notes	**105,652**	**294,962**	-	-	-	**294,962**
Loans due to Group undertakings	**56,308**	**56,308**	**56,308**	-	-	-
Interest payable (long-term)	**860**	**860**	-	-	-	**860**
31 December 2016						
Tranche A Loan notes	271,800	334,405	21,588	83,918	228,899	-
Tranche B Loan notes	375.163	871,870	-	-	-	871,870
Loans due to Group undertakings	71,330	71,330	71,330	-	-	-
Interest payable (long-term)	16,234	16,234	-	-	-	16,234
Revolving Credit Facility	6,415	6,415	6,415	-	-	-

(d) Market risk

Financial risk management

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

Foreign currency and interest rate risk

During the financial year, the Board approved a foreign exchange strategy and policy, which allows for a structured programme of selling long currencies to support the short USD position.

Market risk - Foreign currency risk

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

	Sterling $000	Euro $000	US Dollar $000	Swiss Franc $000	Other $000	Total $000
31 March 2018						
Cash and cash equivalents	**3,526**	**22,224**	**1,365**	**-**	**7,438**	**34,553**
Investments in Group Undertakings	**13,890**	**5,535**	**165,188**	**2,002**	**1,217**	**187,832**
Loans from Group Undertakings	**-**	**12,484**	**19,539**	**6,267**	**18,018**	**56,308**
Borrowings, including interest	**-**	**-**	**(106,512)**	**-**	**-**	**(106,512)**
Trade payables	**(108)**	**(357)**	**(779)**	**-**	**-**	**(1,244)**
Amounts due to Group Undertakings	**-**	**-**	**(88,037)**	**-**	**-**	**(88,037)**
31 December 2016						
Cash and cash equivalents	93	147	216	-	16	472
Investments in Group Undertakings	18,584	7,084	517,478	2,241	1,552	546,939
Loans from Group Undertakings	-	27,130	33,998	4,659	4,957	70,744
Borrowings, including interest	(6,415)	-	(663,197)	-	-	(669,612)
Trade payables	(1,528)	-	(1,308)	-	-	(2,836)
Amounts due to Group Undertakings	-	(747)	(138,344)	-	(1,476)	(140,567)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the USD at 31 March 2018 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant:

	Equity at 31 March 2018 $000	Profit or loss 15 months to 31 March 2018 $000	Equity at 31 December 2016 $000	Profit or loss 15 months 31 December 2016 $000
Euro	**-**	**3,989**	-	3,674
Pound Sterling	**-**	**1,731**	-	(3,205)

A 10% percent weakening of the above currencies against the US dollar at 31 March 2018 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

See Note 23 of consolidated financial statements.

(e) Capital management

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

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group ensures a combination of short-term liquidity headroom with a long-term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 10.3 years (2016: 8.5 years).

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

Note 10: Commitments

Capital commitments

There are no material capital commitments for the Company at 31 March 2018 (2016: nil).

Guarantees and indemnities

The Company has issued certain guarantees in respect of a number of third parties. The guarantees held on behalf of the Company by HSBC totals $3 million (2016: $7 million).

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

Note 11: Contingencies

The Company is not currently involved in any litigation that is likely to result in any material liability and hence no provision is required (2016: nil).

Note 12: Related parties

The Company had related party transactions with its Directors, Subsidiary Holdings and Ultimate Parent. The disclosure of the director's remuneration is reported under Note 7 of the consolidated financial statements – Directors' Remuneration. Details on the shareholding in the subsidiary companies is detailed in Note 4.

	Interest and royalty income $000	Interest and royalty expense $000	Amounts owed by related party $000	Amounts owed to related party $000
15 months to 31 March 2018				
Ultimate parent of the Group	**-**	**21,591**	**-**	**106,512**
Subsidiaries	**20,819**	**216**	**152,903**	**144,721**
Associates	**-**	**-**	**-**	**-**
	20,819	**21,807**	**152,903**	**251,233**
12 months to 31 December 2016				
Ultimate parent of the Group	-	45,918	-	663,197
Subsidiaries	18,978	1,008	177,815	140,568
Associates	-	-	-	-
	18,978	46,926	177,815	803,765

In addition to the transactions and balances shown in the above table, the Company has been charged $467 thousand (2016: $400 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, $93 thousand was outstanding at 31 March 2018 (2016: $20 thousand).

Note 13: Ultimate parent company

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

Note 14: Subsequent events

See Note 30 of the consolidated financial statements.

Note 15: Accounting estimates and judgements

In addition to the accounting estimates and judgements included in Note 31 of the Group financial statements, which are also applicable to the Company financial statements, the following applies:

Key sources of estimation uncertainty

Impairment of Investments

Investments are carried at cost less accumulated impairment losses. Future impairment review calculations require the use of estimates related to the profitability and cash-generating ability of the subsidiary and the discount rate used in discounting these projected cash flows.

Five Year Financial Summary

	Audited 4 months to 31 December 2013 $000	Audited 12 months to 31 December 2014 $000	Audited 12 months to 31 December 2015 $000	Audited 12 months to 31 December 2016 $000	Unaudited 12 months to 31 December 2017 $000	Unaudited 3 months to 31 March 2018 $000	Audited 15 months to 31 March 2018 $000
Revenue	362,330	1,056,488	931,182	812,912	704,947	130,777	835,724
Gross profit	75,011	250,298	236,117	242,137	206,047	28,392	234,439
Gross profit %	20.7%	23.7%	25.4%	29.8%	29.2%	21.7%[1]	28.1%
Operating profit/(loss)	(10,925)	(32,082)	(15,168)	(119,552)	37,736	(196,265)	(158,529)
Profit/(loss) after tax	(24,648)	(83,270)	(83,499)	(183,981)	6,985	(198,886)	(191,901)
Adjusted EBITDA[2]	25,234	62,885	61,732	61,263[3]	32,588[3]	(14,648)[3]	17,940[3]
Working capital[4]	102,393	158,304	114,930	112,886	101,514	80,435	80,435
Net equity/(debt)[4]	146,489	54,375	(40,578)	(236,214)	356,463	157,232	157,232

1 Reduced trading period

2 Adjusted earnings before interest, tax, depreciation, amortisation and non-recurring items

3 Includes continuing and discontinued operations

4 Represents closing balances at period end

Summary of Continuing and Discontinued Operations including Non-GAAP Reconciliation

Continuing and discontinued operations

	15 months to 31 March 2018			12 months to 31 December 2016		
	Continuing $000	Discontinued $000	Total $000	Continuing $000	Discontinued $000	Total $000
Revenue	643,553	192,171	835,724	587,167	225,745	812,912
Cost of sales	(426,979)	(174,306)	(601,285)	(371,314)	(199,461)	(570,775)
Gross profit	216,574	17,865	234,439	215,853	26,284	242,137
Administrative expenses	(418,131)	55,133	(362,998)	(325,901)	(3,088)	(328,989)
Research and development expensed	(28,654)	(1,316)	(29,970)	(30,693)	(2,007)	(32,700)
Operating profit/(loss)	(230,211)	71,682	(158,529)	(140,741)	21,189	(119,552)
Financial Income	11,422	9	11,431	596	-	596
Financial expenses	(24,404)	(22)	(24,426)	(56,288)	(77)	(56,365)
Profit/(loss) for the period	(243,193)	71,669	(171,524)	(196,433)	21,112	(175,321)
Income tax provision	(2,976)	(17,401)	(20,377)	1,471	(10,131)	(8,660)
Profit/(loss) for the period after tax	(246,169)	54,268	(191,901)	(194,962)	10,981	(183,981)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting loss from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, non-recurring items, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the re-measurement of disposal groups.

Adjusted EBITDA is a non-GAAP measure and not a defined performance measure in IFRS. It is reconciled as follows:

Non-GAAP reconciliation

	15 months to 31 March 2018			12 months to 31 December 2016		
	Continuing $000	Discontinued $000	Total $000	Continuing $000	Discontinued $000	Total $000
Profit/(loss) for the period after tax	(246,169)	54,268	(191,901)	(194,962)	10,981	(183,981)
Income tax provision	2,976	17,401	20,377	(1,471)	10,131	8,660
Net finance costs	12,982	13	12,995	55,692	77	55,769
Depreciation, amortisation and loss on disposal of PPE	75,928	1,582	77,510	57,832	2,646	60,478
Impairment	165,829	2,219	168,048	110,000	-	110,000
EBITDA	11,546	75,483	87,029	27,091	23,835	50,926
Restructuring and transformation	10,537	260	10,797	5,741	11,837	17,578
Profit from sale of land at Harrow	-	(68,992)	(68,992)	-	(18,506)	(18,506)
Information systems separation cost	1,170	-	1,170	24,124	-	24,124
EKC earn out income	(23,458)	-	(23,458)	(9,000)	-	(9,000)
Gain on disposal of subsidiaries	-	-	-	-	(3,818)	(3,818)
One-off pension costs	2,662	-	2,662	-	-	-
Other non-recurring (including ITyX)	8,732	-	8,732	(41)	-	(41)
Non-recurring items[1]	(357)	(68,732)	(69,089)	20,824	(10,487)	10,337
Adjusted EBITDA	11,189	6,751	17,940	47,915	13,348	61,263

1 See Notes 4 and 10 for more detail. Non-recurring items are contained within Administrative expenses.

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