KODAK ALARIS INTERNATIONAL LIMITED

Directors' report and financial statements

Registered number 8574793

31 March 2018

4/1/19

151

Contents

Strategic report

Kodak Alaris International Limited ("the Company") is comprised of parts of the Alaris (previously "I-M"), Kodak Moments (previously "KM"), and Paper, Photochemicals & Film (previously "I-PPF"), businesses of the Kodak Alaris Group in Austria, Denmark and Finland. The Company provides sales and support for the group businesses in these geographic locations.

Company Results

The Company reported revenues of €3.4 million for the 15months ending 31 March 2018 (2016 12 months: €2.5million). The increase in revenues was primarily due to the extended period, but also due to strong scanner and associated service sales in Austria, an increase of €256,000 on a like for like basis. Gross profit was €1.0 million (2016: €0.4 million), resulting from an increase in sales. Operating profit was €363,000 (2016: €42,000). Profit before tax was €394,000 (2016: €95,000). This includes an FX gain of €42,000 (2016: gain of €117,000), driven by the on-going strengthening of the Euro against GBP as well as restructuring costs of €32,000 (2016: €44,000). Profit after tax was €303,000 (2016: Profit €86,000).

During the period the Company announced that it will cease the Nordic operations at the end of March 2019. The Company intends to honour all legal obligations including those relating to the service support to its customers and service partners during that period.

Business Divisions:

Alaris

Alaris Business solutions enable customers to capture and consolidate data from digital and paper sources, understand and extract valuable insight from the contents, and deliver the right information to the right people at the right time. The business is a leading provider in information capture with a uniquely differentiated portfolio of scanning hardware, capture software, and associated services.

The Alaris scanner offerings include production scanners used in centralized locations for high volume requirements; distributed and networked scanners used in decentralized location for departments or work groups with low volume requirements; and picture scanning systems optimized for photo scanning.

The Alaris capture software provides foundational platforms to capture the content of business documents and automate related workflows.

The Alaris service offerings include preventative, repair and replacement services, product installation and configuration, and training for operators of both Alaris scanners and competitors' equipment.

Alaris revenues for the 15 months to 31 March 2018 totaled €1.7 million (2016: €1.1million), a like for like increase of 23% compared to last year because of higher scanner and associated service sales. This favorable movement in sales mix towards the profitable service business helped increase gross profit % to 28% from 19% in 2016. Gross profit for the period is €0.7million (2016: €0.2million).

Kodak Moments (KM)

The KM business is a world leading provider of self-service retail photo kiosks and behind-the-counter dry technology photo lab equipment with related consumables, break-fix and network connected services. With an installed base of more than 100,000 units across the Kodak Alaris Group (the majority of which are internet connected for net-to-retail and retail-to-net ordering), its retailers can deliver a portfolio of high-quality photo products (prints, enlargements and photo gifts) to consumers for fulfilment within the store.

KM revenues for the 15 months to 31 March 2018 totaled €1.6 million (2016: €1.3million), the increase of €0.3 million coming largely from the additional 3 months of trading. KM gross profit for the period is €0.3million (2016: €0.2million).

Business Divisions (continued):

Paper, Photo Chemicals and Film (PPF)

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, associated photo chemicals and display films, and is a market leader in providing consumer and professional photographic film and one-time use cameras.

PPF revenues for the 15 months to 31 March 2018 totaled €0.1 million (2016: €0.1 million). PPF gross profit for the period is €nil (2016: €nil).

Business Risk Factors

The Company has incorporated the Risk Register into its management review processes and has completed the initial cycles of risk assessment. This is delivering improved visibility to the global risks the Company faces and has facilitated increased focus and more timely risk mitigation activities. It is regularly reviewed by the Audit and Risk Committee of the Board throughout the period.
The following is a list of principal risks which have been assessed and which have mitigation plans in place:

I. **Cyber security/Data privacy:** Information security and data privacy risks to the business have increased over the last fifteen months. To combat and mitigate this risk, there continues to be active development of programs for regulatory compliance, incident response and risk management amongst others which includes, the recent approval of significant changes to the data privacy policy, the formation of a security steering committee comprising decision makers from each business unit and corporate functional areas who will provide governance at a corporate level. Additionally, the Company has instituted a risk-based review of existing policies, procedures and security protocols in line with the 2018 General Data Protection Regulation (GDPR).

II. **Market Competitiveness**: Elements of the businesses operate in market spaces that are experiencing continuing structural decline. Within these businesses, the management have maintained strict and focused management attention on market share, product costs and other associated costs related to specific product lines. The management will continue to monitor profitability and overall performance of the core businesses as it funds related growth opportunities.

III. **Regulation & political risk**: The business has since established a Brexit assessment team which continue to meet on a quarterly basis to discuss recent developments, possible impacts and action items. The Authorities have now reached an agreement to extend the Brexit transition period to December 2020. Whist this development allows a bit more time, discussions on treaty negotiations, customs regulation, mobility of people and other important issues are yet to progress to advanced negotiation stage.

The key areas of focus for the Company include:

a. Regulatory risks associated with potential changes to tax legislation that may impact VAT and tax treaties
b. Financial risks in terms of further significant changes to foreign exchange rates
c. Supply chain/European hub structure
d. Commercial risks affecting customers and suppliers' positions as the outcome of UK renegotiations become clearer in the future.

Business Risk Factors (continued)

IV. **Dependence on key customers:** Within KM, the Company has a concentration of its business within a few large retail customers. Therefore, it continues to invest in ways to create greater turnover opportunities for these customers to secure its position and their success. The business leaders have accelerated investments in mobile applications to broaden the direct-to-consumer engagement and take advantage of the explosive growth in mobile imaging. The Company also continues to develop its overall portfolio with an increased focus on alternative retail channels.

By order of the board

M. Alflatt

Mark Alflatt
Director, Chief Financial Officer

Hemel One, Boundary Way, Hemel Hempstead
Hertfordshire, HP2 7YU
1st October 2018

Directors' report

The directors present their directors' report and financial statements for the 15 months ended 31 March 2018.

Principal Activities

The principal activities of the Company 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.

The Company has branches in Austria, Finland and Denmark. During the period the Company announced that it will cease the Nordic operations at the end of March 2019.

Directors

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

- Mr Dennis Olbrich (President, Paper & Output Systems) – Executive Director
- Mrs Nicoletta Assaro Zongrone (President, Kodak Moments) – Executive Director
- Mr Mark Alflatt (Chief Financial Officer) – Executive Director

Employees

The Company recognizes that its employees are key to successfully delivering its strategy and sustaining future business. The Company relies on talented people who are committed to delivering these solutions.

The Company recognizes the importance of engaging its employees to help them make their fullest contribution to the business. Through a variety of channels, the 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.

Political and charitable contributions

The Company made no political or charitable donations during the period. (2016: nil).

Dividends

The directors recommend the payment of a dividend of €278,000. (2016: nil).

Exemption from audit

In accordance with s479A of the Companies Act 2006 the Company has claimed exemption from audit in respect of the current financial period.

Approved by the board on 1st October 2018, and signed on its behalf

M. Alflatt

Mark Alflatt
Director, Chief Financial Officer

Hemel One, Boundary Way, Hemel Hempstead,
Hertfordshire, HP2 7YU

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 Company and to prevent and detect fraud and other irregularities.

By order of the board

M. Alflatt

Mark Alflatt
Director, Chief Financial Officer

Hemel One, Boundary Way, Hemel Hempstead,
Hertfordshire, HP2 7YU
1st October 2018

Income Statement
for period ending 31 March 2018

	Note	**15 months to 31 Mar 2018**	**12 months to 31 Dec 2016**
		€000	**€000**
Revenue	*2*	3,429	2,487
Cost of sales		(2,424)	(2,084)
Gross profit		**1,005**	**403**
Administrative expenses	*3*	(610)	(317)
Exceptional item	*3*	(32)	(44)
Operating profit		363	42
Interest payable and similar charges	*6*	31	53
Profit on ordinary activities before taxation		**394**	**95**
Tax on profit on ordinary activities	*7*	(91)	(9)
Profit for the financial period/(year)		**303**	**86**

The notes on pages 11 to 24 form part of these financial statements.

Statement of Other Comprehensive Income
for period ending 31 March 2018

	31 Mar 2018	31 Dec 2016
	€000	**€000**
Profit for the period / year	303	86
Actuarial loss on defined pension obligation	-	(4)
Total comprehensive profit for the period / year	**303**	**82**

The notes on pages 11 to 24 form part of these financial statements.

Balance Sheet
at 31 March 2018

	Note	**31 Mar 2018**	**31 Dec 2016**
		€000	**€000**
Non-current assets			
Intangible assets	*8*	299	251
Investments in associates	*9*	191	191
Deferred tax assets	*14*	80	86
		570	**528**
Current assets			
Trade and other receivables	*10*	873	811
Inventories	*11*	16	28
Cash and cash equivalents		432	119
		1,321	958
Total assets		**1,891**	**1,486**
Current liabilities			
Trade and other payables	*12*	(702)	(566)
Other interest-bearing loans and borrowings	*13*	(298)	(417)
Provisions	*16*	(32)	-
		(1,032)	(983)
Non-current liabilities			
Deferred tax liabilities	*14*	(38)	-
Employee benefits	*15*	(161)	(146)
		(199)	(983)
Total liabilities		**(1,231)**	**(1,129)**
Net assets		660	357
Equity attributable to equity holders of the parent			
Share capital and premium account	*17*	367	367
Retained Surplus/(deficit)		293	(10)
Total equity		**660**	**357**

The notes on pages 11 to 24 form part of these financial statements.

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These financial statements were approved by the board of directors on 1st October 2018 and were signed on its behalf by:

M. Alflatt

Mark Alflatt
Director, Chief Financial Officer
Company registered number: 8574793

Statement of Changes in Equity

	Share Capital & Premium	Profit and loss account	Total equity
	€000	**€000**	**€000**
Balance at 1 January 2016	367	(92)	275
Profit for the year		86	86
Items that will not be recycled to profit or loss:			
Actuarial loss on defined pension obligation		(4)	(4)
Balance at 31 December 2016	**367**	**(10)**	**357**
Balance at 1 January 2017	367	(10)	**357**
Profit for the period	-	303	**303**
Balance at 31 March 2018	**367**	**293**	**660**

The notes on pages 11 to 24 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

1.1 Basis of Preparation

Kodak Alaris International Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Kodak Alaris Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Kodak Alaris Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Hemel One, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7YU.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel
- Comparative movement tables in relation to intangible assets and Related Party disclosures.

As the consolidated financial statements of Kodak Alaris Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures
- Disclosures in relation to the key assumptions used in the determination of recoverable amount of impairment purposes as required by IAS 36

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates are discussed in note 24.

1.2 Change of Accounting Year

The accounting year has been changed to align with the parent entity's financial year. The financial year will now run from the 1st April to the 31st March. These financial statements cover a 15-month period to 31st Match 2018. The comparative numbers are for the 12-month period to 31st December 2016 and as such are not directly comparable.

1.3 Change in accounting policy not yet adopted

The Company will adopt IFRS 15 Revenue from Contracts with Customers, effective from 1st April 2018. The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The company has established the impact on application will not be significant.

Notes *(continued)*

1.4 Other Events during the period

During the period management announced the wind down of operations in the Nordics region in which Kodak Alaris Denmark and Kodak Alaris Finland are domiciled. This is due to the continued erosion of revenues further exacerbated by the requisite high demands on back office support to generate this declining revenue stream.

Plans to cease trading within the Denmark and Finland operations are scheduled for March 2019 which is less than 12 months from the date of signing the financial statements.

The financial results of Finland and Denmark included in these financial statements is as follows;

	15 months to 31 Mar 2018	12 months to 31 Dec 2016
	€000	€000
Revenue	476	405
Cost of sales	(426)	(400)
Gross profit	**50**	5
Administrative expenses	(52)	(18)
Operating loss	(2)	(13)
Interest payable and similar charges	(4)	(1)
Loss on ordinary activities before taxation	**(6)**	**(14)**
Tax on loss on ordinary activities	-	1
Loss for the financial period/(year)	**(6)**	**(13)**

1.5 Measurement convention

The financial statements are prepared on the historical cost basis.

1.6 Going concern

The financial statements have been prepared on the going concern basis. Net current assets at 31 March 2018 were €289,000 (2016: net current liabilities €24,000). As the operations in Denmark and Finland were insignificant to the Company, particularly in terms of profitability, the management do not believe the changes outlined above will have any significant impact on the company's future profitability and cash flows.

1.7 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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 presentational currency of the Company is Euro.

Notes *(continued)*

1.8 Intangible assets, goodwill and negative 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.

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:

- Customer relationships – 5 to 15 years

1.9 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.

1.10 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 Company'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 Company 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 Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

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 Company 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 Company, 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 Company 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 Company in connection with the settlement.

Notes *(continued)*

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 Company 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.

1.11 Non-derivative financial instruments

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

Investments in associates

Investments in associates are stated at cost less impairment.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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, 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.

1.12 Turnover

Turnover comprise sales to outside customers after discounts, excluding value added taxes. Turnover includes sales of products, equipment, software, services, and integrated solutions. The Company recognizes turnover 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 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, training and education. Service revenue is recognised by reference to the stage of completion or, where the service is provided on a continuous basis, spread evenly 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.

Notes *(continued)*

1.13 Turnover (continued)

When an arrangement is comprised of separately identifiable components where revenue recognition occurs at different times, 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 turnover is recognised, the Company provides for the estimated costs of customer incentive programs and estimated returns and reduces turnover 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 turnover.

1.14 Expenses

Operating lease payments

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

Financing income and expenses

Financing expenses comprises 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 income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.15 Taxation

Tax on the profit or loss for the period/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 period, 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.

2 Turnover

	15mths to 31 Mar 2018 €000	12mths to 31 Dec 2016 €000
Sale of goods	656	301
Rendering of services	2,773	2,186
Total turnover	**3,429**	**2,487**

All the turnover in both the 15 months to 31 March 2018 and the 12 months to 31 December 2016 arose within Europe.

Notes *(continued)*

3 Administrative Expenses

	15mths to 31 Mar 2018 €000	12mths to 31 Dec 2016 €000
Sales expenses	347	205
General and Administrative	263	112
Ongoing administration expenses	**610**	**317**
Restructuring costs	32	44
Exceptional items	**32**	**44**
Total administrative expenses	**642**	**361**

4 Staff numbers and costs

The average number of persons employed by the Company (excluding the directors who are employed by fellow group undertakings) during the period, analysed by category, was as follows:

	Number of employees	
	15mths to 31 Mar 2018	**12mths to 31 Dec 2016**
Denmark, Finland and Austria	6	6

The aggregate payroll costs of these persons were as follows:

	15mths to 31 Mar 2018 €000	12mths to 31 Dec 2016 €000
Wages and salaries	711	615
Social security costs	79	148
Contributions to defined contribution plans	19	11
Expenses related to defined benefit plans	19	6
	828	**780**

5 Directors' remuneration

The directors of the company are remunerated by the ultimate parent undertaking, Kodak Alaris Holdings Limited and by fellow group undertaking Kodak Alaris Inc.

Notes *(continued)*

6 Interest payable and similar charges

	15mths to 31 Mar 2018 €000	12mths to 31 Dec 2016 €000
Total interest expense on financial liabilities measured at amortised cost	18	64
Net foreign exchange (gain)/loss	(49)	(117)
Total other interest payable and similar charges	**(31)**	**(53)**

Of the above interest expense €18,000 (2016: €64,000) was payable to fellow group undertakings.

7 Taxation

Recognised in the income statement

	15mths to 31 Mar 2018 €000	12mths to 31 Dec 2016 €000
Current tax charge	(57)	(15)
Adjustment for prior periods	7	(2)
Deferred tax (charge)/credit	(41)	8
Total tax charge	**(91)**	**(9)**

Reconciliation of effective tax rate

	15mths to 31 Mar 2018 €000	12mths to 31 Dec 2016 €000
Profit for the period / year	303	86
Total tax charge	91	9
Profit/ excluding taxation	**394**	**95**
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	(76)	(19)
Adjustment for prior periods	6	(2)
Reduction of rate on deferred tax balances	-	13
Overseas tax rate	(21)	(1)
Total tax charge	**(91)**	**(9)**

Reductions in the UK tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. 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

Future rate changes in other jurisdictions are not expected to have a material impact.

Notes *(continued)*

8 Intangible assets

	Goodwill	Customer Relationship	Total
	€000	€000	€000
Cost			
Balance at 1st January 2017	149	288	437
Additions	-	-	-
Balance at 31st March 2018	**149**	**288**	**437**
Amortisation			
Balance at 1st January 2017	-	(186)	(186)
Amortisation for the period	-	(18)	(18)
Adjustment for over-amortisation in prior years	-	66	66
Balance at 31st March 2018	**-**	**(138)**	**(138)**
Carrying amount			
At 31st December 2016	149	102	251
At 31st March 2018	**149**	**150**	**299**

Goodwill has been tested and there is no impairment to recognise.

On review, there were no indicators of impairment. All Intangibles for Kodak Alaris Finland and Kodak Alaris Denmark were fully amortised by the end of 2015. The planned closure of the Finland and Denmark operations are immaterial and have been assessed to have no impact on Austria's ability to continue to steadily generate positive future cash flows. Kodak Alaris Austria's performance is on an upward trend with a 13% annual increase in revenue.

Amortisation

The amortisation charge/(benefit) is recognised in the following line items in the income statement:

	15mths to 31 Mar 2018	12mths to 31 Dec 2016
	€000	€000
Cost of sales	(48)	53

9 Investments in associates

	Country of Incorporation	Class of shares held	Ownership %	2018	2016
				€000	€000
Real Estate Aquileja S.r.l	Italy	Ordinary	20.9%	191	191

Notes *(continued)*

10 Trade and other receivables: amounts falling due within one year

	31 Mar 2018 €000	31 Dec 2016 €000
Trade receivables	301	588
Amounts owed by group undertakings	572	223
Total trade and other receivables	**873**	**811**

11 Inventories

	31 Mar 2018 €000	31 Dec 2016 €000
Finished Goods	**16**	**28**

Finished goods recognised as cost of sales in the period amounted to €1.6million (2016: €1.2 million). Inventory is shown after a write-down of €9,400 (2016: €12,800).

12 Trade and other payables: amounts falling due within one year

	31 Mar 2018 €000	31 Dec 2016 €000
Trade payables	41	6
Amounts owed to group undertakings	146	-
Taxation and social security	53	79
Other payables	99	112
Accruals and deferred income	363	369
Total trade and other payables	**702**	**566**

13 Interest-bearing loans and borrowings

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of Maturity	Face Value		Carrying Amount	
				31 Mar 2018 €000	31 Dec 2016 €000	31 Mar 2018 €000	31 Dec 2016 €000
Acquisition Loans	GBP	6%	On demand	150	150	150	150
Working Capital Loans	GBP	3%	On demand	148	267	148	267
				298	**417**	**298**	**417**

Notes *(continued)*

14 Deferred Tax Assets/Liabilities

The deferred tax asset / (liabilities) is attributable to the following:

	Assets Mar 2018 €000	Liabilities Mar 2018 €000	Assets Dec 2016 €000	Liabilities Dec 2016 €000
Investment assets	46	-	48	-
Provisions	-	(38)	(33)	-
Pensions	18	-	21	-
Net Operating Losses	16	-	50	-
Total deferred tax assets / (liabilities)	**80**	**(38)**	**86**	**-**

15 Employee benefits

Pension Plans

The Company 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 provide for employee and employer contributions. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans

During the period the Company made contributions under these plans amounting to €19,000 (2016: €11,000).

Defined benefit plans

The Company operates a defined benefit plan in Austria, which provides benefits to members in the form of a lump sum at retirement.

The Austrian plan is an unfunded plan where the Company meets the benefit payments as they come due. There were no plan assets for the period ended 31 March 2018 (2016: nil).

Notes *(continued)*

15 Employee benefits

The liability from the former Eastman Kodak Company defined benefit plan have transferred to the Company's plans in accordance with local statutory requirements and procedures. The movement in the defined benefit of the pension plan over the period is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net balance sheet position
	€000	**€000**	**€000**
Amounts recognised, beginning of year	**(146)**	**-**	**(146)**
IAS 19 Cost			
Current service cost	**(12)**	**-**	**(12)**
Interest expense	**(3)**	**-**	**(3)**
Benefit Cost Recognised in Profit or Loss	**(15)**	**-**	**(15)**
Actuarial gains / (losses)			
Gain/(loss) from change in financial assumptions	-	-	-
Actuarial gains/(losses) recognised in consolidated statement of other comprehensive income	-	-	-
Amounts recognised, end of period/year	**(161)**	**-**	**(161)**

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

	2018	**2016**
	€000	**€000**
Present value of defined benefit obligation	**(161)**	**(146)**
of which: amounts owing to active members	**(161)**	**(146)**
of which: amounts owing to not active members	-	-
of which: amounts owing to pensioners	-	-
Fair value of plan assets	-	-
Net defined benefit liability	**(161)**	**(146)**
Weighted average duration of defined benefit obligation	**12.3years**	**12.3years**

The principal assumption used at period-end was the discount rate. The discount rate used at year-end was 1.75%. (2016: 1.75%)

Mortality assumptions are based on the latest available standard mortality tables for Austria.

The expected company contribution to this defined benefit plan for 2018 is €5,000 (2016: €9,000)

Notes *(continued)*

15 Employee benefits

Through its defined benefit plans, the Company is exposed to many risks, the most significant of which are detailed below:

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.

Change in bond yields: A decrease in corporate bond yields will increase plan liabilities

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above, but primarily to changes in the discount rate. If the weighted-average discount rate were to increase by 100 basis points, the defined benefit obligation would reduce by 11.34%.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at November 2013 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

16 Provisions

	Restructuring	
	31 Mar 2018 €000	**31 Dec 2016 €000**
Balance at 1 January 2017	-	-
Provisions made during the period	(32)	-
Balance at 31 March 2018	**(32)**	**-**

Notes *(continued)*

17 Capital and reserves

Share capital

	31 Mar 2018	31 Dec 2016
Allotted, called up and fully paid		
Ordinary shares of €1.17 each	2	2
Shares classified in shareholders' funds	2	2
	2	2

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.

Share Premium reserve

In 2013 the company issued 2 €1.17 ordinary shares for a consideration of €367,000, settled in cash.

Dividends

No dividends were recognised during the period. The directors proposed a dividend for the current period of €278,000 after the balance sheet date.

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 Mar 2018 €000	31 Dec 2016 €000
Less than one year	36	54
Between one and five years	13	72
	49	**126**

The leases consist of business vehicles used in operations of the Company. During the period €81,000 was recognised as an expense in the income statement in respect of operating eases (2016: €53,000).

19 Capital Commitments

The Company has no capital commitments to report

20 Contingencies

The Company has no contingencies to report.

Notes *(continued)*

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Kodak Alaris Limited which is incorporated in the United Kingdom. The ultimate controlling party is KPP (No. 2) Trustees Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by Kodak Alaris Holdings Limited, incorporated in the United Kingdom. The consolidated financial statements of the group are available to the public from Hemel One, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7YU.

22 Accounting estimates and judgements

Preparing these financial statements in conformity with FRS101 requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense. 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 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 business and the discount rate used in discounting these projected cash flows.

Other key areas of judgement

The Company considers the following areas to be key areas of judgement and as discussed in note 1 to these financial statements; Revenue recognition (note 1.10) and Tax (note 1.12).

23 Non-Adjusting subsequent event

The Company has achieved operating profits of €363,000, has net assets of €660,000 and cash of €432,000 which provides the directors with a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Kodak Alaris, the group, to which the company belongs is trading well and solvent. However, its sole shareholder the pension fund KPP2, has recently announced that there is a doubt over whether the KPP2's assets will be able to deliver enough income to meet its long-term pension obligation and would most likely move into the Pension Protection Fund in due course. The group is one of these assets and the Company as a wholly owned foreign subsidiary is dependent on the group sourced product for its trade.

Management continue to monitor how best to realise value and the KPP2 trustee board has asked the group's management to explore opportunities to sell some or all its assets if an attractive arrangement can be made. Whilst no detailed plans exist currently, this may in time, compromise the sustainability of the current legal entity structure and consequently the Company's future viability. This raises material uncertainty that may cast doubt on the Company's ability to continue as a going concern. The financial statements are however prepared on the going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate as it is expected in those circumstances that the Company will be able to realise it's assets and discharge its liabilities in the normal course of business. For the avoidance of doubt, this does not suggest insolvency or a default on any obligations of the Company. The group is well capitalised with a strong balance sheet and access to significant funding within its existing borrowing arrangements. Kodak Alaris Holdings Limited has provided a letter of support confirming they will continue to provide financial support to the Company for the foreseeable future if required.