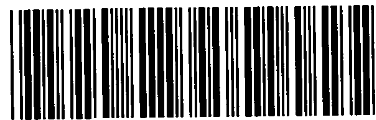
Kodak Alaris Holdings Limited
Annual Report and Financial Statements

Registered number 8550309

31 December 2015



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Group Strategic Report

- **Chairman's Report**
- **CEO Report**
- **Corporate Governance Report**

Chairman's Report

The board (Board) of Kodak Alaris Holdings Limited (Kodak Alaris or Company) is pleased to report its results to 31 December 2015. These group results reflect the total business performance of the Company and its subsidiaries, together referred to as the "Group".

Upon review, 2015 was broadly in line with our expectations with good progress made on a number of important operational and strategic priorities. In this past year, we completed the final transfer of assets from Eastman Kodak Company (EKC) and made good progress on our transformation programmes. We are pleased that we met this significant milestone and were able to turn our full attention to executing against our five-year Group plan.

Financials

The 2015 financial results reflect the significant investments being made by the Company to rationalise the portfolio, improving productivity in its core businesses and positioning the company in the right growth markets going forward. As a result of these ongoing changes and the negative impact of foreign exchange rates the Group's loss for the year deteriorated slightly from the prior year. However, excluding the exceptional costs and the foreign exchange impacts it is clear to the Board that good progress was made in the business in 2015.

The Group generated revenues of $931.2 million in 2015 (2014: $1,056.5 million), in line with expectations during this phase of transformation. Despite this revenue reduction the significant progress on cost reductions, restructuring and productivity improvements allowed gross operating margins to improve by almost 2 percentage points in the year which together with increased focus on overhead spend helped keep earnings before interest, tax, depreciation and amortisation (EBITDA) of $61.7 million (2014: $62.9 million) broadly in line with the prior year.

Against this solid operational performance, higher depreciation and amortisation levels and a further $10.3 million of exceptional spend (2014: $39.1 million) in the year left the loss from operating activities at $15.2 million (2014: $32.1 million), a very significant improvement year on year.

Overall, the Group reported a loss before tax of $82.5 million (2014: $77.2 million) including $67.3 million (2014: 45.2 million) interest and foreign exchange costs in the year.

Cash balances of $35.8 million at the end of the year (2014: $80.0 million) were in the range of the Board's expectations. The operating cash flow improved to $49.2 million (2014: outflow $21.3 million) reflecting in part the effect of our continued business transformation programme and a greater focus on working capital management. We expect to complete a majority of the exceptional spend and investments by the end of 2016. As a result, the Company should be well placed to generate positive and sustainable cash flow from 2017.

There is a more detailed analysis of our financial position in the pages that follow.

Chairman's Report *(continued)*

Strategy

In 2013, the U.K. Kodak Pension Plan (KPP) formed Kodak Alaris from three businesses acquired from EKC. These businesses are:

- Imaging - Consumer (I-C), formerly known as Retail Systems & Solutions
- Imaging - Paper, Photo Chemicals and Film (I-PPF), formerly known as Paper & Output Systems
- Information Management (IM), formerly known as Document Imaging

The Board of Kodak Alaris approved a five-year plan, developed by Management, against which they began executing fully in 2015. All three businesses operate in markets that are mature, some of which have started to decline. Our plans are focussed 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.

To support the growth opportunities for each of the businesses, we have made strategic investments, determined by our capital allocation process. First implemented in 2015, the capital allocation process provides us a methodology by which we evaluate an investment, both on its own merits and vis-à-vis our other business opportunities. The capital allocation process ensures that even while making these investments, we engage in disciplined cash management.

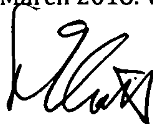
Risks

The Board of the Company began the implementation of a group-wide risk register in 2014 and good progress of this has been made in 2015. We have completed the first cycle of this risk process and the risk register has now been adopted by the Company. This is delivering improved visibility of the global risks the Company faces and has facilitated increased focus and more timely risk mitigation activities.

There is a more detailed review of the risks the Company faces in the Business Commentary.

Prospects

Kodak Alaris continues to establish its position as an independent company. The Board is pleased to report that we have ended our second full year's trading on an improved financial footing and improving operational performance, while cognizant of the need to continue to improve the business structure. We see profitable growth within our primary businesses, as well as opportunities to expand beyond our core portfolio. We also acknowledge the need to simplify our infrastructure and strive for greater productivity gains. A number of senior management changes were made in the last year which together with the broader culture change programme across the Group were important steps to continue to reposition the Group for future success. Therefore, the Board remains optimistic about the Group's portfolio and the Company's future. We are encouraged by the start to the new financial year and we are confident in the Company's ability to meet its obligations to customers, staff and capital providers. The Company has recently completed an extension of its main revolving credit facility to March 2018. We will stay focused on leadership talent, cash management, and operating discipline.



Mark Elliott
Chairman – Kodak Alaris Holdings Limited
21 April 2016

CEO Report

After completing our second full year as Kodak Alaris, I am pleased to report that we had many significant achievements, while acknowledging that we encountered challenges that limited our overall performance.

Development of the Business

In 2015, we finalized the transfer of the last assets from EKC to Kodak Alaris Holdings Limited, in accordance with the "Amended Stock and Asset Purchase Agreement" we signed with EKC on August 30, 2013; we introduced critical new talent and capabilities into our organization; and we balanced our cash usage with our strategic investment choices.

Those investments will provide us the ability to expand the potential of our primary businesses. Our growth plans leverage our expertise and leading position in each of our core businesses and allow us to enter and compete in adjacent markets with new opportunities.

Within our I-C business, we invested in mobile and digital capabilities that expand the engagement opportunities within the consumer market. Within our I-PPF business, we invested in the development of new software solutions that create tighter links between professional photographers and professional laboratories, with the potential to drive improved functionality and productivity for our customers and create new revenue streams for our business.

To support these strategic investments, the Company determined the need to attract different skillsets. To ensure access to a broader talent pool, the Company established a presence in Boston, Massachusetts and San Francisco, California (both in the U.S.).

During the year, we discontinued the relationship with ITyX Technology GmbH, the software platform for our AI Foundry business. We remain committed to the development of the AI Foundry business based in Boston, Massachusetts and are currently in the process of conducting due diligence with a view to re-establishing the business with a new strategy supported by a revised business plan.

Also, we recognized the need to refine our strategy in China. In 2015, we executed against two key initiatives. First, we sold our colour negative paper finishing operations in Haicang, China to Sino Promise Holdings. Second, in our IM business, we have targeted scanner technology development specifically for the Chinese marketplace with significant initial successes. In 2016, we will take a measured approach to additional efforts in China to ensure we are positioned to succeed.

Finally, foreign exchange rates created significant headwinds, which had a direct and negative effect on our trading results and yearend cash balances. The U.S. dollar gained strength in our three primary overseas markets: Europe, China and Brazil. In some cases, while our businesses achieved their budgeted business levels, foreign exchange effects negatively impacted the revenues, profits and cash.

CEO Report *(continued)*

Group Results

The Group reported revenue of $931.2 million for the year (2014: $1,056.5 million), gross profit of $236.1 million (2014: $250.3 million) and EBITDA of $61.7 million (2014: $62.9 million). Overall, an operating loss of $83.5 million (2014: $83.2 million) was reported.

I-C delivered strong performance in the year, and the I-PPF business effectively managed the market decline within its business segment. The business achieved this by completing the closure of photochemical manufacturing plants in Pereslavl, Russia and Malanpur, India and the sale of our plant in Haicing, China.

Our IM business had a more challenging year in 2015, due mainly to the broader market weakness. The resulting profit for this business did not meet expectations. In 2015, we made key appointments within the business, including a new President and new Vice President of Marketing, who are taking steps to create a stronger global sales and marketing organisation. With these changes, as well as new solution and services introductions, we are optimistic we will deliver improvements in 2016.

In 2015, we continued the investment in our own IT systems and infrastructure, data and voice networks, creating a truly independent company. We spent $30 million in 2015 (2014: $38 million) of which $9 million (2014: $22 million) was expensed in the year; we expect to complete the project in 2016. These infrastructure investments will allow us to become independent of EKC ERP and IT systems, while establishing a 21st century, flexible IT environment to support our developing businesses.

The Kodak Alaris Executive Committee continues to find opportunities to lower costs, simplify its structure, increase productivity gains and drive strategic investments. We are running multiple programs within the Company to identify and action these opportunities.

Information Management

The Information Management (IM) Business solutions enables 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. It's a leading provider in information capture with a uniquely differentiated portfolio of scanning hardware, capture software, and associated services. The IM 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 IM capture software provides foundational platforms to capture the content of business documents and automate related workflows. The IM service offerings include preventative, repair and replacement services, product installation and configuration, and training for operators of both IM scanners and competitors' equipment. IM also completes final assembly of scanners in the U.S. for its sale in the U.S. to governmental agencies. IM sources select high volume, low volume, work group and specialty scanners from third parties. IM products and services are marketed and sold in more than 27 countries throughout the world.

CEO Report *(continued)*

IM Revenues
Current Year

IM revenues for the year 2015 totaled $268.6 million (2014: $306.3 million) a 12% decrease compared to the prior year (2014: 2% increase). The reported $268.6 million revenues included 49% scanners revenues (2014: 53%), 43% service revenues (2014: 40%) and approximately 8% software and other revenues (2014: 7%).

Reported revenues by geographic region are as follows:

- 34% in U.S. & Canada (2014: 38%)
- 35% in Europe, Middle East and Africa (2014: 38%)
- 23% in Greater Asia (2014: 16%)
- 8% in Latin America (2014: 8%)

IM revenues were impacted by weaker market conditions and unfavourable foreign exchange rate movements compared to the prior year, most significantly in the Latin America region. Gross margin of $108.5 million (2014: $139.6 million) was $31.1 million or 22% lower than 2014. While the business faced challenges in 2015, the Board has approved a plan for 2016 which drives significant growth.

Imaging - Consumer (I-C)

The I-C 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 (majority of which are internet connected for net-to-retail and retail-to-net ordering), our retailers can deliver a portfolio of high-quality photo products (prints, enlargements and photo gifts) to consumers for fulfilment within the store.

I-C produces thermal media in its facility in Windsor, Colorado, U.S. and sources thermal receiver from a manufacturer in Osnabrück, Germany. I-C shares facilities with I-PPF around the world for finishing and kitting thermal media supplies for delivery to channel partners. Kiosk and behind-the-counter equipment are sourced from original equipment manufacturer providers and assembled by third-party integrators located in Columbia, South Carolina, U.S. and Paderborn, Germany.

I-C Revenues
Current Year

I-C revenues for the year 2015 totaled $373.9 million (2014: $392.1 million), which comprised 64% consumables revenue (2014: 62%) and 36% equipment and services (break-fix and on-line) revenues (2014: 38%).

Reported revenues by geographic region are as follows:

- 45% in U.S. & Canada (2014: 45%)
- 33% in Europe, Middle East and Africa (2014: 35%)
- 12% in Greater Asia (2014: 10%)
- 10% in Latin America (2014: 10%)

On a full year basis, global I-C revenue was $373.9 million (2014: $392.1 million), which represents a $18.2 million or 4.6% decrease compared to the prior year. Gross margin of $107.4 million was $6.6 million or 6% lower than 2014. I-C revenue declined mainly as a result of unfavourable foreign currency exchange movements.

CEO Report *(continued)*

Imaging - Paper, Photo Chemicals and Film (I-PPF)

The I-PPF Business is a leading provider of consumer and professional photographic products. It supplies the world's highest quality consumer and professional color 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.

I-PPF shares manufacturing facilities with I-C. The imaging products are produced both by Company-owned plants and a variety of original equipment manufacturer providers. The largest facilities are the color negative paper plant in Harrow, England and the thermal donor plant in Windsor, Colorado, U.S. The I-PPF market continues to experience an 8-9% annual decline and as a result both of these facilities have recently entered a period of consultation which may lead to closure and disposal as detailed in note 29. There are consumable finishing operations in Harrow, England; Windsor, Colorado, U.S; and Manaus, Brazil; I-PPF has photochemical operations at Wuxi, China; Photographic film is solely sourced from EKC.

I-PPF Revenues

Current Year

I-PPF revenues for the year 2015 totaled $288.7 million (2014: $367.2 million). The reported I-PPF revenues included 65% Colour Negative Paper (2014: 65%), 14% Film Capture (2014: 14%), 8% Photochemistry (2014: 7%), 8% Display Products (2014: 7%) and 5% Software and Services revenues (2014: 7%). The main impact on revenues relate to the effect of foreign exchange rates and further declines in Colour Negative Paper, The market for Colour Negative Paper continued to decline in 2015 (down 11%) exacerbated by a lower share of the market for the Group which was partly offset by the Group's pricing strategy.

Reported revenues by geographic region are as follows:

- 28% in U.S. & Canada (2014: 38%)
- 26% in Europe, Middle East and Africa (2014: 33%)
- 35% in Greater Asia (2014: 20%)
- 11% in Latin America (2014: 9%)

The Company has continued to focus on optimizing cash flow and EBITDA at the expense of market share in the I-PPF segment.

Business Risk Factors

The following is a list of principal risks that we face. We have assessed the impact of these risks and are putting mitigation plans in place.

CEO Report *(continued)*
Business Risk Factors *(continued)*

I. **ERP IMPLEMENTATION**: We are focused on completion of our program to disconnect the Company from the EKC systems, which is the implementation of our global, standalone IT system. This is the most significant single investment we have made. While we have supplemented the internal IT with external expert advice to help us deliver this program with the functionality that the businesses need, we face delays in our go-live timeframe. We have in place a full review process running through the Company to the Board of Directors, which keep track of the process and risks against these deliverables and take corrective actions where needed. This project is planned to finish during 2016.

II. **ONGOING EKC RELATIONSHIP**: Our current reliance on EKC comprises brand, supplies of raw materials, reliance on IT assets and leaseholds. We continue to address these risks in due course as part of our normal business risk management process. On an ongoing basis we review and consider the overall size of this risk and continue to adopt our approach and focus as needed.

III. **STRUCTURAL MARKET DECLINE**: Elements of the businesses operate in market spaces that are suffering structural decline. Within these businesses, we have maintained strict and focused management attention on market share, product costs and other associated costs driven by these particular product lines. We will continue to carefully monitor profitability and overall performance of these lines. As noted in the Business Commentary, we've identified growth opportunities in each of our core businesses.

IV. **CUSTOMER CONCENTRATION**: Within I-C, we have a concentration of our business within a few large retail customers. Therefore, we continue to invest in ways to create greater revenue opportunities for these customers to secure our position and their success. Also, our business leaders have accelerated investments in mobile applications to broaden our direct-to-consumer engagement to take advantage of the explosive growth in mobile imaging.

V. **AI FOUNDRY**: In 2015, we discontinued the relationship with ITyX, the software platform for our AI Foundry business unit. The discontinuation of the relationship is subject to legal proceedings. The dispute is being actively managed by the Legal function with assistance from external legal advisers in line with a strategy agreed with the Board. The financial impact of the legal proceedings is unknown however it will not be material to the 2016 financial performance of the Group.

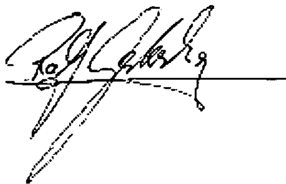
VI. **FINANCIAL RISKS MANAGEMENT**:
- Today, the Group as far as possible manages foreign exchange risks by natural hedging, matching operational & supply chain costs with revenue sources and expenses in various different currencies. The Group is reviewing its approach to foreign exchange risk management in light of the substantial ongoing restructuring of our operational and supply chains.
- The Board and the Management team continue to place great emphasis on improving cash flow generation and the requirements of our shareholder are acutely recognised. The business has access to a working capital facility that has recently been renewed to March 2018, that is subject to loan covenants which are closely monitored by management.
- Liquidity risk is managed by the Board and KAEC to ensure that the Group has appropriate funding structures and access to liquidity such that they can meet their operating cash requirements and obligations as they fall due. The Group also manages the banking covenants prospectively and maintains regular communication with the lenders.

CEO Report *(continued)*

Kodak Alaris Team

Since the start of the financial year, we added key members to our senior management team, including a Group Chief Operating Officer and a President for our IM business. On 29 February 2016, a new Chief Financial Officer joined the management team.

We also added key capabilities to support our growth initiatives. We hired a Vice President of Marketing for our IM business and added key mobile and digital capabilities for our I-C business. As part of our AI Foundry business, we established a General Manager of the division. This acquisition of talent will help broaden the experience and depth of ideas available to the business leaders as we continue to build the foundations of the Company for long-term growth and shareholder value.



Ralf Gerbershagen
Director, Chief Executive Officer – Kodak Alaris Holdings Limited
21 April 2016

Corporate Governance Report

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.

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 & Risk, Nomination and Remuneration committees. The KAEC consists of senior Kodak Alaris employees - specifically the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), the Presidents of each of the three Businesses, Group Operations Director, Human Resources Director, Chief Marketing Officer and General Counsel. 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 the Board level.

During the year the Board met on seven 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 year. 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 Business Units were provided by the relevant Business Unit Presidents.
- Strategy and Annual Budget - the Group's strategy and annual Budget were approved. The Group's overall financial performance and those of its Business Units were reviewed against Budget on a routine basis.
- Technology - progress updates on the development of the Group's new ERP system
- 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 General Counsel
- Business transformation programme - review of cost and staffing productivity improvements, management talent development and evolving the culture of the Group

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.

Board composition

The Board is led by an experienced independent Chairman and comprises seven Directors (including the Chairman). The Board includes five independent Non-Executive Directors one of whom represents the Company's' shareholder.

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.

Corporate Governance Report *(continued)*

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 as described above.

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 three business units. 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 year to enable them to fulfil their duties as Directors of the Company.

Board changes. The Board was established during 2014. In 2015, for operational and cost reasons, the Board invited the Business Unit Presidents to resign from the Board. A new CFO joined the Group and the Board in February 2016. The CEO and CFO are the current Executive Directors of the Company.

Audit Committee

The Audit Committee is chaired by Stephen Webster. Steve is an 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 together with the Chief Risk Officer (a role currently being fulfilled by the General Counsel). The quorum for the Audit Committee is two. The Audit Committee's main responsibilities are:

- Monitoring the integrity of the Groups Financial statements and reviewing significant accounting and reporting judgements
- Reviewing the effectiveness of the internal control environment including its compliance programme
- Monitoring the effectiveness of the Group's internal audit function and reviewing its material findings and
- Overseeing the relationship with the Groups external auditor, including appointment, remuneration, nature and scope of work and review of independence

Internal Audit – At the beginning of each year, the Internal Audit function presents its plan for the year (the Plan). The Audit Committee reviews and approves the Plan, along with any subsequent changes to it.
Weaknesses in any internal audit reports are considered by the Audit Committee, together with the appropriateness of any remediation action plan and timeliness that management has committed to.
The General Counsel in his role as the Chief Risk Officer provides a regular update on any material fraud or whistleblowing cases together with any recommendations. Under the guidance of the General Counsel a risk register has been developed and approved by the Committee and further work is ongoing to understand the Group's appetite for risk as well and it's risk profile. On behalf of the Group's Compliance Officer the General Counsel reports to the Committee on the strategy and activities of the Compliance Function together with a report on any non-compliance issues.
The Committee discharges its responsibilities through its meetings which are held at minimum twice per year and at other times as needed.

Nomination Committee

The Nomination Committee is chaired by Mark Elliott. Mark Elliott is also the Chairman of Kodak Alaris Holdings Limited. The composition of the Committee includes all the Non-Executive Directors. The quorum for the Nomination Committee is 2.

Corporate Governance Report *(continued)*

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 minimum twice per year and at other times as needed.

Remuneration Committee

The Remuneration Committee is chaired by Brian Larcombe. Brian is an 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 2.

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.

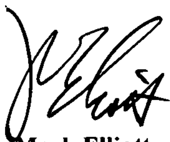
Items discussed included Senior Management Objectives, Performance management, incentive schemes and Board appointments.

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

Mark Elliott
Chairman – Kodak Alaris Holdings Limited

The Strategic Report, as set out on pages 3 to 13 has been approved by the Board.

Signed on behalf of the Board



Mark Elliott
Chairman – Kodak Alaris Holdings Limited

Group Directors' Report

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.

The review of performance during the year ended 31 December 2015, expected future development, and principal values and uncertainties are contained in the Strategic Report on page 3.

Directors

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

- Mark Elliott (Chairman) – Non-executive Director
- Ralf Gerbershagen (Chief Executive 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
- Phillip T. Gibbons (Chief Financial Officer) – Executive Director, resigned 30 September 2015
- Dolores K. Kruchten (President, IM) – Executive Director, resigned 31 May 2015
- Dennis B. Olbrich (President, I-PPF) – Executive Director, resigned as Executive Director on 31 December 2015
- Nicoletta Zongrone (President, I-C) - Executive Director, resigned as Executive Director on 31 December 2015

Since the year end the following director was appointed

- Mark Alflatt (Chief Financial Officer) – Executive Director, appointed 29 February 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.

Research and Development

During the year ended 31 December 2015 the Company invested a total of $41.3 million ($45.8 million) in research and development expenditures to support the development of future products and markets. A total of $29.9 million (2014: $33.3million) was charged to the income statement in the year. In addition, $11.4million (2014: $12.5 million) was capitalised as internally developed intangible assets. The investments improved and expanded our IM, I-C and I-PPF software applications and enhanced our kiosk, dry lab and scanner product lines. The Company plans to continue to invest in research and development.

Dividends

No dividends were paid in 2015 or declared in respect of the year ended after 31 December, 2015.

Group Directors' Report *(continued)*

Political Donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Employee Matters

The Group recognises that its employees are key to successfully delivering its strategy and sustaining future business. With approximately 2,840 employees at the end of 2015 (2014: 3,200) in 30 (2014: 32) countries, the Group relies on talented people who are committed to achieve its objectives.

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

The Group 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 Group's workforce is a significant force for innovation and assists the Group in responding to customer requirements.

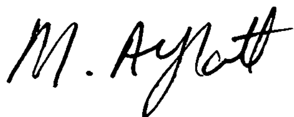
Disclosure of Information to Auditor

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.

Approved by the board on 21 April 2016, and signed on its behalf,



Mark Alflatt
Director, Chief Financial Officer
Hemel One Boundary Way
Hemel Hempstead
Hertfordshire, HP2 7YU

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 financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU 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 Group and the parent company will continue in business.

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

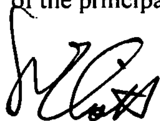
Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, 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 strategic & directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Mark Elliott
Chairman – Kodak Alaris Holdings Ltd
21 April 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAK ALARIS HOLDINGS LIMITED

We have audited the financial statements of Kodak Alaris Holdings Limited for the year ended 31 December 2015 set out on pages 19 to 73. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the 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 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

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
21 April 2016

Consolidated Income Statement

for the year ended 31 December 2015

	Note	Group 2015 $000	Group 2014 $000
Revenue	3	**931,182**	1,056,488
Cost of sales		**(695,065)**	(806,190)
Gross profit		**236,117**	250,298
Administrative expenses	4	**(210,171)**	(240,028)
Other operating expenses	5	**(11,256)**	(9,021)
Research and development expensed		**(29,858)**	(33,331)
Operating loss		**(15,168)**	(32,082)
Analysis of results from operating activities			
EBITDA		**61,732**	62,885
Depreciation		(31,507)	(33,497)
Amortisation		(35,129)	(22,373)
Exceptional items		(10,264)	(39,097)
Results from Operating activities		**(15,168)**	(32,082)
Financial income	9	**665**	6,846
Financial expenses	9	**(67,998)**	(52,012)
Loss before tax		**(82,501)**	(77,248)
Taxation	10	**(998)**	(6,022)
Loss for the year		**(83,499)**	**(83,270)**

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

All operations are continuing.

The notes on pages 27 to 73 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Note	**Group 2015 $000**	**Group 2014 $000**
Loss for the year		**(83,499)**	(83,270)
Other comprehensive (loss)/ income			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit liability	*20*	**(3,663)**	(11,605)
Deferred tax on other comprehensive loss for the year	*14*	**1,089**	3,137
Items that may be reclassified to profit or loss:			
Foreign currency translation differences – foreign operations		**(8,880)**	(376)
Other comprehensive loss for the year, net of income tax		**(11,454)**	(8,844)
Total comprehensive loss for the year		**(94,953)**	**(92,114)**

The notes on pages 27 to 73 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2015

	Note	Group 2015 $000	Group 2014 $000
Non-current assets			
Property, plant and equipment	*11*	**79,169**	111,488
Intangible assets	*12*	**350,842**	325,865
Goodwill	*12*	**139,304**	138,173
Trade and other receivables	*16*	**266**	12,351
Investments in equity-accounted investees	*13*	**492**	18,670
Deferred tax assets	*14*	**17,048**	12,263
		587,121	618,810
Current assets			
Inventories	*15*	**77,267**	99,740
Deferred tax assets	*14*	**2,849**	
Income and other tax receivable	*10*	**1,186**	-
Trade and other receivables	*16*	**163,312**	205,607
Cash and cash equivalents	*17*	**35,827**	80,028
		280,441	385,375
Total assets		**867,562**	**1,004,185**
Current liabilities			
Other interest-bearing loans and borrowings	*18*	**(15,884)**	(18,553)
Trade and other payables	*19*	**(193,681)**	(213,978)
Deferred tax liability	*14*	**(495)**	-
Tax payable	*10*	**-**	(6,191)
Provisions	*21*	**(8,560)**	(11,596)
		(218,620)	(250,318)
Non-current liabilities			
Other interest-bearing loans and borrowings	*18*	**(637,757)**	(613,585)
Other payables	*19*	**(12,322)**	(29,992)
Employee benefits	*20*	**(20,986)**	(32,795)
Provisions	*21*	**(8,511)**	(10,767)
Deferred tax liabilities	*14*	**(9,944)**	(12,353)
		(689,520)	(699,492)
Total liabilities		**(908,140)**	**(949,810)**
Net (liabilities)/ assets		**(40,578)**	**54,375**
Equity attributable to equity holders of the parent			
Share capital	22	**167,000**	167,000
Retained deficit	22	**(202,416)**	(116,343)
Translation reserve	22	**(5,162)**	3,718
Total equity		**(40,578)**	**54,375**

The notes on pages 27 to 73 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 April 2016 and were signed on its behalf by:

Mark Alflatt
Chief Financial Officer
Company registered number: 8550309

Company Balance Sheet

at 31 December 2015

	Note	Company 2015 $000	Company 2014 $000
Non-current assets			
Intangible assets	*12*	**147,881**	15,047
Trade and other receivables	*16*	**383,494**	556,895
Other investments	*13*	**-**	17,860
Investments in subsidiaries	*13*	**246,308**	245,895
		777,683	835,697
Current assets			
Tax receivable		**3,069**	5,260
Trade and other receivables	*16*	**200**	10,692
Cash and cash equivalents	*17*	**8,272**	30,656
		11,541	46,608
Total assets		**789,224**	**882,305**
Current liabilities			
Other interest-bearing loans and borrowings	*18*	**(56,229)**	(5,055)
Trade and other payables	*19*	**(1,486)**	(2,181)
		(57,715)	(7,236)
Non-current liabilities			
Other interest-bearing loans and borrowings	*18*	**(668,762)**	(750,818)
Other payables	*19*	**-**	(17,094)
Deferred tax liabilities	*14*	**-**	(943)
		(668,762)	(768,855)
Total liabilities		**(726,477)**	**(776,091)**
Net assets		**62,747**	**106,214**
Equity attributable to equity holders of the parent			
Share capital	*22*	**167,000**	167,000
Retained deficit	*22*	**(104,253)**	(60,786)
Total equity		**62,747**	**106,214**

The notes on pages 27 to 73 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 April 2016 and were signed on its behalf by:

Mark Alflatt
Chief Financial Officer
Company registered number: 8550309

Statement of Changes in Equity

Group

	Note	**Share capital $000**	**Translation reserve $000**	**Retained deficit $000**	**Total equity $000**
Balance at 1 January 2014		167,000	4,094	(24,605)	146,489
Loss for the year		-	-	(83,270)	(83,270)
Items that will not be recycled to profit or loss:					
Re-measurement of defined benefit liability	20, 22	-	-	(11,605)	(11,605)
Deferred tax on other comprehensive loss for the year	14	-	-	3,137	3,137
Items that are or may be recycled to profit or loss:					
Foreign currency translation differences – foreign operations, net	22	-	(376)	-	(376)
Loss for the year		**-**	**(376)**	**(91,738)**	**(92,114)**
Balance at 31 December 2014		**167,000**	**3,718**	**(116,343)**	**54,375**
Balance at 1 January 2015		167,000	3,718	(116,343)	54,375
Loss for the year		-	-	(83,499)	(83,499)
Items that will not be recycled to profit or loss:					
Re-measurement of defined benefit liability	20, 22	-	-	(3,663)	(3,663)
Deferred tax on other comprehensive loss for the year	14	-	-	1,089	1,089
Items that are or may be recycled to profit or loss:					
Foreign currency translation differences – foreign operations, net	22	-	(8,880)	-	(8,880)
Loss for the year		**-**	**(8,880)**	**(86,073)**	**(94,953)**
Balance at 31 December 2015		**167,000**	**(5,162)**	**(202,416)**	**(40,578)**

The notes on pages 27 to 73 form part of these financial statements.

Statement of Changes in Equity

Company

	Share Capital $000	Retained deficit $000	Total parent equity $000
Balance at 1 January 2014	167,000	(26,964)	140,036
Loss for the year	-	(33,822)	(33,822)
Loss for the year	**-**	**(33,822)**	**(33,822)**
Balance at 31 December 2014	**167,000**	**(60,786)**	**106,214**
Balance at 1 January 2015	167,000	(60,786)	106,214
Loss for the year	-	(43,467)	(43,467)
Loss for the year	**-**	**(43,467)**	**(43,467)**
Balance at 31 December 2015	**167,000**	**(104,253)**	**62,747**

The notes on pages 27 to 73 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Note	Group 2015 $000	Group 2014 $000
Cash flows from operating activities			
Loss for the year		(83,499)	(83,270)
Adjustments for:			
Depreciation charge	*11*	31,507	32,547
Amortisation and impairment charge	*11,12*	35,129	45,467
Loss on disposal of property, plant and equipment		2,216	7
Gain on sale of subsidiary	*2*	(30)	-
Negative goodwill	*2*	(15,609)	(10,817)
Investment provision	*13*	17,860	-
Pension fund curtailment		(11,435)	
Tax expense	*10*	998	6,022
Net foreign exchange losses/ (gains)		23,751	(5,065)
Net financial expense	*9*	43,582	45,166
		44,470	**30,057**
Decrease/ (increase) in trade and other receivables	*16*	44,648	42,809
Decrease/ (increase) in inventories	*15*	25,902	(37,120)
(Decrease)/ increase in trade and other payables	*19*	(44,972)	(47,412)
Increase/ (decrease) in other liabilities		-	3,255
(Decrease)/ increase in tax payable		(17,807)	(15,862)
(Decrease)/ increase in pension obligations	*20*	(2,948)	3,015
Net cash from operating activities		**49,293**	**(21,258)**
Cash flows from investing activities			
Cash used in the purchase of property, plant and equipment	*11*	(20,543)	(37,669)
(Acquisition of business)/ Economic Benefit received	*2*	2,977	30,352
Acquisition of other intangible assets	*12*	(23,059)	(2,500)
Internally developed other intangible assets	*12*	(11,365)	(13,753)
Acquisition of investment in associate	*13*	-	(17,860)
Disposal of property, plant and equipment	*11*	-	424
Disposal of subsidiary		2,688	-
Interest received		365	100
Net cash used in investing activities		**(48,937)**	**(40,906)**
Cash flows from financing activities			
Repayment of loan	*18*	(6,000)	(19,600)
(Decrease)/ Increase in other borrowings	*18*	(6,100)	15,992
Interest paid		(18,281)	(18,257)
Net cash from financing activities		**(30,381)**	**(21,865)**
Net decrease in cash and cash equivalents		**(30,025)**	**(84,029)**
Cash and cash equivalents at beginning of the year		**80,028**	**164,057**
Effect of exchange rate fluctuations on cash held		**(14,176)**	**-**
Cash and cash equivalents at 31 December	*17*	**35,827**	**80,028**

The notes on pages 27 to 73 form part of these financial statements.

Cash Flow Statement
for the year ended 31 December 2015

	Note	Company 2015 $000	Company 2014 $000
Cash flows from operating activities			
Loss for the year		(43,466)	(33,822)
Adjustments for:			
Amortisation and impairment	*11,12*	2,166	4,489
Investment provision		17,860	
(Decrease)/increase in deferred tax provision		-	(818)
Increase in tax charge	*10*	(1.420)	(3,444)
Foreign exchange loss		1,693	-
Net financial expense	*9*	18,730	15,498
		(4,437)	**(18,097)**
Decrease/ (increase) in trade and other receivables	*16*	772	(172)
(Decrease)/ increase in interest payable	*18*	-	(397)
(Decrease)/ increase in trade and other payables	*19*	(10,485)	4,347
Increase in tax payable		2,668	-
Net cash from operating activities		**(11,482)**	**(14,319)**
Cash flows from investing activities			
Investment in subsidiaries		-	(11,690)
Acquisition of other investments	*13*	-	(17,860)
Acquisition of other intangible assets	*12*	-	(2,500)
Interest received		24,153	24,210
Net cash used in investing activities		**12,671**	**(7,840)**
Cash flows from financing activities			
Repayment of loan	*18*	(6,000)	(19,600)
Net decrease/ (increase) in loans and advances to Group undertakings		(185,548)	(100,896)
Increase in loans and advances from Group undertakings	*18*	175,556	130,897
Interest paid		(16,957)	(16,992)
Net cash from financing activities		**(32,949)**	**(6,591)**
Net decrease in cash and cash equivalents		**(20,278)**	**(28,750)**
Cash and cash equivalents at 1 January 2015		**30,656**	**59,406**
Effect of exchange rate fluctuations on cash held		**(2,106)**	-
Cash and cash equivalents at 31 December 2015	*17*	**8,272**	**30,656**

The notes on pages 27 to 73 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

1.1 Basis of Preparation

Kodak Alaris Holdings Limited is a company incorporated and domiciled in the United Kingdom ("UK").

The group financial statements consolidate those of the Company and its subsidiaries, together referred to as the "Group".

Both the parent company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). 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.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 30.

Accounting developments
Impact of new accounting standards
There have been no new or amended accounting standards that have been adopted by the Group in the year ended 31 December 2015.

New standards and interpretations not yet adopted
The following standards are in issue but not yet effective and have not been adopted by the Group:

IFRS 9 'Financial Instruments' (2009 and 2010) – not yet endorsed by the European Union. It will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets.

IFRS 15 'Revenue from Contracts with Customer' – replaces IAS18 'Revenues' and introduces a five step approach to revenue recognition based on performance obligations in customer contracts. The International Accounting Standards Board (IASB) has proposed to issue some clarifications and to defer the standard's effective date of 1 January 2017 to 1 January 2018.

IFRS 16 'Leases' – replaces IAS 17 'Leases' and the most significant effect of the new requirements will be an increase in lease assets and financial liabilities. The standard is effective from 1 January 2019.

Amendment to IAS 1 on presentation of financial statements. The effective date for the Group is also subject to European Union endorsement.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' on depreciation and amortization.

Annual improvements to IFRSs': 2012-14 cycle

The Group has not completed its assessment of the impact of these pronouncements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except where the Company has assets and liabilities that are stated at their fair value such as derivative financial instruments.

1.3 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. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 18.

1.4 Critical accounting estimates and judgements

The reported results of the Group for the financial year ended 31 December 2015 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the Group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed in Note 30.

1.5 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 India Private Limited, which has a 31 March year-end in line with Indian legislation.

Investments in associates

Investments in associates are stated using the equity method.

1.6 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group 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, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. 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. 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 year 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 or non-controlling interest, as the case may be.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Foreign currency (continued)

Exchange differences arising from a monetary item, receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are recognised directly in the translation reserve.

Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

1.7 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); and 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.

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.

1.8 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 balances and call deposits. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Derivative financial instruments

Derivative financial instruments

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

1.10 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.

1.11 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

1.12 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 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 intends, 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 and capitalised borrowing costs. 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.

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 – 10 to 15 years
- Capitalised development costs – 3 to 5 years
- Capitalised software development costs – up to 3 years
- Trademarks – indefinite life
- Land use rights – 25 years

1.14 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 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 each year at the same time.

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. 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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.16 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 or are deep only at low maturities, they are based on government bonds or synthetic yield curves (primarily non-Eurozone countries).

Remeasurements 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.17 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.

1.18 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, training and education. Service revenue is recognised by reference to the stage of completion or, where the service is provided on a continuous basis, ratably 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 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 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.19 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). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. 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.

1.20 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.

Notes *(continued)*

2 Acquisitions and disposal of subsidiaries

Acquisitions

On 30 May 2013, KPP Trustees Limited ("KPP") established Kodak Alaris Holdings Limited ("Kodak Alaris") to acquire the net assets of the Paper & Output Systems (I-PPF), Retail Systems & Solutions (I-C) and Document Imaging (IM) businesses from EKC for an initial $650 million. On 3 September 2013, consideration of $525 million was paid in cash together with the assignment of a $125.0 million KPP promissory note in favour of the Company to EKC.

The businesses were purchased by Kodak Alaris on behalf of KPP as trustee for the U.K. Pension Plan, in conjunction with the settlement of claims KPP had against EKC under its Chapter 11 bankruptcy.

The consideration paid related to the entire I-PPF, I-C and IM business but control of all territories did not pass to the Company at that time. Those territories that did not transfer on the date of closing are referred to as delayed close entities. The consideration that was paid but related to delayed close entities was accounted for as a prepayment as at the balance sheet date. During 2014, operations in China, Brazil and India, with the exception of one entity in China came under the control of the Group. During 2015 the last remaining entity in China came under the control of the Group. As of 31 December 2015, all territories have now transferred control to the Group. A net Economic Benefit of $3 million (2014: $30m) arose in the year for the entities that closed after the initial closing but before 31 December 2015, effectively reducing the purchase price by the same amount.

Notes *(continued)*

2 Acquisitions and disposal of subsidiaries *(continued)*

Acquisitions (continued)

The acquisition had the following effect on the Group's assets and liabilities. The consideration reported in relation to the economic (benefit)/detriment represents amounts expected to be (received from)/paid to EKC for delayed closings that occurred during the reporting period.

	Recognized values on acquisition (excluding deferred closings) (2)	Recognized values on acquisition (excluding deferred closings) (1)
	2015	2014
	$000	$000
Acquiree's net assets at the acquisition date:		
Property, plant and equipment	2,761	6,412
Intangible assets	12,960	11,109
Inventories	4,160	10,007
Trade and other receivables	169	27,517
Trade and other payables	-	(22,431)
Other liabilities	(117)	(7,100)
Pension obligations	-	(16)
Deferred tax liabilities	-	(2,127)
Net identifiable assets and liabilities	**19,933**	**23,371**
Purchase consideration:		
Amounts attributable to deferred closing entities	7,301	36,018
Amounts attributable to deferred closing entities	-	8,678
Economic benefit adjustment	(2,977)	(30,352)
Total consideration	**4,324**	**14,344**
Negative Goodwill on acquisition	**(15,609)**	**(9,027)**

(1) This section of the table represents the recognized values for all subsidiaries transferred from EKC to the Company after 31 December 2013 but before 31 December 2014.

(2) This section of the table represents the recognized values for all subsidiaries transferred from EKC to the Company after 31 December 2014 but before 31 December 2015.

Goodwill arose on the acquisition during 2013 because the fair value of acquired assets and liabilities plus identifiable intangible assets was less than the purchase price including the economic detriment and the working capital adjustments.

During 2015 the allocation of the purchase price and the valuation of acquired assets, liabilities and intangibles resulted in negative goodwill in certain entities. The $16 million (2014: $9 million) of negative goodwill presented in the preceding table is a net figure with the amount of positive and negative goodwill indicated below.

	2015	2014
	$000	$000
Positive goodwill	-	1,790
Negative goodwill (taken to income)	(15,609)	(10,817)
Goodwill on acquisition	(15,609)	(9,027)

Goodwill is comprised of intangible assets that do not qualify for separate recognition including workforce valuations which represents the after tax value of recruitment, training and lost productivity costs that are avoided with the acquisition of an assembled workforce. The composition of goodwill is discussed further in Note 12.

Notes *(continued)*

2 Acquisitions and disposal of subsidiaries *(continued)*

Acquisitions (continued)

Identifiable assets acquired and liabilities assumed

The Group acquired the remaining micrographics service business from Eastman Park Micrographics (EPM) on 01 January 2015.

	Note	Fair values recognised at date of acquisition $000
Intangible assets		2,449
Inventories		729
Deferred revenue		(3,131)
Net identifiable assets and liabilities		**47**
Consideration paid		
Promissory note	*18*	500
Assumed loan notes	*18*	4,950
Short term note payable		2,500
Total consideration		**7,950**
Goodwill arising on acquisition		7,903

Acquisition related costs

The Group incurred acquisition related cost of $0.8 million (2014: $10 million) primarily related to legal services and advisor fees. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

Disposals

The Group sold one subsidiary, Kodak Alaris Imaging Materials (Xiamen) Co. Ltd., on 01 December 2015.

	Recognised values at date of disposal 2015 $000
Net assets at the disposal date:	
Property, plant and equipment	134
Intangible assets	128
Cash and cash equivalents	994
Inventories	1,460
Trade and other receivables	2,600
Trade and other payables	(1,535)
Other long term liabilities	(13)
Tax liabilities	(116)
Net identifiable assets and liabilities	**3,652**
Consideration received:	
Cash received	3,682
Total consideration	**3,682**
Gain on disposal of subsidiary	**30**

Notes *(continued)*

3 Revenue – Group

	IM $000	I-C $000	I-PPF $000	Other $000	Total 2015 $000
Sale of goods	152,696	291,507	285,465	-	729,668
Rendering of services	115,906	82,347	3,261	-	201,514
Total revenues	**268,602**	**373,854**	**288,726**	**-**	**931,182**

	IM $000	I-C $000	I-PPF $000	Other	Total 2014 $000
Sale of goods	184,250	278,644	354,577	-	817,471
Rendering of services	122,092	113,481	12,589	(9,145)	239,017
Total revenues	306,342	392,125	367,166	(9,145)	1,056,488

Geographical split of revenue

	USA and Canada $000	Europe, Middle East and Africa $000	Latin America $000	Asia Pacific $000	Total 2015 $000
Sale of goods	234,054	220,506	82,625	191,461	728,646
Rendering of services	107,661	64,591	8,290	21,994	202,536
Total revenues	**341,715**	**285,097**	**90,915**	**213,455**	**931,182**

	USA and Canada $000	Europe, Middle East and Africa $000	Latin America $000	Asia Pacific $000	Total 2014 $000
Sale of goods	273,726	259,136	93,139	191,470	817,471
Rendering of services	124,530	88,725	4,332	21,430	239,017
Total revenues	398,256	347,861	97,471	212,900	1,056,488

Notes *(continued)*

4 Administrative expenses

	2015 $000	2014 $000
Advertising	21,658	22,194
Marketing	20,487	23,463
Sales expenses	48,944	54,065
Depreciation and amortisation	42,644	30,248
Impairment of property, plant and equipment	116	1,285
General and Administrative	66,058	69,676
Ongoing administration expenses	**199,907**	200,931
Legal and professional fees	1,005	10,422
Information systems separation costs	8,932	11,788
Investment provision	17,860	-
Pension curtailment	(11,435)	-
Impairment of intangible assets	-	17,011
Negative goodwill	(15,609)	(10,817)
Restructuring costs	9,511	10,693
Exceptional items	**10,264**	39,097
	210,171	240,028

5 Other operating expenses

	2015 $000	2014 $000
Rent expenses	7,949	6,744
Other	3,307	2,277
	11,256	9,021

Notes *(continued)*

6 Auditor's remuneration:

	2015 $000	2014 $000
Audit of these financial statements	637	661
Audit of the statutory financial statements of subsidiaries of the Company	998	1,280
	1,635	**1,941**

Amounts receivable by the Company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is $nil (2014: $nil).

No amounts have been paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements and those of its subsidiaries (2014: $nil).

7 Staff numbers and costs

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

Group	**Number of Employees 2015**	**Number of Employees 2014**
Country/Region		
United Kingdom	405	465
United States	1,351	1,391
Europe, Africa, Middle East	314	346
Asia-Pacific	820	798
Latin America	235	235
	3,125	3,235
Segment		
IM	1,078	1,155
I-C/I-PPF	1,091	1,482
Shared	956	598
	3,125	3,235

The aggregate payroll costs of these persons were as follows:

	2015 $000	2014 $000
Wages and salaries	204,383	218,512
Social security costs	47,114	44,430
Contributions to defined contribution plans	11,536	14,349
Expenses related to defined benefit plans	1,616	1,832
	264,649	279,123

Notes *(continued)*

8 Directors' remuneration

Group

	2015 $000	2014 $000
Directors' emoluments	1,928	1,717
Amounts receivable under short term, variable pay schemes	676	603
Company contributions to defined contribution pension plans	120	138
Benefits in kind	16	-
Severance payment	346	-
Amounts paid to third parties in respect of directors' services	505	311
	3,591	2,769

The aggregate of emoluments of the highest paid director was $982k (2014: $653k) and Company pension contributions of $nil (2014: $60k) were made to a money purchase scheme on his behalf.

	Number of directors 2015	Number of directors 2014
Retirement benefits are accruing to the following number of directors under:		
Defined contribution pension schemes	4	5

9 Finance income and expense

	2015 $000	2014 $000
Finance income		
Interest income financial assets	365	100
Foreign exchange gain	300	6,746
Total finance income	**665**	6,846
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	42,212	39,498
Interest expense on pension obligations	601	874
Foreign exchange loss	24,051	11,436
Interest paid	1,134	204
Total finance expense	**67,998**	52,012

Notes *(continued)*

10 Taxation

Recognised in the income statement

	2015 $000	2014 $000
Current tax expense		
Current year:		
United Kingdom	859	(838)
Foreign	8,886	12,799
Adjustments for prior year	(2,617)	(391)
Current tax expense	**7,128**	11,570
Deferred tax credit		
Origination and reversal of temporary differences	(15,068)	(37,933)
Reduction in tax rate	192	(2,513)
Current year losses for which no deferred tax asset was recognised	17,404	34,898
	(8,658)	-
Deferred tax credit	**(6,130)**	(5,548)
Total tax expense	**998**	6,022

Reconciliation of effective tax rate

	2015 $000	2014 $000
Loss for the year	(83,499)	(83,270)
Total tax expense	998	6,022
Profit excluding taxation	**(82,501)**	(77,248)
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	(16,706)	(16,608)
Effect of tax rates in foreign jurisdictions	797	(11,991)
Reduction in tax rate on deferred tax balances	191	(2,513)
Non-deductible expenses	8,394	2,246
Current year losses for which no deferred tax asset was recognised	17,404	34,898
Over provided in prior years	(9,082)	(10)
Total tax expense	**998**	6,022

Income tax recognised in other comprehensive income

	2015 $000	2014 $000
Foreign exchange translation differences	-	-
Minimum pension liability	(1,089)	(3,137)
Total tax recognised in other comprehensive income	**(1,089)**	(3,137)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were 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. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on these rates.

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

Notes *(continued)*

11 Property, plant and equipment

Group

	Land and buildings $000	Plant and equipment $000	Rental Equipment $000	Under construction $000	Total $000
Cost					
Balance at 1 January 2014	30,024	41,999	37,469	746	110,238
Acquisitions through business combinations	2,309	2,749	1,311	43	6,412
Other acquisitions	3,692	5,671	13,232	15,074	37,669
Disposals	(124)	(497)	(244)	-	(865)
Balance at 31 December 2014	35,901	49,922	51,768	15,863	153,454
Balance at 1 January 2015	35,901	49,922	51,768	15,863	153,454
Transfer to Intangible assets	-	-	-	(15,863)	(15,863)
Acquisitions through business combinations	2,761	-	-	-	2,761
Other acquisitions	20	8,331	10,823	1,235	20,409
Disposals	(1,310)	-	(2,270)	(110)	(3,690)
Transfer from Construction in progress	-	1,149	-	(1,149)	-
Effect of movements in foreign exchange	(1,606)	(497)	(10,045)	24	(12,124)
Balance at 31 December 2015	**35,766**	**58,905**	**50,276**	-	**144,947**
Depreciation and impairment					
Balance at 1 January 2014	(614)	(4,403)	(4,836)	-	(9,853)
Depreciation charge for the year	(6,299)	(11,374)	(13,589)	-	(31,262)
Impairment losses	-	(1,285)	-	-	(1,285)
Depreciation on disposals	8	252	174	-	434
Balance at 31 December 2014	(6,905)	(16,810)	(18,251)	-	(41,966)
Balance at 1 January 2015	(6,905)	(16,810)	(18,251)	-	(41,966)
Depreciation charge for the year	(2,361)	(13,120)	(15,910)	-	(31,391)
Impairment losses	-	(116)	-	-	(116)
Depreciation on disposals	42	-	1,432	-	1,474
Effect of movements in foreign exchange	356	258	5,607	-	6,221
Balance at 31 December 2015	**(8,868)**	**(29,788)**	**(27,122)**	-	**(65,778)**
Net book value at 31 December 2014	28,996	33,112	33,517	15,863	111,488
Net book value at 31 December 2015	**26,898**	**29,117**	**23,154**	**-**	**79,169**

Property plant and equipment under construction at 31 December 2015 totalled $nil (2014:$16 million) primarily tooling and machinery. The amount of borrowing costs capitalised during the year was nil (2014: 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 $0.1 million (2014: $1 million) has been recognised in the year.

Notes *(continued)*

12 Intangible assets

Group

	Goodwill $000	Customer Relationships $000	Trademarks and Patents $000	Development costs $000	Other $000	Total $000
Cost						
Balance at 1 January 2014	136,383	119,271	214,892	10,266	8,433	489,245
Acquisitions through business combinations	1,790	11,109	-	-	-	12,899
Other acquisitions – internally developed	-	-	-	12,536	1,217	13,753
Other acquisitions – externally purchased	-	-	-	-	2,500	2,500
Balance at 31 December 2014	138,173	130,380	214,892	22,802	12,150	518,397
Balance at 1 January 2015	138,173	130,380	214,892	22,802	12,150	518,397
Transfer from Property, Plant & Equipment	-	-	-	-	15,863	15,863
Disposals	-	(320)	-	-	-	(320)
Acquisitions through business combinations	-	-	-	-	12,960	12,960
Other acquisitions – internally developed	-	-	-	11,365	-	11,365
Other acquisitions – externally purchased	7,903	-	-	-	25,700	33,603
Effect of movements in foreign exchange	(6,772)	(5,784)	-	-	(505)	(13,061)
Balance at 31 December 2015	**139,304**	**124,276**	**214,892**	**34,167**	**66,168**	**578,807**
Amortisation and impairment						
Balance at 1 January 2014	-	(2,773)	(3,211)	(725)	(2,183)	(8,892)
Amortisation for the year	-	(9,062)	(8,985)	(4,798)	(5,611)	(28,456)
Impairment charge for the year	-	(7,823)	(9,188)	-	-	(17,011)
Balance at 31 December 2014	-	(19,658)	(21,384)	(5,523)	(7,794)	(54,359)
Balance at 1 January 2015	-	(19,658)	(21,384)	(5,523)	(7,794)	(54,359)
Amortisation for the year	-	(13,626)	(7,079)	(8,663)	(5,761)	(35,129)
Effect of movements in foreign exchange	-	824	-	-	3	827
Balance at 31 December 2015	-	**(32,460)**	**(28,463)**	**(14,186)**	**(13,552)**	**(88,661)**
Net book value at 31 December 2014	138,173	110,722	193,508	17,279	4,356	464,038
Net book value at 31 December 2015	**139,304**	**91,816**	**186,429**	**19,981**	**52,616**	**490,146**

Other intangible assets are primarily comprised of the following:
- Development cost of our IT network under construction
- The net balance of deferred costs associated with Kiosks and APEX Dry Labs provided at no charge to key customers and expected to be recovered through the sale of consumables.
- Right of use of land Wuxi, China

Refer to Accounting Polices note 1.13 for further details.

The amortisation expense on other intangibles is recognised in cost of sales in the income statement.

Valuation approaches
In the valuing of intangible assets, neither an active market nor recent market transactions were available and other valuation techniques were used. Valuation techniques applied to appraisal of an intangible asset were broadly classified into one of three approaches: the cost, the market, or the income approach. All three approaches were considered, and the approach or approaches deemed most relevant was then selected for use in the valuation of that asset.

Notes *(continued)*

12 Intangible assets *(continued)*

Goodwill

Goodwill has arisen on the acquisition because the fair value of acquired assets and liabilities plus identifiable intangible assets is less than the purchase price including the economic benefit/detriment and the working capital adjustments. Goodwill was allocated to the to the I-PPF/ I-C and IM Cash Generating Units (CGUs) by determining the difference in the value of the churned customer relationships, which is recognised as a separate intangible asset, and the un-churned customer relationships for each CGU, together with the workforce values for each CGU.
The work force valuation includes the after tax value of recruitment, training and lost productivity costs that are avoided with the acquisition of an assembled workforce.

This figure was adjusted to account for the economic detriment and the working capital adjustments attributed to each CGU. I-PPF was excluded from this analysis as future new customers were not expected in these businesses. Of the $134 million in goodwill at acquisition, $107 million was allocated to IM and $27 million was allocated to I-C.

Goodwill has arisen on the acquisition of EPM during the year as the fair value of acquired assets and liabilities plus identifiable intangible assets is less than the purchase price.

Trademarks and patents

In valuing the trademarks the relief from royalty method was used to calculate the value of the asset by determining the value of the hypothetical royalty payments which would be avoided through ownership of the asset, as compared to licensing the asset from a third party. A royalty rate of 4.0% for IM and 0.5% for I-PPF/ I-C, covered all of the transferred trademarks and the Kodak Brand Licence. A weighted average cost of capital of 10.0% and 10.5% was used to value the royalty-free licence for IM and I-PPF/ I-C respectively. The discount rates included a premium of 0.5% and 2.0%, for IM and I-PPF/ I-C respectively, to reasonably reflect the additional risk and relative required returns associated with the these intangible assets. The higher rate in I-PPF/ I-C is due to the low margin and relative asset mix in the business.

In valuing the patents royalty rates of 3.0% and 0.5% were used for IM and I-PPF/ I-C respectively. This covers all of the patents and software transferred and licensed. The grant dates of the owned patents were used to create an attrition curve to determine the remaining useful economic life of the transferred patents.

Customer relationships

The multi-period excess earnings method was used to calculate the fair value of acquired customer relationships. The profits attributable to IM and I-PPF/ I-C were identified at the individual country and regional levels. This involved allocating the forecasted regional revenue for the 5 years to 2017 to individual countries based on the 2012 revenue contribution of each country under Kodak operations, which were then allocated to the limited risk distributers and to the regional principal entities. The revenues were adjusted for expected attrition in the acquired customer base.

Using adjusted forecast revenues, profitability was estimated and subjected to contributory asset charges. For Limited Risk Distributors (LRD's), these include charges for working capital, fixed assets and the assembled and trained workforce. For Principal companies these include the contributory asset charges previously mentioned as well as charges for the use of the Kodak trade name (4.0% for IM, 0.5% for I-PPF/ I-C) and the knowledge assets (3.0% for IM, 0.5% for I-PPF/ I-C). The forecast revenue and costs have been adjusted to remove the margin attributable to deferred revenue that has been received upfront from customers for these services, as the liability for these services is recorded on the balance sheet. The useful economic life of the customer relationships were determined to be between 10 and 15 years due to the longevity expectations for the relationships. The customer relationships' excess earnings were discounted using discount rates applicable for each specific country and a blended weighted cost of capital for the countries.

EPM customer relationships acquired during the year were valued using the comparative income differential method.

Notes *(continued)*

12 Intangible assets *(continued)*

Other intangibles

During the year the Group acquired the right of use of land in Wuxi, China which is included in other intangibles (under Chinese law, all land in China is owned by the Chinese government). The right of use of land can be traded and has been valued on an active market basis.

Impairment review

Goodwill

The Group's policy is to test goodwill for impairment annually or more frequently if there are indications that it might be impaired.

During 2015 the carrying value of goodwill has been assessed by reference to value in use. This has been estimated using cash flows, for the IM and I-C cash generating units, from the most recent forecasts prepared by management, including the budget for the year and the 5 year business plan for periods thereafter. Beyond this period inflationary growth was assumed.

The key assumptions for the impairment tests are the discount rate and, in the cash flow projections the growth rates and the impact of the foreign exchange rates on global sales. Impairment tests are performed using prevailing exchange rates.

The pre-tax cash flow projections have been discounted at 10.4% for I-C and 10.5% for IM, based on the weighted average cost of capital, adjusted for specific risk where appropriate.

The analysis performed indicated that there had been no impairment in the carrying value of goodwill during the year ended 31 December 2015 or to the point the accounts have been approved.

Other Intangibles

Customer Relationships, Trademarks and Patents have been reviewed for impairment in accordance with the requirements of IAS 36 *Impairment of Assets*. Where an impairment test was considered necessary, the carrying value has been assessed by reference to value in use. These have been estimated using cash flows from the most recent forecasts prepared by management, including the budget for the year and the 5 year business plan for periods thereafter. Beyond this period inflationary growth was assumed.

The key assumptions for the impairment tests are the discount rate and, in the cash flow projections, the growth rates and the impact of the foreign exchange rates on global sales. Impairment tests are performed using prevailing exchange rates.

The analysis performed indicated that there had been no impairment in the carrying value of other intangibles during the year ended 31 December 2015 or to the point the accounts have been approved.

In 2014 an impairment charge was calculated in relation to the I-PPF division for Customer Relationships of $7.8m and for Trademarks and Patents of $9.2m.

Notes *(continued)*

12 Intangible assets *(continued)*

Company

The Company has patents and other intangibles are denominated in USD.

	Other Intangibles $000	Trademarks and Patents $000	Total $000
Cost			
Balance at 1 January 2014	-	17,921	17,921
Additions	2,500	-	2,500
Balance at 31 December 2014	2,500	17,921	20,421
Balance at 1 January 2015	2,500	17,921	20,421
Additions	-	135,000	135,000
Balance at 31 December 2015	2,500	152,921	155,421
Amortisation and impairment			
Balance at 1 January 2014	-	(885)	(885)
Impairment charge	-	(1,968)	(1,968)
Amortisation charge	-	(2,521)	(2,521)
Balance at 31 December 2014	-	(5,374)	(5,374)
Balance at 1 January 2015	-	(5,374)	(5,374)
Amortisation charge	-	(2,166)	(2,166)
Balance at 31 December 2015	-	(7,540)	(7,540)
Net book value at 31 December 2014	2,500	12,547	15,047
Net book value at 31 December 2015	**2,500**	**145,381**	**147,881**

Based on the same assessment techniques as described for the Group, the Company did not identify any impairment charge in 2015 (2014: I-PPF division for Trademarks & Patents $2m).

On 1 July 2015, the Company purchased the Kodak brand license from its subsidiary Kodak Alaris IPCo Switzerland Sarl. The transfer value was $135M, which was based on a discounted cash flow calculation of future intercompany royalties, based on revenue projections from the Group's most recent 5 year plan. This value was agreed with the Swiss tax authorities

Notes *(continued)*

13 Investments in subsidiaries

Company	Country of Incorporation	Class of shares held	Ownership %	2015 $000	2014 $000
Kodak Alaris Argentina S.A.I.C. (2)	Argentina	Ordinary	75%	5,752	5,752
Kodak Alaris Australia Pty. Limited	Australia	Ordinary	100%	500	500
Kodak Alaris International Limited Zweigniederlassung Osterreich (1)	Austria	Ordinary	100%	-	-
Kodak Alaris Belgium SA (3)	Belgium	Ordinary	99%	224	224
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda. (3)	Brazil	Ordinary	99%	2,082	2,082
Kodak Alaris (Brazil) Comércio de Material Fotográfico e Serviços Ltda. (3)	Brazil	Ordinary	99%	4,744	4,744
Kodak Alaris Operations Canada Inc.	Canada	Ordinary	100%	1,043	1,043
Kodak Alaris Imaging Materials (Xiamen) Co. Ltd. (5)	China	Ordinary	0%	-	-
Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd. (1)	China	Ordinary	100%	-	-
Kodak Alaris (Wuxi) Co. Ltd. (1)	China	Ordinary	100%	-	-
Kodak Alaris Management (Shanghai) Co. Ltd	China	Ordinary	100%	-	-
Kodak Alaris Denmark Branch, Fillial af Kodak Alaris International Limited (1)	Denmark	Ordinary	100%	-	-
Kodak Alaris International Limited, Finnish Branch (1)	Finland	Ordinary	100%	-	-
Kodak Alaris France SAS	France	Ordinary	100%	815	815
Kodak Alaris Germany GmbH	Germany	Ordinary	100%	6,034	6,034
Kodak Alaris Hong Kong Ltd.	Hong Kong	Ordinary	100%	2,600	2,600
Kodak Alaris Limited Ireland Branch (1)	Ireland	Ordinary	100%	-	-
Kodak Alaris India Private Limited	India	Ordinary	99.9%	1,755	750
Kodak Alaris Italy S.R.L.	Italy	Ordinary	100%	-	-
Kodak Alaris Japan Kabushiki-Kaisha	Japan	Ordinary	100%	2,314	2,314
Kodak Alaris Korea Limited	Korea	Ordinary	100%	600	600
Kodak Alaris Services Mexico, S.A. De C.V. (3)	Mexico	Ordinary	99.9%	4	-
Kodak Alaris Mexico S.A. de C.V. (3)	Mexico	Ordinary	99.9%	2,104	2,100
Kodak Alaris Netherlands B.V.	Netherlands	Ordinary	100%	-	-
Limited Liability Company Kodak Alaris Rus	Russia	Ordinary	100%	821	821
Kodak Alaris Singapore Pte. Ltd.	Singapore	Ordinary	100%	3,000	3,000
Kodak Alaris Spain, S.L.U.	Spain	Ordinary	100%	-	-
Kodak Alaris Sweden AB	Sweden	Ordinary	100%	7	7
Kodak Alaris IPCo Switzerland Sarl	Switzerland	Ordinary	100%	51,083	51,083
Kodak Alaris Switzerland Sarl	Switzerland	Ordinary	100%	2,242	2,242
Kodak Alaris Thailand Limited (4)	Thailand	Ordinary	0.01%	-	600
Kodak Alaris International Limited (1)*	United Kingdom	Ordinary	100%	515	515
Kodak Alaris Limited	United Kingdom	Ordinary	100%	18,069	18,069
Kodak Alaris International Limited Dubai Branch (1)	UAE	Ordinary	100%	-	-
Kodak Alaris Inc.	United States	Ordinary	100%	140,000	140,000
				246,308	245,895

* 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

(1) Held by subsidiary undertaking

(2) The Company holds 75% directly with the remainder held by other subsidiaries

(3) The Company holds 99% to 99.9% directly with the remainder held by other subsidiaries

(4) The Company holds ~0.01% directly with the remainder held by other subsidiaries

(5) Held by subsidiary undertaking in 2014 and disposed of during 2015

All subsidiaries have the same reporting date with the exception of Kodak Alaris India Private Limited, which has a 31 March year end, in line with Indian legislation.

Notes *(continued)*

13 Investments in subsidiaries *(continued)*

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.

Investments in associates

Group	Country of Incorporation	Class of shares held	Ownership %	2015 $000	2014 $000
KK Hiyama Studio	Japan	Ordinary	9.9%	-	37
KK East West	Japan	Ordinary	25.0%	284	310
Fotomarket	Italy	Ordinary	20.9%	208	463
ITyX Technology GmbH	Germany	Ordinary	25.1%	17,860	17,860
				18,352	18,670
Provision				(17,860)	-
				492	18,670

	2015 $000	2014 $000
Balance at beginning of the year	18,670	810
Investment in associated undertakings	-	17,860
Provision	(17,860)	-
Shares sold in the year	(37)	-
Share of results of associates	(176)	-
Effect of movements in foreign exchange	(105)	-
Balance at the end of the year	**492**	18,670

The results of ITyX Technology GmbH for the year ended 31 December 2015 are not yet publically available. 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.

Company	Country of Incorporation	Class of shares held	Ownership %	2015 $000	2014 $000
ITyX Technology GmbH	Germany	Ordinary	25.1%	17,860	17,860
				17,860	17,860
Provision				(17,860)	-
				-	17,860

In 2015, we discontinued the relationship with ITyX Technology GmbH, the software platform for our AI Foundry business. We have taken a conservative approach to provide in full against the cost of the investment. The discontinuation of the relationship is subject to legal proceedings. The dispute is being actively managed by the Legal function with assistance from external legal advisers in line with a strategy agreed with the Board. The financial impact of the legal proceedings is unknown however our current assessment is that this will not be material to the 2016 financial performance of the Group.

Notes *(continued)*

14 Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2015 $000	Liabilities 2015 $000	Assets 2014 $000	Liabilities 2014 $000
Property, plant and equipment	132	(531)	145	1,628
Intangible assets	8,975	(5,170)	1,449	(15,151)
Inventories	209	430	275	23
Financial assets	(18)	-	-	-
Employee benefits	8,228	(1,318)	8,324	2,076
Provisions	1,178	(1)	1,518	94
Tax value of loss carry-forwards	806	127	344	-
Other	387	(3,976)	208	(1,023)
Total Tax	**19,897**	**(10,439)**	**12,263**	**(12,353)**
		9,458		**(90)**

Movement in deferred tax during the year

	1 January 2015 $000	Recognised in income $000	Impact of currency $000	Recognised in equity $000	Acquired or Disposed in business combination $000	31 December 2015 $000
Property, plant and equipment	**1,773**	(3,111)	-	-	939	**(399)**
Intangible assets	**(13,703)**	17,607	-	-	(99)	**3,805**
Inventories	**298**	(79)	-	-	419	**638**
Financial assets	-	(19)	-	-	-	**(19)**
Employee benefits	**10,400**	(4,544)	-	1,089	(36)	**6,909**
Provisions	**1,613**	(359)	-	-	(76)	**1,178**
Tax value of loss carry-forwards utilised	**344**	590	-	-	-	**934**
Other	**(815)**	(3,955)	577	-	605	**(3,588)**
	(90)	**6,130**	**577**	**1,089**	**1,752**	**9,458**

	1 January 2014 $000	Recognised in income $000	Impact of currency $000	Recognised in equity $000	Acquired in business combination $000	31 December 2014 $000
Property, plant and equipment	3	1,770	-	-	-	1,773
Intangible assets	(14,422)	2,846	-	-	(2,127)	(13,703)
Inventories	109	189	-	-	-	298
Financial assets	(138)	138	-	-	-	-
Employee benefits	7,081	182	-	3,137	-	10,400
Provisions	207	1,406	-	-	-	1,613
Tax value of loss carry-forwards utilised	596	(252)	-	-	-	344
Other	37	(731)	(121)	-	-	(815)
	(6,527)	5,548	(121)	3,137	(2,127)	(90)

Notes *(continued)*

14 Deferred tax assets and liabilities *(continued)*

The Group has certain unrecognised deferred tax assets related to its operations in the United States, United Kingdom, Russia and Thailand. The Group has not recognized the deferred tax benefit on these assets as we expect to generate continued tax deductions in excess of book, 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 $137 million (2014: $113 million), of which approximately $119 million relate to US operations (2014: $110 million). Of the total $137 million in unrecognised deferred tax assets (2014: $113 million), approximately $43 million result from acquired intangibles (2014: $55.6 million).

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2015 $000	Liabilities 2015 $000	Assets 2014 $000	Liabilities 2014 $000
Intangible assets	-	-	-	(943)
Total deferred tax	-	-	-	(943)
		-		(943)

Movement in deferred tax during the year

	1 January 2015 $000	Recognised in income $000	Acquired in business combination $000	31 December 2015 $000
Intangible assets	(943)	943	-	-

	1 January 2014 $000	Recognised in income $000	Acquired in business combination $000	31 December 2014 $000
Intangible assets	(1,761)	818	-	(943)

Notes *(continued)*

15 Inventories

Group

	2015 $000	2014 $000
Raw materials and consumables	19,088	30,072
Work in progress	20,264	13,544
Finished goods	37,915	56,124
	77,267	99,740

Included within inventories is $14 million (2014: $15 million) for the Group expected to be recovered in more than 12 months.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to $628 million (2014: $689 million). The write-down of inventories to net realisable value amounted to $10 million (2014: $7 million). There were no reversals of write-downs during the year (2014: $nil).

16 Trade and other receivables

Group

	2015 $000	2014 $000
Trade receivables	113,669	152,205
Other trade receivables	34,233	26,616
Prepayments for delayed closings	-	7,303
Unbilled revenue	749	8,458
Prepayments	14,927	23,376
	163,578	217,958
Non-current	266	12,351
Current	163,312	205,607
	163,578	217,958

Notes *(continued)*

16 Trade and other receivables *(continued)*

Company

	2015 $000	2014 $000
Other trade receivables	-	472
Prepayments for delayed closings	-	7,304
Interest receivable	23,299	23,560
Prepayments	200	500
Amounts due from Group undertakings	360,195	535,751
	383,694	**567,587**
Non-current	383,494	556,895
Current	200	10,692
	383,694	**567,587**

There were no material amounts pledged as collateral for the year (2014: nil).

17 Cash and cash equivalents

Group

	2015 $000	2014 $000
Cash and cash equivalents per balance sheet	**35,827**	80,028

Company

	2015 $000	2014 $000
Cash and cash equivalents per balance sheet	**8,272**	30,656

Notes *(continued)*

18 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 23.

Group

	2015	2014
	$000	$000
Non-current liabilities		
Loan notes	621,796	603,116
Interest payable	8,870	7,975
Other borrowings	7,091	2,494
	637,757	613,585
Current liabilities		
Other borrowings	10,738	13,498
Interest payable	5,146	5,055
	15,884	18,553

Company

	2015	2014
	$000	$000
Non-current liabilities		
Loan notes	621,796	603,116
Loans from associates/ subsidiaries	38,096	139,727
Interest payable	8,870	7,975
	668,762	750,818
Current liabilities		
Loan from associate/subsidiaries	51,083	-
Interest payable	5,146	5,055
	56,229	5,055

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2015 $000	Carrying amount 2015 $000	Face value 2014 $000	Carrying amount 2014 $000
$300M Tranche A Loan Notes	USD	LIBOR +5%	2021	274,400	274,400	280,400	280,400
$300M Tranche B Loan Notes	USD	LIBOR +7%	2028	347,396	347,396	322,716	322,716
Other borrowings	INR	12.25%	2019	2,231	2,231	2,494	2,494
Promissory Note	USD	0%	2020	500	500	-	-
Assumed Loan notes	USD	2%	2023	4,360	4,360	-	-
Other borrowings (current)	CNY	3.0%-3.25%	2016	10,738	10,738	13,498	13,498
				639,625	**639,625**	619,108	619,108

Notes *(continued)*

19 Trade and other payables

Group

	2015 $000	2014 $000
Current		
Trade payables	76,006	93,641
Deferred revenue	42,570	54,420
Other trade payables	-	217
Non-trade payables and accrued expense	75,105	65,700
	193,681	213,978
Non-current		
Other payables	10,782	22,290
Deferred revenue	1,540	7,702
	12,322	29,992

Company

	2015 $000	2014 $000
Current		
Other trade payables and accrued expense	**1,486**	2,181
Non-current		
Other payables	-	**17,094**

20 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 are financed by employee and employer contributions. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans
The Company's contributions under these plans amounted to $11,536k (2014: $14,349k) during the year.

Defined benefit plans
The Company operates defined benefit plans in various countries, the main locations being France and Germany. Approximately 60% 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 Company 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. Assets and liabilities from the former Eastman Kodak Company defined benefit plans in each relevant country transferred to the Company's plans in accordance with local statutory requirements and procedures. There were also plan changes made during 2015 in France and in the Netherlands which resulted in curtailment gains of $7,585k and $4,227k respectively.
The movement in the defined benefit obligation and fair value of plan assets over the prior and current years is as follows

Notes *(continued)*

20 Employee benefits *(continued)*

	Present value of defined benefit obligation 2014 $000	Fair value of plan assets 2014 $000	Net balance sheet position 2014 $000
Amounts recognised at 01 January 2014	(39,499)	18,203	(21,296)
IAS 19 Cost			
Current service cost	(1,832)	-	(1,832)
Interest (expense)/ income	(1,718)	845	(873)
(Cost)/ Benefit Recognised in Income Statement	(3,550)	845	(2,705)
Actuarial gains / (losses)			
Return on plan assets, excluding interest expense	-	851	851
Loss from change in financial assumptions	(12,005)	-	(12,005)
Loss from actuarial experience	(451)	-	(451)
Actuarial (losses) /gains recognised in consolidated statement of other comprehensive income	(12,456)	851	(11,605)
Cash flow			
Employer contributions	-	2,773	2,773
Employee contributions	(140)	140	-
Benefits paid directly by the Company	586	(586)	-
Benefits paid from plan assets	(304)	304	-
Net cash (out flow)/in flow	142	2,631	2,773
Other			
Liability classification	(8,418)	4,971	(3,447)
Exchange differences	6,763	(3,278)	3,485
Total other	(1,655)	1,693	38
Amounts recognised at 31 December 2014	(57,018)	24,223	(32,795)

Notes *(continued)*

20 Employee benefits *(continued)*

	Present value of defined benefit obligation 2015 $000	Fair value of plan assets 2015 $000	Net balance sheet position 2015 $000
Amounts recognised at 01 January 2015	**(57,018)**	**24,223**	**(32,795)**
IAS 19 Cost			
Current service cost	(1,616)	-	(1,616)
Past service cost – plan amendments	125	-	125
Past service cost – curtailments	11,435	-	11,435
Interest (expense)/ income	(1,172)	571	(601)
Benefit Cost Recognised in Income Statement	**8,772**	**571**	**9,343**
Actuarial gains / (losses)			
Return on plan assets, excluding interest expense	-	(1,010)	(1,010)
Loss from change in financial assumptions	(2,826)	-	(2,826)
Gain from actuarial experience	173	-	173
Actuarial (losses) /gains recognised in consolidated statement of other comprehensive income	**(2,653)**	**(1,010)**	**(3,663)**
Cash flow			
Employer contributions	-	2,944	2,944
Employee contributions	(135)	135	-
Benefits paid directly by the Company	1,406	(1,406)	-
Benefits paid from plan assets	432	(432)	-
Net cash (out flow)/in flow	**1,703**	**1,241**	**2,944**
Other			
Exchange differences	5,103	(1,918)	3,185
Total other	**5,103**	**(1,918)**	**3,185**
Amounts recognised at 31 December 2015	**(44,093)**	**23,107**	**(20,986)**

Details of the plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 December 2015 are shown below:

	2015 $000	2014 $000
Present value of defined benefit obligation	(44,093)	(57,018)
of which: amounts owing to active members	(42,918)	(55,735)
of which: amounts owing to not active members	(1,175)	(1,283)
of which: amounts owing to pensioners	-	-
Fair value of plan assets	23,107	24,223
Net defined benefit liability	**(20,986)**	**(32,795)**
Weighted average duration of defined benefit obligation	19 Years	19 Years

The principal assumption used at year-end was the discount rate. The weighted-average discount rate used at year-end

Notes *(continued)*

20 Employee benefits *(continued)*

was 2.2% (2014: 3.6%). If the weighted-average discount rate were to increase by 100 basis points, the defined benefit obligation would reduce by 17%.

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 19.5 years, while the life expectancy at age 65 for a male aged 40 at the balance sheet date is 22.8 years.

Salary increase assumption ranged between 2% and 3% per year with the most significant plans using 3%. Inflation rate assumptions ranged from 0% to 1.75% with the most significant plans using 1.75%.

The Company expects to make a contribution of $1,782k (2014: $2,009k) to the defined benefit plans, including benefit payments to participants in unfunded plans, during the next financial year. For the funded plans, most of the assets are held with third-party insurance providers.

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

Through its defined benefit plans, the Company 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 plan's 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.

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. As a result of a one percent increase in the discount rate, the present value of the defined benefit obligation would decrease $7.4 million.

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.

Notes *(continued)*

21 Provisions

Group	Warranties $000	Restructuring $000	Asset Retirement Obligations $000	Other $000	Total $000
Balance at 1 January 2014	3,195	419	10,897	4,596	19,107
Amounts arising from acquisition/disposal	205	-	-	-	205
Provisions made during the year	928	10,693	-	-	11,621
Provisions used during the year	(143)	(3,710)	(122)	(4,596)	(8,571)
Provisions reversed during the year	-	-	-	-	-
Balance at 31 December 2014	4,185	7,402	10,775	-	22,362
Non-current	-	-	10,767	-	10,767
Current	4,185	7,402	8	-	11,595
	4,185	7,402	10,775	-	22,362
Balance at 1 January 2015	4,185	7,402	10,775	-	22,362
Amounts arising from acquisition/disposal	-	-	-	-	-
Provisions made during the year	8,731	5,100	68	-	13,899
Provisions used during the year	(8,991)	(8,830)	(348)	-	(18,169)
Provisions reversed during the year	-	(402)	-	-	(402)
Effect of movement in foreign exchange	(145)	(117)	(357)	-	(619)
Balance at 31 December 2015	**3,780**	**3,153**	**10,138**	-	**17,071**
Non-current	-	-	8,511	-	8,511
Current	3,780	3,153	1,627	-	8,560
	3,780	**3,153**	**10,138**	-	**17,071**

The Group provides warranties in connection with equipment sold and generally these cover a period of 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 December 2015.

Provisions for asset retirement obligations include the cost of remediating asbestos contained in buildings the Company 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 loaned equipment can be expected to be utilised in three to five years.

Notes *(continued)*

22 Capital and reserves

Share capital

	2015 Number 000s	2015 $000	2014 Number 000s	2014 $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.

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.

Other comprehensive income – Current year

Group

	Translation reserve	Retained deficit	Total other comprehensive income
	$000	$000	$000
1 January 2014	4,094	(24,605)	(20,511)
Other comprehensive loss	-	(83,270)	(83,270)
Items that will not be recycled to profit or loss:			
Re-measurements of defined benefit liability	-	(11,605)	(11,605)
Deferred tax on other comprehensive loss for the year	-	3,137	3,137
Items that are or may be recycled to profit or loss:			
Foreign currency translation differences – foreign operations, net	(376)	-	(376)
Total other comprehensive income 31 December 2014	3,718	(116,343)	(112,625)

Notes *(continued)*

22 Capital and reserves

	Translation reserve	Retained deficit	Total other comprehensive income
	$000	$000	$000
1 January 2015	3,718	(116,343)	(112,625)
Other comprehensive loss	-	(83,499)	(83,499)
Items that will not be recycled to profit or loss:			
Re-measurements of defined benefit liability	-	(3,663)	(3,663)
Deferred tax on other comprehensive loss for the year	-	1,089	1,089
Items that are or may be recycled to profit or loss:			
Foreign currency translation differences – foreign operations, net	(8,880)	-	(8,880)
Total other comprehensive income 31 December 2015	**(5,162)**	**(202,416)**	**(207,578)**

Company

	Translation reserve	Retained deficit	Total other comprehensive income
1 January 2014	-	(26,964)	(26,964)
Other comprehensive loss	-	(33,822)	(33,822)
Total other comprehensive income 31 December 2014	-	**(60,786)**	**(60,786)**
1 January 2015	-	(60,786)	(60,786)
Other comprehensive loss	-	(43,467)	(43,467)
Total other comprehensive income 31 December 2015	-	**(104,253)**	**(104,253)**

23 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 derivative financial instruments at 31 December 2015. At 31 December 2014 the derivative financial instruments comprised of foreign currency swaps.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows.
Level 1 – quoted prices for similar instruments;
Level 2 – directly observable market inputs other than Level 1 inputs; and
Level 3 – inputs not based on observable market data.

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

Notes *(continued)*

23 Financial Instruments *(continued)*

Group

	Level	Carrying amount 2015 $000	Fair value 2015 $000	Carrying amount 2014 $000	Fair value 2014 $000
Financial liabilities measured at amortised cost					
Tranche A CISX Listed Loan Notes Libor+5% Maturity 2021	2	274,400	274,400	280,400	280,400
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	347,396	347,396	322,716	322,716
Promissory Note 0% Maturity 2020	2	500	500	-	-
Assumed Loan notes 2% Maturity 2023	2	4,360	4,943	-	-
Other borrowings 12.25% Maturity 2019	2	2,231	2,231	2,494	2,494
Other borrowings 3.0% - 3.25% Maturity 2016	2	10,738	10,738	13,498	13,498

Company

	Level	Carrying *amount* 2015 $000	Fair value 2015 $000	Carrying *amount* 2014 $000	Fair value 2014 $000
Financial liabilities measured at amortised cost					
Tranche A CISX Listed Loan Notes Libor+5% Maturity 2021	2	274,400	274,400	280,400	280,400
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	347,396	347,396	322,716	322,716
Loans due to Subsidiaries	2	196,291	196,291	139,727	139,727

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group 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 securities.

Company

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

Group

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. At the balance sheet date there were no significant concentrations of credit risk.

Notes *(continued)*

23 Financial Instruments *(continued)*

Exposure to credit risk

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

	2015 $000	2014 $000
Cash and cash equivalents	**35,827**	80,028
Trade receivables	**108,093**	152,205

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

	2015 $000	2014 $000
US and Canada	35,649	38,874
Europe, Middle East and Africa	39,398	53,314
Asia Pacific	14,671	37,392
Latin America	18,375	22,625
	108,093	152,205

Credit quality of financial assets and impairment losses

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

Group	**Gross 2015 $000**	**Impairment 2015 $000**	**Gross 2014 $000**	**Impairment 2014 $000**
Not past due	94,501	(608)	126,598	(297)
Past due 0-30 days	10,363	(87)	22,041	(4)
Past due 31-120 days	1,998	(102)	2,129	(143)
More than 120 days	10,991	(8,963)	11,493	(9,612)
	117,853	**(9,760)**	162,261	(10,056)

Notes *(continued)*

23 Financial Instruments *(continued)*

(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.

Company

The Company has renewed its revolving credit facility with its principal lender, HSBC Bank, for $80.0 million, which the Board believes provides sufficient liquidity to ensure the Holding Company is able to provide the necessary liquidity to the Group. This facility will expire March 2018.

Group

The Group's policy on funding capacity is to ensure that there is always sufficient long-term funding and short-term facilities in place to meet foreseeable peak borrowing requirements.

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

Group	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1 to < 2 years**	**2 to < 5 years**	**5 years and over**
2015	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Tranche A Loan Notes	274,400	346,197	19,850	20,128	191,588	114,631
Tranche B Loan Notes	347,396	754,087	-	-	-	754,087
Interest payable (long term)	8,870	8,870	-	-	-	8,870
Promissory Note – EPM	500	500	100	100	300	-
Assumed Loan notes	4,360	4,360	580	570	570	2,640
Other borrowings	2,231	2,231	595	595	1,041	-
Other borrowings	10,738	10,738	10,738	-	-	-
Interest payable	5,146	5,146	5,146	-	-	-
Trade payables	76,006	76,006	76,006	-	-	-
2014						
Tranche A Loan Notes	280,400	366,859	15,123	43,273	102,545	205,918
Tranche B Loan Notes	322,716	734,489	-	-	-	734,489
Interest payable (long term)	7,975	7,975	-	-	-	7,975
Other borrowings	2,493	2,493	156	623	1,714	-
Other borrowings	13,498	13,498	13,498	-	-	-
Interest payable	5,055	5,055	5,055	-	-	-
Trade payables	93,641	93,641	93,641	-	-	-

Notes *(continued)*

23 Financial Instruments *(continued)*

***(c) Liquidity risk** (continued)*

Company 2015	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
Tranche A Loan Notes	274,400	346,197	19,850	20,128	191,588	114,631
Tranche B Loan Notes	322,716	754,087	-	-	-	754,087
Loans due to Group undertakings	196,291	196,291	-	-	-	196,291
Interest payable (long term)	8,870	8,870	-	-	-	8,870
Interest payable	5,146	5,146	5,146	-	-	-
2014						
Tranche A Loan Notes	280,400	366,859	15,123	43,273	102,545	205,918
Tranche B Loan Notes	322,716	734,489	-	-	-	734,489
Loans due to Group undertakings	139,727	139,727	-	-	-	139,727
Interest payable (long term)	7,975	7,975	-	-	-	7,975
Interest payable	5,055	5,055	5,055	-	-	-

(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

Company

At 31 December 2015 the Group has not yet finalised its strategy around exchange rate and interest rate risk. The Company is not exposed to equity risk as it has minimal holdings in such assets at the balance sheet date.

Group

The majority of the Group's drawn debt at 31 December 2015 is at floating rates. At the Balance Sheet date the Group was yet to define its policy for managing this risk.

Market risk - Foreign currency risk

The exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

Group 2015	Sterling $000	Euro $000	US Dollar $000	Other $000	Total $000
Cash and cash equivalents	998	2,095	21,511	11,223	35,827
Trade receivables	3,664	28,166	31,571	44,692	108,093
Borrowings, including interest	-	-	(635,812)	(7,091)	(642,903)
Trade payables	(6,135)	(17,693)	(40,866)	(11,312)	(76,006)
2014					
Cash and cash equivalents	2,810	23,277	24,880	29,061	80,028
Trade receivables	6,178	36,953	39,983	69,091	152,205
Borrowings, including interest	-	-	(616,146)	(15,992)	(632,138)
Trade payables	(4,561)	(47,005)	(18,282)	(23,793)	(93,641)

Notes *(continued)*

23 Financial Instruments *(continued)*

(d) Market risk

Market risk - Foreign currency risk

Company 2015	**Sterling $000**	**Euro $000**	**US Dollar $000**	**Swiss Franc $000**	**Other $000**	**Total $000**
Cash and cash equivalents	507	1,012	5,725	-	1,028	8,272
Investments in Group Undertakings	18,584	7,073	214,541	2,242	3,868	246,308
Loans from Group Undertakings	202,425	(86,419)	204,880	-	39,309	360,195
Borrowings, including interest	-	-	(635,811)	-	-	(635,811)
Trade payables	-	-	-	-	-	-
Amounts due to Group Undertakings	-	(4,629)	(69,397)	(4,864)	(10,290)	(89,180)
2014						
Cash and cash equivalents	833	17,373	10,943	-	1,507	30,656
Investments in Group Undertakings	18,584	24,933	214,132	2,242	3,864	263,755
Loans from Group Undertakings	133,212	20,518	368,842	-	13,179	535,751
Borrowings, including interest	-	-	(616,146)	-	-	(616,146)
Trade payables	-	-	-	-	-	-
Amounts due to Group Undertakings	-	(119,021)	(290)	(4,539)	(15,877)	(139,727)

Sensitivity analysis

Group

A 10% percent strengthening of the following currencies against the US dollar at 31 December 2015 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 2015 $000	**Profit or loss 2015 $000**	**Equity 2014 $000**	**Profit or loss 2014 $000**
Euro	-	(9,130)	-	1,525
Pound Sterling	-	(147)	-	442

A 10% percent weakening of the above currencies against the US dollar at 31 December 2015 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.

Notes *(continued)*

23 Financial Instruments *(continued)*

(d) Market risk

Sensitivity analysis

Company

A 10% percent strengthening of the following currencies against the US dollar at 31 December 2015 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 2015 $000	Profit or loss 2015 $000	Equity 2014 $000	Profit or loss 2014 $000
Euro	-	(8,225)	-	(5,620)
Pound Sterling	-	22,550	-	15,263

A 10% percent weakening of the above currencies against the US dollar at 31 December 2015 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:

Group	2015 $000	2014 $000
Variable rate instruments		
Financial assets	-	-
Financial liabilities – Tranche A & Tranche B CISX Listed Loan Notes	621,796	603,116

Company	2015 $000	2014 $000
Variable rate instruments		
Financial assets	-	-
Financial liabilities – Tranche A & Tranche B CISX Listed Loan Notes	621,796	603,116

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.

Notes *(continued)*

23. Financial Instruments *(continued)*

Market risk – Interest rate risk

Sensitivity analysis

Group	**2015**	**2014**
	$000	**$000**
Profit or loss		
Increase	51,152	35,503
Decrease	55,342	95,554

Company	**2015**	**2014**
	$000	**$000**
Profit or loss		
Increase	51,152	35,503
Decrease	55,342	95,554

(e) Capital management

Company & Group

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, 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 12 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.

24 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Group

	Property	**Vehicles**	**Equipment**	**Total**
2015	**$000**	**$000**	**$000**	**$000**
Less than one year	8,893	4,621	181	13,695
Between one and five years	14,623	7,128	55	21,806
More than five years	1,643	-	-	1,643
	25,159	**11,749**	**236**	**37,144**
2014				
Less than one year	11,321	4,140	229	15,690
Between one and five years	18,865	9,265	167	28,297
More than five years	2,941	-	-	2,941
	33,127	13,405	396	46,928

During the year $18 million (2014: $19 million) was recognised as an expense in the income statement in respect of operating leases.

Notes *(continued)*

24 Operating leases *(continued)*

Company

There are no non-cancellable operating lease rentals in the Company (2014: Nil)

Leases as lessor

The future minimum lease payments under non-cancellable leases are as follows:

Group

	2015 $000	2014 $000
Less than one year	-	175
Between one and five years	-	166
More than five years	-	80
	-	421

During the year $nil (2014: $7k) was recognised as rental income by the Group.

25 Commitments

Capital commitments

During the prior year ended 31 December 2014, the Group entered into a contract with Microsoft Corporation in relation to the implementation of the new IT system. The contract covers the period up to the date of completion of the implementation. The total value of the contract at date of signing was $20m of which $6m was paid during the year ended 31 December 2015 (2014: $5m).

Off-balance sheet arrangements

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 24.

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 $13 million (2014: $19.3 million).

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

Notes *(continued)*

26 Contingencies

Group and the Company

The Group and the Company is not currently involved in any litigation that is likely to result in any material liability and hence no provision is required.

27 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 8 and transactions with the pension schemes are disclosed in Note 20. 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.

Group

Related Party	Interest expense	Amounts owed to related party
2015	**$000**	**$000**
Ultimate parent of the Group	40,931	621,796
Associates	-	-
	40,931	**621,796**
2014		
Ultimate parent of the Group	39,498	616,146
Associates	-	10,094
	39,498	626,240

Company

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 8 - Director's Remuneration.

Related Party	Interest and royalty income	Interest and royalty expense	Amounts owed by related party	Amounts owed to related party
2015	**$000**	**$000**	**$000**	**$000**
Ultimate parent of the Group	-	40,931	-	621,796
Subsidiaries	33,642	59	360,195	89,179
Associates	-	-	-	-
	33,642	**40,990**	**360,195**	**710,975**
2014				
Ultimate parent of the Group	-	39,498	-	'616,146
Subsidiaries	26,001	141	535,751	139,727
Associates	-	-	-	10,094
	26,001	39,639	535,751	765,967

In addition to the transactions and balances shown in the above tables, the Group and the Company have been charged $0.4 million (2014: $0.5 million) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, $nil was outstanding at 31st December 2015 (2014: $0.1 million).

Notes *(continued)*

28 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").

It was previously wholly and ultimately owned by KPP Trustees Limited (a company registered in England with registered number 07717152) in its capacity as trustee of the Kodak Pension Plan (the "KPP Trustee" and the "KPP"). The KPP Trustee was a creditor of EKC in its US chapter 11 bankruptcy case. As part of the settlement of the KPP Trustee's claim in this case, it acquired the Company's business from EKC (to be held by the Company and its subsidiaries) and also agreed with the UK pension regulatory authorities to establish a new pension plan – KPP2. The transfer of legal ownership of the Company took place on 9 April 2014.

29 Subsequent events

On 15th February 2016, ITyX Solutions AG issued legal proceedings against Kodak Alaris Inc in relation to the various commercial agreements in place between the two companies. At the time of preparing these accounts, the legal dispute is ongoing, however, at this point it is deemed that, on the basis of external legal guidance, no provision is required in relation to this matter.

On 5th April 2016, the Company issued legal proceedings against ITyX Technology GmbH, ITyX Systementwicklung OHG and Mr Suleyman Arayan in relation to the purported exercise of a call option over the shares owned by the Company in ITyX Technology GmbH.

On 13th April 2016, it was announced that Kodak Alaris is planning to outsource the manufacture of Colour Negative Paper to Carestream Health in Windsor, Colorado in Q4 2016 as a result of industry declines in this market. With this action, we propose that we discontinue manufacturing in our Harrow facility. Sensitizing and finishing of CNP and Display will be transitioned to Carestream Health. In addition, the Thermal Paper products currently finished on the Harrow site will be transitioned to Felix Schoeller, a major supplier to Kodak Alaris, in Germany. We expect a seamless transition with little to no disruption to our customers.

The Company has renewed its revolving credit facility with its principal lender, HSBC Bank, for $80.0 million, which will expire March 2018.

30 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.

Fair values of intangibles recognised in business combinations

Intangible assets arising from a business combination are recognised at fair value and amortised over their estimated useful lives. Judgment is required in arriving at these fair values and the estimated useful lives. Future results are impacted by the amortisation periods adopted and any differences between estimated and actual circumstances related to individual intangible assets. (Refer to Note 12 for further disclosure of the acquired intangible assets.)

Brand, trademark and patent (acquired and licensed) intangibles are valued (principally) using the relief from royalty approach, which requires estimates of the appropriate risk-adjusted discount rates to use and estimation of reasonable royalty rates. Further judgment was required in estimating the expected useful life of the non-indefinite lived intangible assets. Future impairment analysis may require write-down of these assets with a charge to income at that time.

Notes *(continued)*

30 Accounting estimates and judgements *(continued)*

In-process research and development intangibles were valued utilizing the cost method. Estimated useful lives for the respective items were provided by management. These intangibles may be subject to future obsolescence due to market dynamics or technological change requiring write-offs of the unamortised balance.

Customer relationships were valued using the multi-period excess earnings method (and the market participant approach for PI) which requires allocation of forecast revenues and profits to principals and limited risk distributers, estimates of customer attrition rates and estimated regarding the appropriate discount rates to be used. Future impairment analysis may require write-down of these assets with a charge to income at that time.

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 and the discount rate used in discounting these projected cash flows.

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.

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 2015 the Group capitalised $11.4 million (2014: $12.5 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.

Other key areas of judgement

The Group considers the following areas to be key areas of judgement and as discussed in note 1 to these financial statements; Provisions (note 1.17), Revenue recognition (note 1.18) and Tax (note 1.20).