

KEWILL PLC

Preliminary results for the year ended 31 March 2011

Kewill plc ("Kewill", the "Company" or the "Group"), the provider of software and solutions that simplify global trade and logistics, announces its preliminary results for the year ended 31 March 2011.

HIGHLIGHTS

	Year ended 31 March 2011	Year ended 31 March 2010	<i>Growth</i> %
Revenue	£60.0m	£56.3m	7%
Recurring revenue as % of total ⁽¹⁾	61%	62%	
Adjusted operating profit ⁽²⁾	£9.6m	£8.8m	10%
Operating profit	£3.4m	£2.6m	30%
Adjusted operating profit margin ⁽²⁾	16.1%	15.6%	
Operating profit margin	5.7%	4.7%	
Adjusted EBITDA ⁽²⁾	£10.8m	£9.9m	9%
Adjusted EPS ⁽³⁾	7.4p	7.2p	3%
Adjusted diluted EPS ⁽³⁾	7.2p	6.9p	4%
EPS	6.0p	4.1p	46%
Full year dividend	1.24p	1.10p	13%

- ▶ Revenue growth of 7%
- ▶ Adjusted operating profit growth of 10%
- ▶ Focus on organic growth
 - Investment in sales and marketing in all regions
 - Cross selling of existing products into new geographies and additional products to existing customers
- ▶ New customers added:
 - Europe - William Grant, Molson Coors, Hitachi, Hankyu Hanshin, Toll Group
 - Americas - Estee Lauder, Lowe's, Advanced Auto
 - Asia - Keppel Logistics and K-Line
- ▶ Acquisition and successful integration of Minihouse
- ▶ Cash of £16.9 million at 31 March 2011
- ▶ Full year dividend of 1.24p an increase of 13%

(1) Recurring revenue is defined as annually contracted revenue (Software as a Service, hosting and maintenance).

(2) Adjusted operating profit is before amortisation of intangibles of £5.9 million (2009/10: £5.9 million), share based payment charges of £0.2 million (2009/10: £0.3 million) and expensed acquisition costs of £0.2 million (2009/10: £nil) as set out in the consolidated income statement as the Directors regard this as providing additional useful information on trends in underlying performance. Adjusted EBITDA is also before depreciation of £1.2m (2009/10: £1.1m).

(3) In order to arrive at the adjusted earnings per share figures, adjustments made to consolidated pre-tax profit include the adjustments to operating profit as noted above, plus adding back notional interest on deferred consideration £0.2 million (2010: £nil) and excluding exchange gains on contingent consideration £nil (2010: £0.1 million). The resulting adjusted profit before taxation is then subject to a notional tax charge at the weighted average tax rate for the Group excluding intangible amortisation, amounting to 29.9% (2010: 29.5%).

Paul Nichols, Chief Executive Officer commented:

"I am pleased to report a strong performance for the year, in what continued to be a challenging economic environment. Adjusted operating profit increased by 10% as a result of increased revenue and tight control of costs. We secured contract wins with global businesses in all market sectors and successfully cross-sold products into new regions. In parallel, we enhanced the product set and implemented major rollouts with large customers. The Minihouse acquisition was successfully completed and integrated.

Looking forward, we will continue to seek organic growth backed by acquisitions to improve our market position and facilitate cross selling. The complexity of global trade is increasing and so businesses need to be able to balance multiple priorities including sourcing, customs, transportation, storage and finance. Compliance with additional legislation and regulation is adding to that complexity. Kewill is well positioned to help customers resolve these challenges globally. Our market-leading solutions simplify these processes and generate a significant return on investment for customers. As we roll-out new and established products across regions, we are strengthening our capacity to benefit from the forecast increases in global trade."

- Ends -

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Kewill plc

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About Kewill plc:

Kewill delivers solutions that simplify global trade and logistics.

Global businesses face ever increasing complexity across their supply chains including decisions on sourcing, customs, compliance, transportation, storage, finance, visibility and connectivity. Inefficiency in any of these areas will lead to supply chain delays and result in increased costs. Kewill has a suite of software solutions that significantly simplify the management of the most complex global supply chains for enterprises and logistics service providers.

With experience in global trade management and logistics since 1972, and over 600 employees worldwide, Kewill is a long-time innovator of solutions for manufacturers, distributors, retailers, freight forwarders, transport companies, customs brokers, 3PL's and 4PL's, as well as other related institutions involved in financing and underwriting global trade such as banks and insurance providers.

Kewill's solutions are in daily use by more than 40,000 users worldwide and our global customer base which entrusts us with the management of their supply networks includes divisions of Bayer, Caterpillar, DHL, FedEx, Ford, General Electric, General Motors, H.J. Heinz, Kimberly-Clark, Kraft, Levi Strauss, Mazda, Nestlé, Nike, Palm, Procter & Gamble, Smith & Nephew, Sony, TNT, Unilever, UPS, Vodafone, Yamaha, Xerox.

www.kewill.com

Chairman's Statement

In my first year as your Chairman, I am pleased to report that Kewill has delivered its seventh consecutive year of revenue and adjusted profit growth. The markets for Kewill remained challenging throughout the year, although towards the end of the year there were signs that customers were beginning to selectively re-invest in technology to improve their supply chains. In order to capitalise on the increasing customer activity Kewill invested during the year in its product suite and sales and marketing capability. In particular, in addition to pursuing strategic acquisition opportunities, we are looking to take full advantage of our geographical coverage to cross sell products into new territories and we expect this to result in improved organic growth as markets return to normal levels.

Financial Summary

Revenue for the year grew 7% to £60.0 million (2009/10 £56.3 million) both as reported and in constant currency terms which is a very creditable performance considering the tough economic conditions. The combination of this revenue growth and effective cost control across the business meant adjusted operating profit grew by 10% to £9.6 million (2009/10 £8.8 million). Excluding the effect of the Minihouse acquisition, organic revenue grew by 3% and adjusted operating profit grew by 6%. Kewill also finished the year in a very strong financial position. Despite the acquisition of Minihouse, where there was an initial cash consideration of €6.0 million (£5.0 million), strong cash generation meant that net cash remained broadly unchanged to the prior year, ending at £16.9 million (2009/10: £17.0 million).

Acquisitions

The acquisition of Minihouse was announced on 14 June 2010. Minihouse is a Netherlands based group specialising in the provision of software that helps businesses in the Benelux region automate customs compliance. Minihouse was one of the first European customs clearance software providers to adopt Software as a Service (SaaS) delivery model, and this has resulted in a strong recurring revenue base and consistent growth since their foundation in 1998. Minihouse's products complement the strong customs software presence already held by Kewill in the US, Germany and Singapore and through our partners in many other key trading hubs worldwide.

As noted above, the initial consideration for the acquisition was €6.0 million (£5.0 million) in cash. An additional cash consideration of between €3.0 million and €6.0 million (£2.5 million and £5.0 million) will be paid over the next two years dependent on growth in revenues. As expected, I am pleased to report that this acquisition has been accretive to adjusted earnings per share in the year to 31 March 2011. Kewill continues to pursue additional strategic acquisition opportunities to complement and enhance its organic growth strategy.

Dividend

Subject to approval by shareholders at the Annual General Meeting to be held on 28 July 2011, the Directors recommend a final dividend of 0.87 pence per share (2009/10 0.75 pence). If approved, the dividend will be payable on 26 August 2011 to shareholders on the register at the close of business on 22 July 2011 and means the Company will pay a total dividend for the year of 1.24 pence (2009/10 1.1pence), an increase of 13%.

Board Composition

During the year, there have been a number of changes to the Board. In November 2010, I joined Kewill as Non-Executive Chairman allowing Richard Gawthorne, who had been acting as Non-Executive Chairman since February 2010, to be able to resume his role as Senior Non-Executive Director. I would like to thank Richard for all his efforts as acting Non-Executive Chairman. His advice and guidance has been much appreciated by all.

In January 2011, the Board appointed David Gibbon as Chief Financial Officer, replacing Karen Bach who had stepped down in November 2010. Chris Wilkinson also joined the Company as Company Secretary. On 23 March 2011, the Board was further strengthened by the appointment of David

Garman replacing Charles Alexander who decided, following ten years service, against offering himself for re-election.

Finally, post the year-end, the Board announced the appointment of Ron Verni as a Non-Executive Director, replacing Andy Roberts following fourteen years on the Board, including twelve as Chairman. On behalf of the Board, I would like to thank all of those who are bringing to an end their association with Kewill for their contributions over the years. Looking forward, we feel that the recent appointments made to the Board ensure it is well qualified to take Kewill through the next stage of its development.

Outlook

The increasing complexity of global trade and the continuing introduction of demanding new regulations and legislation are the structural growth drivers for Kewill's target markets. Kewill's strategy is to grow the business by capitalising on these commercial opportunities. To do so as effectively as possible, we will continue to grow organically by investing in our market leading range of products and services and to make complementary acquisitions which strengthen Kewill's commercial offering in both product and geographic reach.

Looking forward, the Board remains confident that Kewill is strongly positioned to become the leading provider of global trade and logistics solutions for enterprises, shippers and logistics service providers (LSPs).

Finally, I would like to take this opportunity to thank you, our shareholders for your continued support.

George Elliott
Non-Executive Chairman
6 June 2011

Business Review

Strategy

Our aim is to be the leading provider of global trade and logistics solutions for enterprises, shippers and Logistics Service Providers (LSPs) of all sizes. In the case of the LSPs, we provide our customers with powerful market leading solutions, increasing their ability to win new business and helping them to service their customers more profitably. In the case of enterprises and shippers, our products are mission critical in running the most sophisticated supply chains in the world.

Our strategic focus in 2011 included the launch of several new products, the acquisition of market segments and cross selling of solutions into the installed base and new geographies. In terms of success we saw new customers join Kewill in all regions and these included Estee Lauder in the US, Toll Group in Europe and “K” Line Logistics in Asia. Toll Group selected Kewill for their European and Middle East operations due to our strength in freight forwarding and customs. Additional organic growth came as a result of new releases and the migration of existing customers. Swiss Colony is one of the largest parcel shippers in the US and were successfully migrated to Kewill Flagship during the year. During the peak Christmas season they delivered over 200,000 customer orders per day using our enterprise scale solution. In Asia Kewill Transport has continued its success with DHL Supply Chain deploying Kewill Transport across Southeast Asia and China. Further, HAVI Freight has successfully gone live in Hong Kong, China and Singapore.

In the area of customs the acquisition of Minihouse in Benelux increased our competitive position in Europe supporting our continued growth of Kewill CustomsXchange. This helped Kewill to be first to market as new European legislation was introduced during the year. This is described in more detail in the Customs and Forwarding review below.

Our People - Global Coverage, Local Expertise

Success in delivering global trade and logistics requires global presence and expertise and a deep understanding of local compliance laws and regulations. Our customers have repeatedly confirmed that our people’s unique combination of understanding their business coupled with local domain expertise are key success factors in winning their confidence. Crane Worldwide started with Kewill in the US and with our help is now running in 22 countries across 4 continents.

Regional Review

Europe

Reported revenue in Europe increased by 9% to £36.5 million (2009/10 £33.4 million). Reported revenue would have been up 12% on a constant currency basis. This excellent result was driven by the strong performance of our global forwarding product and customs solutions across the region, including a couple of particularly noteworthy wins. Kewill Forwarding was awarded a large new contract by Toll Group and we extended our relationship with Damco on their global project.

The performance in Europe was also boosted as Kewill became first to market with the necessary customer solutions to handle the introduction of the new Import Control System (ICS) and the Excise Movement and Control System (EMCS) which were recently mandated by the European Union across the region. This is a good example of Kewill’s capacity to provide best in class, tailored software solutions in an increasing complex market place. This more than offset reductions in our transport and logistics revenues that reduced as a result of the poor macroeconomic conditions leading to some customers delaying projects and others closing operations or reducing their maintenance contracts.

In Europe we continued to see success and growth with Kewill Forwarding, Kewill Customs and Trade Compliance. The competitive advantage of having a forwarding product with local customs solutions connected via the Kewill CustomsXchange was validated by Toll Group in March 2011. The acquisition of Minihouse provided a key in-country SaaS solution that has already started to be sold into the Kewill Logistics customer base.

In the UK we secured key contracts with Molson Coors and William Grant. These customers required stronger capabilities in export documentation driven by new EU regulations requiring electronic filing of movements of dutiable goods such as alcohol and tobacco into the European wide Excise Movement and Control System (EMCS).

In the customs and forwarding sector, in addition to the win with Toll Group, Hankyu Hanshin agreed to upgrade their existing systems from a regional solution in Germany to Kewill Forwarding to provide a global platform and support their future growth. Our global project with Damco continued with a significant integration to connect Kewill Forwarding to Damco's global SAP system. Kewill Forwarding is being rolled out over the next 18 months to approximately 3,000 users across the Damco forwarding network, covering more than 100 countries and over 250 branch offices worldwide.

As previously announced, it was a disappointment to us that Nokia took the decision in January 2011 to cancel its global rollout of Kewill's Service Logistics Solution (SLS), originally contracted in 2009. However, Nokia will continue to use the Kewill system that has been successfully running for 3 years within their Mexico repair facility.

The European Union's mandate of electronic filing for imports to ICS became effective on 1 January 2011 and was a major driver for growth in Kewill CustomsXchange as well as our local customs solutions in Germany and Benelux.

Americas

Reported revenue in the Americas was in-line with last year at £19.9 million (2009/10 £20.0 million). On a constant currency basis, reported revenue would have dipped 3%. We saw an increase in licence spend as we won new customers with, in particular, our parcel shipping and trade compliance solutions. However, this promising trend was dampened with the loss of maintenance revenue with existing customers either closing operations or deciding not to migrate to the latest versions of their Kewill products. In addition, the merger of HP and Palm, who were both existing customers for our reverse logistics solution, resulted in a new consolidated contract for the combined entity at a lower annual revenue spend.

The focus within Americas during 2010/11 was on increased cross selling, expanding our offerings and the addition of new customers in parcel shipping, customs brokerage and trade compliance. The achievements in support of this strategy included 10 customers migrating from Kewill Ship to Kewill Flagship, 10 new trade compliance customers and the successful launch and implementation of Kewill Customs version 2.1.

The parcel shipping products continue to drive growth from the acquisition of new customers and the migration of existing customers to Kewill Flagship, such as Overstock.com. In June 2010, we announced the end of life of Kewill Ship and had a strong campaign to migrate customers to our newer Flagship product thus simplifying our product portfolio. Inevitably, some of the early customers with heavily customised solutions chose not to migrate to the new product. This in combination with the US recession resulting in some customers closing their business, saw a fall in US maintenance revenues. However, this was largely offset by the growth in Internet Retailing which helped drive some significant new large customer wins including Estee Lauder and Lowe's. We continued to strengthen our relationship with Oracle, adding IBM Global Services as an implementation partner and securing Advanced Auto as a new joint customer. Our channel organization was further strengthened with new business coming in partnership with Infor and strong interest in our trade compliance solutions. Purolator expanded our partnership in Canada by adding a dedicated Kewill engineering team to support the expansion of the product capabilities they offer their customers with the OEM provision of our Kewill Flagship product.

The end of the year culminated with a strong finish in the customs brokerage sector with the launch of Kewill Customs version 2.1 and the first customer implementation with J.F. Moran. In addition DHL extended their commitment to this product by agreeing to move their existing system to the new technology. With the launch of this new product and first successful customer deliveries, we are well

positioned to further expand Kewill Customs in the installed base and to new customers as we enter 2011/12.

In trade compliance Kewill added 10 customers including Parker Hannifin and GE Healthcare, which are both examples of cross selling into the parcel customer base. In September 2010 we added new country content to the ECS solution as the result of a project with Flextronics, increasing our competitive advantage and adding new country capabilities that can be offered to the installed base. Our annual customer survey showed a satisfaction rate of 89% among the ECS customers.

Asia

Reported Asia revenue grew strongly by 22% to £3.6 million (2009/10 £2.9 million); this would have been 11% on a constant currency basis. The growth reflects solid demand in the region for our transport and logistics solutions and the continuation of the major global forwarding project and worldwide rollout with Yusen (was NYK) Logistics.

The Asia region continues to be a high growth opportunity as global trade in this region continues to climb. 2010/11 was a successful year for Kewill in this region because we capitalised on this positive trend, largely through new and expanded contracts with Kewill Forwarding and Kewill Transport. This included customer deployments that expanded our geographic presence to countries including Philippines, Korea, China, and Hong Kong. Within the installed base, Kewill was awarded funding by Infocomm Development Authority (iDA) of Singapore for a Trade Permit Integration project. This initiative is aimed to improve the speed and accuracy of processing Trade Permits by electronically integrating data flow between shippers and their logistics service providers, a new initiative with Singapore's TradeXchange@.

The demand and expansion for Kewill Forwarding included Yusen Logistics successfully going live in 11 countries while Crane Worldwide has deployed 200 users in 22 countries with their global implementation of Kewill Forwarding. ADP, one of Shanghai's largest freight forwarders and an existing Kewill Forwarding customer, upgraded to the latest Kewill Forwarding release and further deployed the product into other branches in China.

The launch of Kewill Transport earlier in 2010 set the foundation for another year of expansion and growth in 2010/11. DHL Supply Chain has now deployed Kewill Transport in multiple countries in the Asia Pacific region whilst HAVI Freight is rolling out Kewill Forwarding and Kewill Transport in Hong Kong, China and Singapore to assist in their fulfilment of the McDonalds supply chain.

Market Overview

Kewill solutions provide our customers the ability to simplify global trade and logistics. As the global economy returns to growth, we see our customers once more focusing on growing their businesses. Kewill products support that growth by enabling them to be more competitive themselves in the winning of new business, providing better visibility to control costs and drive profits and cost avoidance through compliance.

Throughout the year Kewill has won new business and successfully cross sold our solutions across three lines of business

- Transportation and Logistics – Software to manage the shipment and storage of goods
- Customs and Forwarding – Software to manage international trade and compliance
- eCommerce and B2B Integration – Software to connect business systems and monitor global trade and logistics

Line of Business Review

Transportation & Logistics

Transport & Logistics revenues at £26.4million declined by 3% compared to last year. This was a result of reduced maintenance revenues in both the Americas and Europe from customers either closing operations due to the recession or choosing not to migrate their systems to the latest Kewill

platform as we phase out older versions. In addition new projects were delayed as customers took a cautious approach and waited for an improvement in the overall economy before initiating project work.

Kewill's solutions in the transportation and logistics segment are focused on helping customers manage their domestic and international transportation and include enterprise shippers as well as LSPs. In the past year we have focused on cross selling and the expansion into new markets such as Asia and in adding new product capability. The transportation and logistics segment includes our trade compliance, parcel shipping, reverse logistics and transportation and warehouse management solutions.

Our leading software product Kewill Logistics provides integrated transportation and warehousing management for LSPs. With the release of version 6.0/3 in May 2010, we strengthened the warehousing management capabilities to enable more rapid implementation and give our customers increased return on their investment. Furthermore, we added transportation templates and launched new market segments as part of our TMS QuickStart program. The QuickStart program provides a rapid implementation assisted by a Software as a Service (SaaS) delivery model, providing more flexibility and options for our customers and thus increasing our addressable market.

Large global parcel shippers and internet retailers continued to drive opportunities for our parcel shipping solutions. Kewill added new capabilities to Kewill Flagship to provide lower cost shipping options from United States Postal Service (USPS), FedEx and Newgistics. We also saw success with new customers in this area as detailed above in the Americas review.

With the renewed growth of international trade and the US government's initiative to double US exports, we continued to invest in our trade compliance solutions. Kewill Export version 1.2 was released in March 2011 and includes complete export document templates, a packing module, and US electronic filing. Kewill Export is built on modern technology using a reusable Service Oriented Architecture (SOA) which will enable Kewill to deploy either as a licensed product or in a SaaS model. Kewill ECS (Export Compliance System) was enhanced to enable coverage for 17 additional countries.

Within the past year we have increased our presence in the reverse logistics market and SLS version 2.0 was launched in July which included additional capabilities to improve return and repair visibility and flexibility. The product won a "Best in Class" product award from the Blumberg Advisory Group who found the product particularly robust in return and order management.

Customs and Freight Forwarding

Revenues in Customs and Freight Forwarding of £23.7 million showed strong growth of 22% in the year. We continued to win new business with the market leading Kewill Forwarding solution, the latest new contract coming at the end of the year with Toll Group. In addition we continue to generate strong professional services revenues as we progress the projects and global rollouts for Damco and Yusen Logistics. Our Customs revenues were particularly strong in Europe with us benefitting from being first to market with the new ICS and EMCS solutions referenced below and supported by the early adoption of our pan European Kewill CustomsXchange.

LSPs focused on international trade are the primary customers of our solutions in the areas of customs compliance and freight forwarding. The introduction of new product releases and the acquisition of Minihouse propelled our market leadership in this segment. A series of customer wins illustrates the excellent progress we are making in this area.

The introduction of the Import Control System (ICS) by the European Union as the mandatory method to file imports electronically across the Union is a good example of the increasingly demanding regulatory environment for global trade. Kewill illustrated its market leadership by being the first to market with an industry leading solution resulting in several customer wins. Leveraging our deep domain knowledge in Germany, Kewill was the first to announce live ICS transactions in Germany and Austria. This success was followed by partnerships with Cargonaut and expanded country coverage including United Kingdom, France, Netherlands, Belgium, Sweden, Italy, Poland, Czech Republic, Spain, and Luxemburg.

Kewill has continued its product launch programme through the release of Kewill Forwarding version 3.2. Released in early 2011, this version offered customers a significant advance in capabilities, strengthening the solution in the areas of rate management and extending functionality to the core Air and Sea Freight modules. This updated version also streamlined and automated the main process flows to allow for better audit controls. These enhancements coupled with the strength of Kewill CustomsXchange were key in securing new customers such as the Toll Group.

This investment in new products based on modern technologies continued with the release of Kewill Customs version 2.1 in the USA. This new version of Kewill Customs allows customs brokers to enhance their competitiveness by reducing operating costs and improving customer service. The release is critical in securing and expanding the US customs brokerage segment and includes integration with Kewill Forwarding to increase cross selling opportunities.

eCommerce and B2B Integration

Revenues in eCommerce and B2B Integration were £9.9 million, showing 3% growth in the year. These solutions are today mainly sold within Europe and in particular to the retail sector in the UK. This performance was largely in line with our expectations owing to the difficult markets in the period as the UK came out of recession.

The way in which global trade is developing places significant emphasis on increased interdependence, integration and visibility across the supply chain. This is reflected by our customers who want solutions which allow them seamless integration with their customers and partners.

The expertise and technology around our integration and visibility solutions has been expanded outside of their traditional markets in the UK to support stronger solutions in all our regions. For example, Kewill CustomsXchange was brought to market rapidly because the original Xchange technology which was built for retailers and insurers in the UK was successfully adapted by our European customs experts for the needs of a pan European customs initiative. Similarly, we have used the Kewill Service Bus to integrate Kewill Customs, Kewill Forwarding and Kewill Export. This re-use of components and software using Service Oriented Architectures helps us to deliver new product functionality across a range of solutions while keeping costs under control.

Within the traditional business integration markets we continued to generate solid recurring revenues, driven by new customers such as Heineken and the expansion of existing customers such as Groupama and Allianz.

The continued growth of outsourcing is further creating a need for better visibility. This includes control and visibility of items sourced from Asia through delivery to customers in the US and Europe. Since retailers and manufactures do not own the end to end supply chain, they are looking for technology solutions to ensure their LSPs give them the visibility and service they need.

People

Finally, I would like to take a moment to thank all of our employees for their hard work through 2011. In the face of these very challenging times, it is a reflection of the quality and attitude of all our employees that Kewill has remained a market leader. We have managed to retain an excellent customer base, win key mandates across the globe and make important progress toward our other corporate objectives. Looking at some of the positive signs we are beginning to see with regard to customer investment, the outlook for Kewill is very promising, I am sure that with the current people we have within Kewill we will be able to fully capitalise on the commercial opportunities ahead.

Paul Nichols
Chief Executive Officer
6 June 2011

Financial Review

As stated by the Chairman in his review, we are very pleased to be able to report a seventh consecutive year of revenue and adjusted profit growth. Recurring revenues also continued to grow during the year assisted by the acquisition of Minihouse, whose customs solutions are fully multi tenant and delivered using a SaaS model. I am pleased to report that the Minihouse business has been fully integrated into our European business.

The balance sheet remains strong with £16.9 million cash and no borrowings. The Group has averaged over 100% cash conversion at the operating level over the past 2 years.

The Group continues to operate and manage the business on a regional basis although we are additionally reporting, for the first time this year, revenue on a line of business basis to improve transparency for our shareholders.

Revenue

On a consolidated basis, revenue for the year grew 7% to £60.0 million (2009/10 £56.3 million) in both reported and constant currency⁽⁴⁾ terms, although there were compensating currency variances in the regions. This revenue growth reflects a good performance in challenging economic conditions. Recurring revenue⁽¹⁾ from Software as a Service (SaaS), hosting and maintenance increased by 6% to £36.8 million (2009/10 £34.8 million) and represents 61% of total revenue. The acquisition of Minihouse contributed revenue of £2.2 million.

Adjusted Operating Profit⁽²⁾

Adjusted operating profit for 2010/11 was £9.6 million (2009/10 £8.8 million) an increase of 10% and would have been the same on a constant currency basis. This increase was primarily driven by the growth in revenue. The acquisition of Minihouse contributed £0.3 million to adjusted operating profit and has been accretive to adjusted earnings per share in the year to 31 March 2011.

For the year, adjusted operating margin remained at a steady 16% (2009/10: 16%) as a proportion of Group revenue.

The basis of measuring regional operating profits, for both the current and prior year, has been changed to better reflect the statutory profits of the trading entities based in each region. Overheads are being charged to the regions benefiting from the underlying services, such that the allocation of central development or marketing costs, for example, will shift year on year to reflect those regions benefitting from the support or investment. In addition, royalties are charged where a region sells software which is owned by another region. This has resulted in a degree of profit shift from Europe to the USA in the year to March 2011.

In Europe, adjusted operating profit was down by 3% to £7.8 million. This was due to increased allocation of overheads and lower royalties received, offsetting most of the increase in revenue of 9%.

In the Americas, adjusted operating profit was up by 24% to £2.7 million. This increase was due to cost savings, a reduction in allocated costs and lower royalties payable on broadly flat revenue.

In Asia, adjusted operating profit increased to £0.5 million from breakeven as a result of the increase in revenue on a cost base that remained flat.

Interest

Net interest expense was £0.2 million (2009/10: £0.1 million). Interest receivable on the Group's cash holdings was £0.1 million, reflecting historically low base rates, and was exceeded by notional interest payable on deferred consideration plus non-utilisation fees on the unused credit facilities totalling a combined £0.3 million.

Taxation

The Group recognised a net tax credit of £2.2 million in the current year (2010/11: £0.9 million credit). This reflects the progressive recognition of historic tax losses in certain jurisdictions in response to recent healthy, and growing, pre-tax profits. In other jurisdictions, where there are no historic losses, tax is payable and it is generally chargeable based on operating profits before intangible amortisation. At the weighted average tax rate for the Group, the notional tax expense for the year on profits excluding intangibles would have been £2.9 million. Cash tax paid in the year totalled £2 million.

Shareholder Return and Adjusted EPS ⁽³⁾

Profit for the year was £5.4 million (2009/10: £3.5 million) out of which the Group paid dividends of £1 million (2009/10: £0.9 million). Basic earnings per share were 6.0p (2009/10: 4.1p), but these headline figures are impacted by the amortisation of intangibles and the recognition of tax losses. Hence, in the current year, the Group has moved to report an adjusted EPS figure excluding these adjustments. Adjusted EPS increased from 7.2p in 2009/10 to 7.4p in 2010/11, directly reflecting the growth in adjusted operating profit referred to above.

Cash Flow and Financing

In the year to March 2011, the Group generated £10.3 million (2009/10: £11.8 million) of cash from its operating activities, again achieving a cash conversion broadly in line with its adjusted operating profit. After taxation payments, the free cash flow was £8.3 million, which was utilised primarily in the acquisition of Minihouse for £5 million, capital expenditure of £1.7 million and dividend payments of £1 million.

Closing cash in hand was £16.9 million and there were no borrowings. Credit facilities totalling £8 million expired at the end of April 2011 and have not been renewed as they were considered surplus to current requirements.

David Gibbon
Chief Financial Officer
6 June 2011

Consolidated income statement for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Revenue	1	60,030	56,312
Operating expenses		(56,634)	(53,693)
Operating profit		3,396	2,619
Analysed as:			
Operating profit before amortisation of intangibles and share based payments	1	9,643	8,790
Amortisation of intangibles		(5,865)	(5,879)
Acquisition costs		(186)	-
Share based payments		(196)	(292)
Operating profit		3,396	2,619
Interest receivable on cash and short term deposits		108	58
Finance costs		(342)	(116)
Profit before taxation		3,162	2,561
Taxation		2,236	918
Profit for the year		5,398	3,479
Basic earnings per share	2	6.0p	4.1p
Diluted earnings per share	2	5.8p	4.0p

Consolidated statement of comprehensive income for the year ended 31 March 2011

	2011 £000	2010 £000
Profit for the year	5,398	3,479
Other comprehensive income:		
Currency translation differences	(1,618)	(933)
Total comprehensive income for the period	3,780	2,546

Consolidated statement of changes in equity for the year ended 31 March 2011

	Share capital	Share premium account	Merger reserve	Translation reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2009	813	27,527	2,325	11,905	3,167	45,737
Profit for the year	-	-	-	-	3,479	3,479
Other comprehensive income for the year:						
Currency translation differences	-	-	-	(933)	-	(933)
Total comprehensive income for the year	-	-	-	(933)	3,479	2,546
Employee share option schemes:						
- value of employee services	-	-	-	-	292	292
- proceeds from shares issued	4	284	-	-	-	288
Shares issued	81	-	7,134	-	-	7,215
Dividend paid	-	-	-	-	(883)	(883)
Transfer	-	-	(7,134)	-	7,134	-
At 31 March 2010	898	27,811	2,325	10,972	13,189	55,195
At 1 April 2010	898	27,811	2,325	10,972	13,189	55,195
Profit for the year	-	-	-	-	5,398	5,398
Other comprehensive income for the year:						
Currency translation differences	-	-	-	(1,618)	-	(1,618)
Total comprehensive income for the year	-	-	-	(1,618)	5,398	3,780
Employee share option schemes:						
- value of employee services	-	-	-	-	196	196
- proceeds from shares issued	8	42	-	-	-	50
Dividend paid	-	-	-	-	(1,002)	(1,002)
At 31 March 2011	906	27,853	2,325	9,354	17,781	58,219

Consolidated balance sheet as at 31 March 2011

	2011 £000	2010 £000
Assets		
Non-current assets		
Goodwill	36,852	33,893
Other intangible assets	8,947	7,882
Property, plant and equipment	3,395	2,626
Deferred tax assets	5,001	3,412
	54,195	47,813
Current assets		
Inventories	121	80
Trade and other receivables	11,513	10,282
Cash and cash equivalents	16,938	16,950
	28,572	27,312
Total assets	82,767	75,125
Liabilities		
Current Liabilities		
Trade and other payables	17,705	16,242
Current tax liabilities	260	1,420
Contingent consideration	984	-
Provisions	282	478
	19,231	18,140
Net current assets	9,341	9,172
Non-current liabilities		
Deferred tax liabilities	2,084	1,656
Contingent consideration	3,135	-
Provisions	98	134
	5,317	1,790
Total liabilities	24,548	19,930
Net assets	58,219	55,195
Shareholders' equity		
Called up share capital	906	898
Share premium account	27,853	27,811
Merger reserve	2,325	2,325
Cumulative translation reserve	9,354	10,972
Retained earnings	17,781	13,189
Total shareholders' equity	58,219	55,195

Consolidated cash flow statement as at 31 March 2011

	2011	2010
	£000	£000
Cash flows from operating activities		
Cash generated from operations	10,324	11,789
Income tax paid	(1,996)	(1,476)
Net cash generated from operating activities	8,328	10,313
Cash flows from investing activities		
Acquisition of subsidiaries (net of cash acquired)	(5,022)	(2,857)
Purchase of property, plant and equipment	(1,713)	(1,131)
Net interest paid	(67)	(108)
Net cash used in investing activities	(6,802)	(4,096)
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	51	7,503
Repayment of borrowings	(229)	-
Dividends paid	(1,002)	(883)
Net cash (used in)/from financing activities	(1,180)	6,620
Net increase in cash and cash equivalents	346	12,837
Cash and cash equivalents at the start of year	16,950	3,983
Effect of exchange rates	(358)	130
Cash and cash equivalents at the end of year	16,938	16,950

Reconciliation of profit for the year to cash generated from operations

	2011	2010
	£000	£000
Profit before taxation	3,162	2,561
Depreciation charges	1,159	1,086
Amortisation of intangible assets	5,865	5,879
Loss on disposal of tangible fixed assets	9	27
Interest receivable	(108)	(58)
Interest payable	342	116
Share based payments	196	292
(Increase)/decrease in inventories	(41)	100
(Increase)/decrease in trade and other receivables	(566)	1,372
Increase in trade and other payables and provisions	306	414
Cash generated from operations	10,324	11,789

Note 1: Segmental reporting

The Group's operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (considered to be the Board of Directors) to allocate resources to the segments and to assess their performance.

The Board primarily considers the business from a geographical basis, but secondary information on revenues by product type is also reviewed.

Under the primary geographical reporting, external revenues are recorded by origin and operating profits reflect the statutory operating profits recorded by the legal entities based in each region (prior to any central overhead allocation). Revenue by destination is not materially different to revenue by origin.

	2011	2010
	£000	£000
Revenue (external)		
Europe	36,525	33,391
Americas	19,924	19,977
Asia	3,581	2,944
Total revenue	60,030	56,312
Operating profit before amortisation of intangibles, acquisition costs and share based payments		
Europe	7,844	8,062
Americas	2,711	2,190
Asia	515	39
Group operating expenses	(1,427)	(1,501)
Operating profit before amortisation of intangibles, acquisition costs and share based payments	9,643	8,790

In the year, the group has changed the basis of allocating expenses to segments and measuring segmental performance. This is to better reflect the statutory profits of the companies in each region. The prior year figures have also been restated accordingly. In the absence of the change, the reported operating profit figures before amortisation of intangibles, acquisition costs and share-based payments would have been as follows: Europe £8,369,000 (2010: £7,347,000); USA £3,720,000 (2010: £3,693,000); Asia £292,000 (loss £251,000) and: group operating expenses £2,438,000 (2010: £1,999,000).

	2011	2010
	£000	£000
Revenue by product group		
Transportation and Logistics	26,385	27,297
Customs and freight forwarding	23,736	19,413
eCommerce and B2B Integration	9,909	9,602
Total revenue	60,030	56,312

Note 2: Earnings per share

Earnings per share has been calculated on the profit on ordinary activities after tax divided by the weighted average number of shares in issue during the year based on the following:

	Consolidated income Year to 31 March 2011 £000	Adjustments to consolidated pre tax profit Year to 31 March 2011 £000	Results after adjustments at normalised rate of taxation Year to 31 March 2011 £000
Profit before tax	3,162	6,409	9,571
Taxation	2,236		(2,862)
Profit attributable to ordinary shareholders	5,398		6,709

Number of shares

Weighted average number of ordinary shares in issue	90,179,940	90,179,940
Effect of dilutive share options	3,076,629	3,076,629
Weighted average number of ordinary shares for the purposes of diluted earnings per share	93,256,569	93,256,569

	EPS	Adjusted EPS
Basic earnings per share	6.0p	7.4p
Diluted earnings per share	5.8p	7.2p

	Consolidated income Year to 31 March 2010 £000	Adjustments to consolidated pre tax profit Year to 31 March 2010 £000	Results after adjustments at normalised rate of taxation Year to 31 March 2010 £000
Profit before tax	2,561	6,090	8,651
Taxation	918		(2,552)
Profit attributable to ordinary shareholders	3,479		6,099

Number of shares

Weighted average number of ordinary shares in issue	84,818,219	84,818,219
Effect of dilutive share options	3,239,836	3,239,836
Weighted average number of ordinary shares for the purposes of diluted earnings per share	88,058,055	88,058,055

	EPS	Adjusted EPS
Basic earnings per share	4.1p	7.2p
Diluted earnings per share	4.0p	6.9p

Adjusted earnings per share has been disclosed as the Directors consider this better reflects the underlying performance of the Group. The basis of calculation has been revised in 2011 to eliminate the distorting effect caused by the progressive recognition of tax losses.

In order to arrive at the adjusted earnings per share figures, adjustments made to consolidated pre-tax profit comprise adding back amortisation of intangibles £5,865,000 (2010: £5,879,000), notional interest on deferred consideration £162,000 (2010: £nil), acquisition costs £186,000 (2010: £nil) and share-based payment expense £196,000 (2010: £292,000) then deducting exchange gains on contingent consideration £nil (2010: £81k). The resulting adjusted profit before taxation is then subject to a notional tax charge at the weighted average tax rate for the Group excluding intangible amortisation, amounting to 29.9% (2010: 29.5%).

Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2011 or 2010, but is derived from those accounts. Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) of the Companies Act 2006 or equivalent preceding legislation. Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union ("EU") and in accordance with the Group's IFRS accounting policies, this announcement does not itself contain sufficient information to comply with IFRSs.

The same accounting policies and methods of computation are followed in the audited results for the year ended 31 March 2011. Kewill's accounting policies under IFRS are as reported in the annual financial statements for the year ended 31 March 2010, as published by the Company on 18 June 2010, with the only significant exception being that in the year ended 31 March 2011, the Company has adopted International Financial Reporting Standard 3 "Business Combinations" (revised 2008) and International Accounting Standard 27 "Consolidated and Separate Financial Statements" (revised 2008). The most significant changes to the Group's previous accounting policies for business combinations are as follows:

- acquisition related costs which previously would have been included in the cost of a business combination are included in administrative expenses as they are incurred
- any pre-existing equity interest in the entity acquired is remeasured to fair value at the date of obtaining control, with any resulting gain or loss recognised in profit or loss;
- any changes in the Group's ownership interest subsequent to the date of obtaining control are recognised directly in equity, with no adjustment to goodwill; and
- any changes to the cost of an acquisition, including contingent consideration, resulting from events after the date of acquisition are recognised in profit or loss. Previously, such changes resulted in an adjustment to goodwill.