20 June 2006

KEWILL SYSTEMS PLC

Preliminary results for the year ended 31 March 2006

Kewill Systems plc ("Kewill" or "the Company" or “the Group”), a leading provider of Supply Chain Execution software and services, announces its preliminary results for the year ended 31 March 2006 prepared under IFRS for the first time.

Financial Highlights:

- Revenue up 19% to £31.6m (2005: £26.6m)
- Operating profit, pre-amortisation of intangibles and profit on sale of property, £3.0m (2005: £1.9m)
- Operating profit £0.9m (2005: £1.7m) after amortisation of intangibles of £2.1m (2004/5: £0.4m)
- Adjusted EPS up 33% to 6.1p (2005: 4.6p)
- Net cash balance of £13.0m (2005: £20.2m) after acquisition payments of £9.3 million.

Operational Highlights:

- **Order Management and Visibility:**
  - Operating profit up 102% including Perwill
  - Diversified offering and expanded into new vertical markets including financial services, local government and food services via acquisition of Perwill
  - Signed partnership agreements with two leading US e-commerce suppliers, Inovis and GXS
  - New client wins during the year included: Pets at Home, Burton Foods, Brakes, Threshers, Shop Direct Group, Hastings Direct, MMA Insurance, Insurecom and Endsleigh
  - New projects with established clients such as Bhs, Debenhams, JD Williams, Littlewoods, Mothercare, and Sainsbury’s

- **Enterprise Shipping Management:**
  - Revenues declined marginally
  - Programmes in place to return to growth in SME market
  - Large enterprise shipping sales grown to 29 this year (FY05: 21), revenues up 70%
  - Distribution partnership signed with SAP America
  - Added over 20 new carriers during year covering 200+ countries

- **International Trade and Logistics**
  - Created through Kewill TradePoint in the US & UK and Kewill Interchain in Europe
  - Partnership with Oracle extended to incorporate Kewill in its International Trade Management adapter
  - TradePoint revenues grew by 10% with 48 new customers added
  - Strong sales in the compliance area in the UK and US
  - Interchain added 24 new customers in 2005 (2004: 12, 2003: 9)
  - TradePoint large contract wins at A.N. Deringer & IFI International
  - Interchain sign upgrades in key accounts including DHL Exel, Fedex, Frans Maas and TNT

Paul Nichols, Chief Executive Officer, commented:

“This has been a year of progress for Kewill as we have grown revenue and profitability and extended our position into new markets and geographies. We completed two acquisitions this year, Perwill and Interchain, which have strengthened our solutions, taken us into new vertical markets and expanded our offerings. Sales growth in our traditional US and UK businesses has been weaker than we anticipated. However the UK retail IT market has seen early signs of growth in the first quarter of this year and the progress in the International Trade and Logistics division has been particularly encouraging.

I see FY06/07 as the year in which we should see organic growth return to our traditional businesses, particularly as we continue to integrate the offerings we have in our portfolio and thereby enable products traditionally sold in the USA and Europe to be cross-marketed and sold to our larger clients for global implementation. With such exciting prospects, I feel very positive regarding our future growth opportunities."

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Annual Review

Overview

As I get near to completing my fourth year at Kewill I feel more confident now than at any other time about the future prospects for the Company. Our initial focus was on returning the Group to sustainable profitability and this was achieved in FY03/04. In the last two years we have taken several major steps to strengthen our operational performance as well as continue to grow profitability and position Kewill in new and vibrant markets and geographies.

During this year, we completed two acquisitions which have further strengthened the Group following the two acquisitions from the previous financial year. These acquisitions have extended our solutions; we have new products in shipping management and order management, have added new vertical markets such as financial services and food services and expanded our offerings to include international shipping, global trade, customs and logistics solutions. The latter, not just for our traditional enterprise clients, but also for the Logistics Service Providers who outsource these activities on behalf of their customers.

All of our businesses will benefit directly from the dramatic increase in global trade that has been demonstrated by certain market trends such as the availability of cheap imports from new economies in Eastern Europe and Asia and the accessibility of these goods and services through the ubiquitous presence of the internet. Our international trade business will also see continued growth in the use of its offerings as, alongside the increased speed of trade, governments and agencies around the world seek to prevent goods from being shipped to rogue individuals or countries. Our solutions in this area are specifically designed to expedite the process of moving goods across borders by automating the completion of paperwork, the calculation of tariffs and duties, the necessary compliance checks that are required for the import and export of goods and the visibility tools to enable shippers and carriers to track goods around the world.

Our traditional businesses in the US and the UK failed to grow their sales at the level that we would have liked this year, but have taken the opportunity to adapt their offerings and add products and solutions that give us entry into markets where the growth opportunities are greater. Our Order Management and Visibility business has diversified its offerings through its own developments and via the acquisition of Perwill. This has added capabilities and customers in industries outside its traditional retail markets including financial services, local government and food services. In addition they signed partnership agreements with the two leading US business-to-business e-commerce suppliers, Inovis and GXS, which have ensured Kewill's continued strong presence in the UK retail sector and enabled us to distribute these companies' offerings into our nearly 9,000 strong customer base.

Our Enterprise Shipping Management division has seen its revenues marginally decline this year as previous product conversion and third party programmes have ended and very low end customers have moved to freely available substitute solutions. These one-time anomalies are now largely behind us and we have programmes in place to return to growth in the small and medium enterprise (SME) side of our business. In addition we have seen strong growth this year in large enterprise shipping sales with revenues growing 70% and 29 deals over $100,000 from major companies in comparison to 21 in the previous year. This validates our strategy of focussing our direct sales teams on the faster growing international shipping market using the Flagship technology acquired from ShipNow in April 2004. We were also particularly pleased that of these high end deals, seven were for our Flagship Export solution launched during July 2005. This product addresses the needs of customers wanting to ship domestic and international packages from within the same integrated solution and takes advantage of products acquired from both ShipNow and TradePoint. We are confident that organic growth will return for this division this year.

We have also now firmly positioned Kewill as a leading player in the global logistics and international trade market through the acquisitions of Tradepoint (January 2004), Interchain (November 2005) and now CSF (June 2006). Together they provide products that enable us to offer our customers, the logistic service providers, end to end solutions for their logistics needs between the US, Europe and Asia. These offerings deliver dynamic, global solutions with a focus on transport, forwarding, warehousing, customs and trade to support and accelerate our customer's business. TradePoint continued with the strong revenue growth that we have enjoyed since the acquisition and Interchain contributed strongly in both revenue and profit in the 5 months for which we had ownership in FY05/06.

Financial Results – Operating Performance

Group sales have grown this year by 19% to £31.6m (2005/6: £26.6m) primarily through the additions of Perwill and Interchain. Despite specific market issues our traditional businesses grew by 3% and licence revenues in particular were up 19% here on the previous year. Operating profits for the year were £3.2m (2004/5: £2.2m) before amortisation of intangibles, property sales and share-based payments and have risen 42% on last year. Operating profits were £0.9m (2004/5: £1.7m).

Despite slow orders in the retail market and the loss of two key customers through closure, our order management business maintained its organic revenues and achieved 18% growth as a result of the addition of Perwill, raising revenues to £9.7m (2004/5: £8.2m). In response to the market challenges we took the opportunity to consolidate development facilities and as a result, including Perwill, grew profits by 102% on last year to £2.1m (2004/5: £1.1m). Perwill contributed £1.4m of revenue and £0.4m of profit.

Shipping Management saw a return to growth in the second half of the year with sales up 13% on the first half and 2% up on the same period last year. Overall revenues in this business were down 1% at £10.7m (2004/5: £10.8m). In the second half of the year we increased investment in our US development and professional services resources to ensure we had the ability to support the increased sales. We also increased our commitment in marketing to ensure this trend continues into FY06/07. Operating profit in Shipping Management finished at £0.7m (2004/5: £1.5m) as a result of this increased investment and the fact that increased enterprise sales did not offset a drop in Clippership revenues.

TradePoint continued its strong performance and had its best half of sales performance since the acquisition in January 2004, delivering 10% growth on last year with revenues of £8.3m (2004/5: £7.6m). Operating profits were up 7% on last year at £1.0m (2004/5: £0.9m). Interchain contributed £2.9m of revenue and £0.7m of profit.

Financial Results – IFRS, Balance Sheet and Cash Flow

As can be clearly seen from the notes accompanying this review, there are three main adjustments in Kewill's accounts for the required implementation of IFRS this financial year, along with the restatement of the comparative results for 2004/5. We have maintained our previous accounting policies as published in the last annual report except for the following adjustments.

The first of these is a charge to the profit and loss account for share-based payments. This charge relates to the share options issued to employees. Under IFRS, the options must be valued based on a market or estimated market value at inception and this cost is being spread over the option vesting period (three years). There are a number of assumptions which affect the value and the Board has considered carefully these assumptions in order to derive an appropriate charge for the cost of options. As a result there is a charge of £152,000 (2004/5: £286,000) relating to share based payments. There is no cash impact to the Group as a result of this new accounting standard.

The second adjustment relates to goodwill amortisation and results in goodwill on acquisitions being 'frozen' with effect from 1 April 2004 and no further amortisation being provided from that date, subject to annual impairment reviews. This requires adjustments to the goodwill carrying value at 1 April 2004 and the amortisation of goodwill since that date. As a result there is no amortisation of goodwill in the restated accounts for 2004/5 or for 2005/6.

The third change from the introduction of IFRS that impacts Kewill's accounts is the requirement to allocate goodwill on acquisitions to its underlying intangible components. This results in the acquisitions since 1 April 2004 generating intangible assets other than goodwill of £9.2 million and a charge to the profit and loss account for 2005/6 of £2.1 million (2004/5:

£0.4 million) for the amortisation of these intangible assets. The deferred tax treatment of these intangibles also differs under IFRS and adjustments have been made to reflect this.

There is also now a requirement under IFRS to capitalise product development costs where recognition criteria are met, which under UK GAAP were previously written off. The Board have considered these costs and concluded that those meeting the recognition criteria are immaterial and so no adjustment to the accounts is required.

Group cash flows from operations were £2.1 million (2004/5: £2.2 million). We generated £0.7 million (2004/5: £0.7m) in interest received on our cash balance and made payments for acquisitions of £9.3 million (2004/5: £2.0m), capital expenditure of £0.8 million (2004/5: £0.4m) and tax of £0.3 million (2004/5: nil). This has resulted in a cash balance of £13.0 million at 31 March 2006 (2004/5: £20.2 million). The availability of tax losses carried forward from prior years on both sides of the Atlantic continue to reduce our tax payments.

ORDER MANAGEMENT & VISIBILITY

As previously noted, growth in our Order Management and Visibility business has been limited over the last 18 months as a result of our over-reliance on the UK retail sector as reduced retail sales across the UK delayed the commencement of new IT projects. We were able to respond to this situation by delivering a large number of smaller cost saving projects for our customers and across our broad base of nearly 9,000 of their trading partners. The underlying theme has been to deliver solutions and services that allow our customers to collaboratively connect, convert and control the bi-directional flow of business information internally and externally to their trading partners.

UK Retail Market

We expect to see a UK retail market recovery and consistent with that outlook we saw early signs of growth in the first quarter of this calendar year. We will continue to grow the business in our traditional EDI space while at the same time expanding into the more lucrative areas of Enterprise Application Integration (EAI) and Business Process Management (BPM). This will allow us to tap into additional revenue streams from our existing customer base while maintaining agility to react quickly to new market opportunities.

In addition to downsizing our products for retail during FY05/06 we set out to grow the business beyond our traditional market through both acquisitions and refining our offerings. We continue to focus on developing solutions to be at the forefront in both technology and functionality and have continued to work very closely with our customer base to enhance and expand our product set. The Kewill eBusiness suite has been constantly improved to become the industry leading solution for e-commerce, EDI, EAI and BPM across our focus industries. During the year we added new customers such as Pets at Home, Burton Foods, Brakes, 3663, Threshers, Shop Direct Group, East Lothian Council, Ensign, Glasgow City Council, Hastings Direct, MMA Insurance, Insurecom, Endsleigh and Nisa Today's, while adding new projects with established clients such as Bhs, Debenhams, JD Williams, Littlewoods, Mothercare, and Sainsbury's.

In addition to the growth initiatives described above, we also took the downturn in retail sales as an opportunity to consolidate our activities and ensure we continued to grow the profitability of this business. We therefore closed our development facility in Madrid, Spain and moved MTX development and our managed services infrastructure into our main offices in Manchester, England. This migration was completed in under 6 weeks without affecting the service to our customer base and realised a substantial cost saving.

Vertical Diversification

We also added new markets and customers through the acquisition of Perwill in July 2005. The Perwill solutions, including eBiz-Manager, have enabled us to expand our focus markets. We now have 15 new clients in Food Services and over 30 customers in Insurance. By adding sales resource we have also managed to penetrate the Local Government market and towards the year end we won contracts with two local authorities, providing a significant opportunity for further success in FY06/07. This platform will provide us with a UK customer base spread more evenly across a number of industries and will reduce the impact of a downturn in any one particular market. In the UK we continue to develop a reputation as the only mid-tier software and services provider that is able to deliver solutions across the broad spectrum of business from the FTSE 100 to the smallest SME, providing solutions that meet all needs and most importantly value for money at all levels.

Partnership agreements

During the year we also expanded our offerings through partners and in May 2005 Kewill signed an exclusive reseller agreement with Inovis, a leading provider of fully integrated business-to-business solutions that manage the flow of critical e-commerce information for global trading communities. The partnership sees Kewill bring the Inovis Catalogue, a Global Data Synchronisation product, into the UK Retail market. The initial focus is on General Merchandise and Apparel retailers, a market with urgent needs that are not currently addressed by any other solution provider. GDS provides retailers and their trading partners with a solution for transferring product information in electronic format, thus removing the issue of manual processing and data handling and the errors that arise from multiple levels of human intervention. GDS provides significant benefits to both the retailer and trading partner by decreasing costs of data management and reducing supply chain issues that result in lost sales. Debenhams became the first UK retailer to contract with Kewill for GDS and we have jointly commenced rollout of the solution to their cosmetics and perfumery suppliers; this will be followed by a department by department programme across all trading partners.

In July 2005 we renewed a 3 year contract with GXS, a leading worldwide provider of business-to-business integration, synchronisation and collaboration solutions, enabling us to continue to develop business on the back of the existing relationship.

Future growth

Our pre-existing and new solutions in this space mean we enter the new financial year as an industry leader offering a more rounded solution set and broader cross vertical capabilities to manage the bi-directional flow of business critical information. With companies across all vertical industries looking to constantly develop a more collaborative relationship with their business partners, to increase sales, reduce costs and increase profits, Kewill is poised to benefit from expanded markets and offerings this year.

ENTERPRISE SHIPPING MANAGEMENT

In a transitional year, shipping management performance reflected both the strong opportunity for higher end solutions (up 70%) and the impact of the conclusion of one-off programmes in the lower-end solutions (down 33%). The net effect was a 1% reduction in overall revenue. Led by strong sales efforts in key enterprise transactions, at the high end shipping management delivered significant increases in license ($4.5M, up 96%) services ($2.6M, up 43%) and maintenance ($1.9M up 64%). The availability of increased functionality in our enterprise level Flagship product, improvement in the sales process and release of an integrated global trade management solution (Flagship Export) facilitated a very significant increase in sales to large enterprise customers (29 in FY05/06 up from 21 in FY04/05). This included orders from Ferguson (a Wolseley company), Garmin, Service Electronics and Vermont Teddy Bear.

Strengthened product offering

Kewill's growth in international shipping is supported by industry analyst projections (ARC Advisory) of a 12.8% compound annual growth rate. There are few solutions in this space and the release of Flagship Export in July 2005 enabled us to take a leading position. With Flagship Export we are able to supply our large international customers with a highly functional product including all of the advanced features of Flagship along with the international compliance and trade documentation acquired through TradePoint. This jointly developed solution delivered seven significant orders in FY05/06 and continues to drive attention to Kewill through industry focus on this vital capability.

In FY05/06 our Professional Services team, bolstered by the addition of new experienced project managers, introduced improved methodologies that accelerated the delivery of implementations. We expect professional services revenues to increase in FY06/07 through growth of new customer engagements and additional modules and addendum work required by our early deployments as our customers' needs evolve.

Integral to the delivery of export parcel shipping solutions is the expansion of international carrier modules that can enable customer shipments overseas. R&D investment was increased in the offshore development centre in India, acquired with Paral in April 2004, and in FY05/06 the resultant effort delivered over 20 new carriers and support for shipments to and from over 200 countries. The ability to quickly scale carrier module creation through an offshore content factory is a developing core competence in Kewill, and is anticipated to accelerate delivery of these differentiated modules in FY06/07.

Further growth opportunities

Key strategies for FY06/07 include plans to replace lost revenues from the SME customers where Kewill has previously dominated and has even acted as a white label provider for individual carriers. In FY05/06 these relationships ended leaving only the SME maintenance and license revenues from customers sold to directly by Kewill. Ongoing direct sales of Clippership to new SME customers in FY05/06 increased 30% as our sales teams continue to find the Clippership product a competitive offering. Strategies to replace these programmes and to take advantage of Kewill's SME market dominance include the partnership with SAP America, announced in September 2005, where a scaled-down version of Clippership has been announced as part of their SAP Business One initiative and will be sold through a subset of over 1,100 distributors. An additional partner initiative formalised in FY05/06 is with 3M's HighJump Software, a market leading warehouse management (WMS) vendor. This partner relationship generated a large source of license revenue in FY05/06 and should continue to make a significant contribution in FY06/07.

In addition we continue to enjoy mutually beneficial relationships with the main US parcel carriers, who act as lead generator, partner and critical supplier of information we provide to our customers. Marketing programmes that extended carrier reach and expanded Kewill revenue opportunities grew significantly in FY05/06, with major initiatives launched with both FedEx and UPS and the establishment of a foundation for additional programmes with DHL. We anticipate further announcements in this area as we add carrier relationships particularly outside the domestic USA.

Future growth

The outlook for a return to growth in Shipping Management is positive as enhanced product availability, competitive differentiation and growing market opportunities provide a fertile environment for growth. The rapid acceleration of high-end enterprise sales in FY05/06 gives us a strong start to FY06/07; the fourth quarter of FY05/06 was the strongest license sales quarter for many years.

We have also significantly enhanced our management team with the appointment of Mike Dolan as Chief Operating Officer. Mike brings leadership, focus and a wealth of experience in sales and management of international software companies and together with the recent appointment of new leaders in sales and finance will help ensure we execute on the strategic opportunity in this key sector.

INTERNATIONAL TRADE AND LOGISTICS

Our international trade and logistics business has been created through Kewill TradePoint in the US and UK and Kewill Interchain in Europe. These two entities have the products and people to create truly global offerings for our customers and we will invest during FY06/07 in broadening and adding offerings to this portfolio to accelerate the cross selling between geographies and for our global customers.

Kewill TradePoint

During this year in the US, TradePoint grew revenues by 10%, added 48 new customers and maintained profitability following the planned investment in its next generation products. Tradepoint has now managed to grow organically in all reporting periods since the acquisition by Kewill in January 2004. The main growth in FY05/06 came from compliance product sales, where we benefited from our customer's increased awareness of compliance needs when shipping internationally and the earlier addition of sales resources. This, coupled with the need for better process controls for global trade through Sarbanes-Oxley requirements, is fuelling strong demand for our products. ARC Advisory forecasts a compounded annualised growth rate of 14.6% in this market over the next four years.

Kewill TradePoint won a record amount of new business in our long established intermediary market, where we supply systems to customs house brokers and freight forwarders to assist them with the complex areas of customs and tariffs. The US Census Bureau has estimated that imports into the US grew 15% over the last two years, a trend which has benefited Kewill TradePoint immensely since it has a 25% market share of systems to process these inflows. Two very significant new customers were IFI International and A.N. Deringer. IFI International placed its confidence in our forwarding and brokerage application and expertise and A.N. Deringer chose us as a partner to deliver a world class solution for its customers to be deployed at over 30 sites.

Kewill TradePoint also experienced strong sales in the UK with compliance, where the customer base continued to upgrade its deployments, generating a steady increase in professional services revenues. We also added four new clients for our SPEX product including Garmin International and we successfully launched the ECS (Export Compliance System) to give our clients the ability to screen shipments for denied parties and embargoed countries. FY05/06 saw strong growth in sales of ECS as we added 28 new customers and as this is a hosted (ASP) service we thereby greatly increased monthly recurring revenues. The demand for this product is expected to continue as a greater share of the commercial market initiates projects to meet the new compliance requirements.

Broadened product offering

In order to further differentiate our solution and add value for our clients we integrated the products acquired from TradePoint with our shipping management solution and launched Flagship Export, a suite of products which includes the parcel shipping software, SPEX (Export Documentation) and the ECS application. In the past year we were successful in seven joint sales of this new product offering including Avago and Garmin. The synergies of the combined products have proven a powerful combination enabling both domestic and international shipments for our enterprise level customers.

During FY05/06, TradePoint, as planned, invested strategically in R&D to support the next generation of their market leading Alliance application. The redesigned solution is an N-Tier, web-enabled Java application that is platform independent and will provide substantial management and user productivity enhancements. This offering should provide a major revenue stream in the years to come as we add new customers and our existing clients upgrade their legacy systems. Discussions of this offering with prospects and customers have been received with enthusiasm, including a commitment from DHL for broad-based access to the solution in FY06/07.

Synergies were also achieved with key partner and customer Oracle which, in addition to utilising Kewill compliance solutions to meet its own business needs, chose to include access to Kewill's on-line ECS solution in its standard International Trade Management (ITM) adapter, a solutions interface tool that Oracle customers can utilise to simplify and accelerate their international trade deployments.

Future Growth

The addition in November of the Interchain products (see below) into the Kewill portfolio are well suited to the US market and will bring significant differentiation, providing application functionality not previously available. The new offerings will be integrated with the current

TradePoint solutions to provide the strongest trade management products in the market, enabling a shipment to pass from country of origin to final destination using a single product suite. The combined solutions will enhance the product offering in both Europe and the US and become the basis for our global offering.

Kewill Interchain

In November 2005 Kewill acquired Interchain, adding over 100 employees in the BeneLux and UK who provide software solutions and services for national and international logistics services providers. The software, Chainware, consists of modules covering several market segments and functionality for the exchange of customer, partner and supplier information, including quotations and tenders, order management including multi-modal planning and freight forwarding for Air, Rail, Road and Sea, Transportation Management (TMS), Warehouse Management (WMS) and Customs Clearance. There is also a specific module for trade in daily fresh products, an especially large market in Holland. The core of the product contains an application called Navigator with its own Workflow and Business Process Management (BPM) and Monitoring tools.

Chainware is successfully implemented within more than 150 multi modal international logistics services providers. The customer list includes DHL, Exel, Expeditors, FedEx, FM Logistic, Frans Maas, Gondrand, Kintetsu, Raben, TNT, UPS and Vos Logistics and also important national Logistics Providers such as Bakker Logistics, Becker, Dart Group in the UK, Datema-Hellmann, Jan de Rijk, Koops, RigaNatie and Ziegler in Belgium, Seacon, TMI, Vat, VGL (DHL Express). In addition the products are also used by many large enterprises such as Ahold, Corus, Dow, Fuji, Greenery, Geldnet (DHL Securicor), JVC, Mitsubushi, Philips, Texas Instruments, Vendex, KBB and Yamaha.

R&D, product development, helpdesk & support are based in Zwijndrecht in The Netherlands, with sales and implementation teams in Belgium, Germany and the UK.Central European sales and support are provided through partnerships with Computerland in Poland, Traco in Hungary and Xyric in France. Key technology and integration partners include HP, IBM, Oracle, LXE, Peak and Symbol for barcode and RFID, on-board computing solutions with ICS, Qualcom and Transics and route optimisation through our relationships with Ordis and Ortec.

In 2005 Kewill Interchain invested in product development with new versions for European Transport & Warehousing and RFID and integration into our Unix/Linux platform. In the calendar year 2005 Kewill Interchain acquired 24 new customers up from 12 in 2004 and 9 in 2003. In addition several key existing accounts such as DHL, Exel, Fedex, Frans Maas and TNT signed new business and/or upgrades.

During FY06/07, under Kewill ownership, Interchain will further innovate its offerings and integrate with other Kewill products so that we can offer Chainware in the US. In particular we will seek to grow the recurring revenues of the business through increased sales using the Application Service Provider (ASP) approach to add to the strong maintenance revenues coming from more than 150 customers and 400 facilities.

Management Changes

Mike Dolan was appointed as Chief Operating Officer for the Enterprise Shipping Management business in December 2005. Mike brings to Kewill over 16 years of experience in business and sales management in enterprise software. Prior to Kewill, he was Senior VP & General Manager of Worldwide Operations for Mapics, a global ERP Supplier. Mike also served as VP of Americas Operations and VP and General Manager of International Operations during his tenure there. Before joining Mapics he was President and CEO of Thru-Put Technologies and prior to that held management positions with Baan, Consilium, and ASK, Inc.

Since the year end we have also made a Group level appointment with Iain Bishop as Chief Technology Officer Iain will be responsible for advising the business on the use of technology in support of our products and business strategy. He will also set direction for the effective use of common tools and methods in development across the divisions to improve our productivity and maximise the potential for integration and cross selling of products between businesses and geographies. Iain has a wide experience in software engineering and development lifecycles, he was for 6 years the Director of Research and Development for Systems Union a public ERP company with 20,000 customers in over 190 countries. In addition to that he has run his own consultancy assisting companies with offshore development and outsourcing in India and China, served as VP Software Development for a telecoms company and Technical Director of a software house.

Strategy

We are now well advanced in our strategic route to building a global supply chain and logistics business. After the year end on 16 June 2006 we announced the acquisition of CSF Gmbh. CSF is a privately-owned, leading provider of freight forwarding and customs clearance solutions in the German and Swiss markets. The company has over 70 employees with offices near Frankfurt, Hamburg, Dusseldorf and Basel in Switzerland. CSF's customs product Zabis and freight forwarding application B2®Logistik are used by over 700 Logistics Services Providers (LSPs), customs agencies and shippers including DHL Group, Exel, TNT, Fedex, UPS, Deutsche Bahn, Schenker, Panalpina, Hellmann, Yusen and Bax Global, airlines such as Lufthansa and Air Canada and enterprise shippers such as Volkswagen, Ford, Samsung and Nintendo. CSF is well positioned to take advantage of the electronic automation of the export process in Germany later this year and expects strong growth from its traditional and new customers.

This announcement further enhances Kewill's geographic coverage for its international trade and logistics solutions. Together, Kewill and CSF solutions can support shippers and logistics providers with the end-to-end management of orders, transportation, warehousing, forwarding, customs brokerage, and ultimate distribution of goods from a single provider with North American and, with this acquisition, further extended European capability. Visibility throughout the distribution cycle represents a dramatic step forward in enabling logistics providers to accelerate their time to delivery, minimize their costs and maintain control of the goods throughout the export/import process.

We will continue to seek opportunities to expand our capabilities to market and deliver our solutions across continental Europe and in the future into Asia. As part of that strategy we are planning to invest in integrating the products of the separate businesses to enhance our global supply chain solutions for our enterprise shipping customers and Logistics Service Providers. To this end we have appointed a CTO at Group level to lead our technical strategy. These actions will also ensure we maximise our opportunity for cross selling and reduce our future development and support costs.

Prospects

I see FY06/07 as the year in which we will see organic growth return to our traditional business, particularly as we continue to integrate the offerings we have in our portfolio and thereby enable products traditionally sold in the USA and Europe to be cross-marketed and sold to our larger clients for global implementation. With such exciting prospects, I feel very positive regarding our future growth opportunities.

Paul Nichols
Chief Executive Officer
19 June 2006

Consolidated income statement
for the year ended 31 March 2006

	Note	2006 £000	2005 £000
Revenue		**31,648**	**26,641**
Cost of sales		(3,043)	(2,787)
Gross profit		28,605	23,854
Total net operating expenses		(27,675)	(22,146)
Operating profit		930	1,708
Analysed as:			
Operating profit before amortisation and profit on sale of properties		3,009	1,934
Amortisation of intangibles		(2,079)	(405)
Profit on sale of property		-	179
Operating profit		930	1,708
Interest receivable		671	742
Profit before taxation		**1,601**	**2,450**
Taxation		1,172	442
Profit for the financial period from continuing operations		2,773	2,892
Discontinued operations			
Net (loss)/profit from discontinued operations		(92)	297
Profit for the financial period		**2,681**	**3,189**
Basic earnings per share		3.4p	4.1p
Diluted earnings per share		3.3p	4.0p
Basic earnings per share from continuing operations		3.5p	3.8p
Diluted earnings per share from continuing operations		3.4p	3.7p

Consolidated statement of changes in shareholders' equity
for the year to 31 March 2006

	2006 £000	2005 £000
Profit for the financial period	2,681	3,189
Exchange adjustments offset in reserves	413	(191)
Proceeds of ordinary shares issued for cash	51	28
Shares issued in lieu of services provided	5	5
Nominal value of ordinary shares issued for acquisitions	-	11
Premium on ordinary shares issued for acquisitions	-	697
Share issue expenses (acquisitions)	-	(4)
Share based payments	152	286
Net increase in shareholders' funds	**3,302**	**4,021**
Opening shareholders' equity	24,042	20,021
Closing shareholders' equity	**27,344**	**24,042**

Consolidated balance sheet
as at 31 March 2006

	2006	2005
	£000	£000
Assets		
Non current assets		
Goodwill	15,657	9,164
Intangible assets	9,240	809
Property, plant and equipment	1,105	523
	26,002	10,496
Current assets		
Inventories	199	87
Trade and other receivables	9,734	5,734
Deferred tax asset	1,301	-
Cash and cash equivalents	12,958	20,244
	24,192	26,065
Liabilities		
Current liabilities		
Trade and other payables	14,175	10,619
Current tax liabilities	798	135
Deferred tax liability	896	243
Deferred consideration	2,906	1,424
Provisions and other liabilities	118	98
	18,893	12,519
Net current assets	5,299	13,546
Non current liabilities		
Deferred tax liability	1,876	-
Deferred consideration	2,081	-
	3,957	-
Net assets	**27,344**	**24,042**
Shareholders' equity		
Capital and reserves		
Called up share capital	789	787
Share premium account	38,293	38,239
Merger reserve	976	976
Cumulative translation reserve	222	(191)
Profit & loss account	(12,936)	(15,769)
Total shareholders' equity	**27,344**	**24,042**

Consolidated cash flow statement
for the year ended 31 March 2006

	2006 £000	2005 £000
Cash flows from operating activities		
Cash generated from operations	2,148	2,184
Taxation	(261)	13
Net cash generated from operating activities	1,887	2,197
Cash flows from investing activities		
Acquisition of subsidiaries (net of cash acquired)	(9,348)	(2,021)
Purchase of property, plant and equipment	(817)	(400)
Proceeds from the sale of property, plant and equipment	-	577
Interest received	671	742
Net cash used in investing activities	(9,494)	(1,102)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	51	24
Net cash generated by financing activities	51	24
Net (decrease)/increase in cash and cash equivalents	(7,556)	1,119
Cash and cash equivalents at the start of period	20,244	19,145
Effect of exchange rates	270	(20)
Cash and cash equivalents at the end of period	**12,958**	**20,244**

Reconciliation of profit and net assets under UK GAAP and IFRS

Reconciliation of profit for the year ended 31 March 2005

	2005
	£000
Profit for the period - UK GAAP	2,764
Amortisation of goodwill	1,034
Amortisation of Intangible	(405)
Partial release of deferred tax liability	121
Share based payments	(286)
Other	(39)
Profit for the period - IFRS	3,189

Reconciliation of equity at 1 April 2004

	Note	Group UK GAAP £'000	Group IFRS Adjustment £'000	Group IFRS £'000	
					Assets
Fixed assets					**Non current assets**
-	a	-	6,968	6,968	Goodwill
Intangible assets	a	6,968	(6,968)	-	Intangible assets
Tangible assets		923		923	Property, plant and equipment
		7,891	-	7,891	
Current assets					**Current assets**
Inventory		176		176	Inventories
Debtors		4,631		4,631	Trade and other receivables
Bank balances and cash		19,145		19,145	Cash and cash equivalents
		23,952	-	23,952	
					Liabilities
Creditors : amounts falling due					**Current liabilities**
within one year		11,067	(720)	10,347	Trade and other payables
-		-	4	4	Current tax liabilities
-		-	716	716	Deferred consideration
Provisions for liabilities and charges		755		755	Provisions and other liabilities
		11,822	-	11,822	
Net current assets		**12,130**	**-**	**12,130**	**Net current assets**
Total assets less current liabilities		**20,021**	**-**	**20,021**	
Net assets		**20,021**	**-**	**20,021**	**Net assets**
					Shareholders' equity
Capital and reserves					**Capital and reserves**
Called up share capital		775		775	Called up share capital
Share premium account		38,212		38,212	Share premium account
Merger reserve		278		278	Merger reserve
Profit and loss account		(19,244)		(19,244)	Profit & loss account
Equity shareholders' funds		**20,021**	**-**	**20,021**	**Total shareholders' equity**

(a) Presentational change to separately identify Goodwill in addition to Intangible assets.

Reconciliation of equity at 31 March 2005

	Note	Group UK GAAP £'000	Group IFRS Adjustment £'000	Group IFRS £'000	
					Assets
Fixed assets					**Non current assets**
-	b	-	9,164	9,164	Goodwill
Intangible assets	c	8,993	(8,184)	809	Intangible assets
Tangible assets		523		523	Property, plant and equipment
		9,516	980	10,496	
Current assets					**Current assets**
Inventory		87		87	Inventories
Debtors		5,734		5,734	Trade and other receivables
Bank balances and cash		20,244		20,244	Cash and cash equivalents
		26,065	-	26,065	
					Liabilities
					Current liabilities
Creditors : amounts falling due within one year	f	10,715	(96)	10,619	Trade and other payables
-	f	-	135	135	Current tax liability
-	e	-	121	121	Deferred tax liability
-	d	-	210	210	Deferred consideration
Provisions for liabilities and charges	d	1,522	(1,424)	98	Provisions and other liabilities
		12,237	(1,054)	11,183	
Net current assets		**13,828**	**(1,054)**	**14,882**	**Net current assets**
Total assets less current liabilities		**23,344**	**(74)**	**25,378**	
					Non current liabilities
-		-	122	122	Deferred tax liability
-		-	1,214	1,214	Deferred consideration
		-	1,336	1,336	
Net assets		**23,344**	**698**	**24,042**	**Net assets**
					Shareholders' equity
Capital and reserves					**Capital and reserves**
Called up share capital		787		787	Called up share capital
Share premium account		38,239		38,239	Share premium account
Merger reserve		976		976	Merger reserve
-		-	(191)	(191)	Cumulative translation reserve
Profit and loss account		(16,658)	889	(15,769)	Profit & loss account
Equity shareholders' funds		**23,344**	**698**	**24,042**	**Total shareholders' equity**

(b) Separation of Goodwill from other Intangibles and the reversal of amortisation charged in the previous financial year.
(c) Presentational change to separately identify Goodwill in addition to Intangible assets and amortisation of intangibles.
(d) Presentational change to separately identify deferred consideration from Provisions and other liabilities.
(e) Deferred tax liability associated with new intangibles
(f) Other immaterial adjustments and reclassifications

Basis of presentation

This figures for the year ended 31 March 2006 are unaudited and are not full financial statements. The figures for the years ended 31 March 2006 and 2005 do not constitute statutory accounts within the meaning of section 240 (5) of the companies Act 1985. The figures for the year ended 31 March 2005 are non-statutory, have been extracted from the financial statements filed with the Registrar of Companies, and which contain an unqualified audit report and no statements under sections 237(2) or 237(3) of the Companies Act 1985 and have been re-stated in accordance with IFRS. This statement was approved by the Board of Directors on 19 June 2006.