

KEWILL PLC

Preliminary results for the year ended 31 March 2009

Kewill plc ("Kewill" 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 2009 prepared under IFRS.

Financial Highlights

	Year ended 31 March 2009	Year ended 31 March 2008
Revenue	£53.3m	£50.9m
Recurring revenue as % of total**	59%	51%
Underlying* profit	£7.5m	£7.0m
Operating profit	£2.0m	£2.3m
Underlying* margin	14.1%	13.7%
Adjusted EPS***	9.3p	9.5p
EPS	1.9p	3.3p
Full year proposed dividend	1.0p	0.75p

Operational Highlights

- Europe:
 - Increased sales by 9.5% to £32.7m (2007/8: £29.9m)
 - Underlying profits* up 11.2% to £7.7m (2007/8: £6.9m)
 - Major order for pilot system of Kewill Forwarding from AP Moller-Maersk
 - New clients included Norfolkline, Scotts of Stow, Sterling Insurance Group, Groupama, Gondrand, Kookai, Provident Insurance, Highway Insurance
 - New projects with established clients such as DHL, Nisa-Today's, Nutrition Point, JD Williams, Senator, Panalpina
 - Integration of European management under One Kewill initiative
- Americas:
 - Revenues fell by 2.5% to £18.3m (2007/8: £18.8m) as customers delayed orders
 - Underlying profits* of £2.0m (2007/8: £2.4m)
 - Integrated existing businesses under single management and consolidated three existing offices into one new facility resulting in an expected overall annual saving of \$1.9m
 - New client wins and new projects with existing customers included Stuller Inc., Oriental Trading Company and DHL Global Forwarding
 - Oracle and Fujitsu Consulting signed as partners
- Asia:
 - Revenues maintained at £2.2m (2007/8: £2.2m)
 - Underlying loss* of £0.3m (2007/8: £0.2m)
 - Significant new client win with NYK Logistics for Kewill Forwarding
 - Existing clients Sky Leader, Mega Speed, Transpeed Cargo, Pentagon Freight and Union Airfreight upgraded to Kewill Forwarding

* Underlying profits/loss and margin relates to operating profits/loss and margin before amortisation of intangibles of £5.6m (2007/8: £4.6m)

** Recurring revenue is defined as annually contracted revenue (maintenance and Software as a Service)

*** Adjusted EPS before amortisation of intangible assets and the notional interest and exchange differences on the contingent consideration has been disclosed as the Directors consider this is helpful in assisting the reader to understand the underlying performance of the Group.

Paul Nichols, Chief Executive Officer, commented:

“2008/9 was a challenging year as most major economies slipped into recession and many of our customers initiated cost reduction programs that in some cases led to delays to existing projects or in the placing of new orders. Despite this environment we did see several large customers place substantial orders for Kewill’s products confirming our belief that Kewill is seen as “part of the solution and not the problem” when cost savings are required. As a result of this, I am pleased that Kewill was able to continue to show growth in both revenue and profits in 2008/9, albeit at lower levels than in previous years.

We would expect this financial year to see growth as a result of our continued strong sales pipelines, backlog from orders closed in the last quarter of 2008/9, our growing proportion of revenues from SaaS and a continued strong focus on cost control.”

I would finally like to thank all our customers, employees and shareholders for the continued support that they have shown to Kewill during such a challenging macro economic climate.”

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ANNUAL REVIEW

The Board is pleased to announce that, despite a very challenging macro-economic environment, Kewill has succeeded in increasing both revenues and profits over the previous year as a result of several significant orders closed in the fourth quarter, our strong and growing recurring revenue base, the cost reduction actions taken during the second half of the year and assisted by the foreign exchange benefit from the weakness of sterling against both the US dollar and the Euro.

In the second half of the year we saw recessions hit all major economies around the world and this inevitably led to reduced shipments of goods and difficulties for many of our clients. This has had the effect of seeing several of our clients introducing cost saving plans and in some cases either delaying orders for our software and services or taking longer to approve orders in the pipeline. However, despite these conditions, we have seen several major companies place significant contracts with Kewill even during the very difficult second half of the year, confirming the strong return on investment that they derive from our solutions.

Overall revenues were up a modest 4.7% largely as a result of foreign exchange gains countering reductions in licence revenues, but also reflecting new business closed and our strong and growing recurring revenue streams.

	Year ended 31 March 2009	Year ended 31 March 2009 At constant currency	Year ended 31 March 2008
Revenue	£53.3m	£46.9m	£50.9m
Underlying* profit	£7.5m	£6.4m	£7.0m

During the year Software as a Service (SaaS) and hosting revenues accounted for 32% of Kewill Group revenues, up from 27% in 2007/8 and 19% in 2006/7. When added to our maintenance revenue in 2008/9 this makes recurring income account for 59% of total Kewill Group revenues and giving us good visibility of future income.

Underlying profits* and underlying margins* grew due to foreign exchange gains, the success of the SaaS and hosting products, the cost reductions from our One Kewill initiative and the accelerated savings that we put in place in the second half in response to the deteriorating economic environment.

OPERATING & FINANCIAL PERFORMANCE

Group revenues for 2008/9 grew 4.7% to £53.3m (2007/8: £50.9m) and underlying profits* for the year were up 7.9% at £7.5m (2007/8: £7.0m). Our underlying margins* have increased to 14.1% (2007/8: 13.7%) as a result of the cost savings made in the year as part of our One Kewill initiative. Operating profit was £2.0m (2007/8: £2.3m). Our net cash position recovered from the small net debt position at the end of the first half to a net cash position of £4.0m as at 31 March 2009 (31 March 2008: £10.0m), this balance was lower than last year following the payment of contingent consideration of £8.6m on prior year acquisitions. In line with our stated policy of paying a progressive dividend the Board is pleased to propose a dividend payment for the year of 1p per share, an increase of 33% on last year.

* Underlying profits/loss and margin relates to operating profits/loss and margin before amortisation of intangibles of £5.6m (2007/8: £4.6m)

Europe

European revenues increased 9.5% to £32.7m (2007/8: £29.9m) led by a very strong 19% growth in Germany (at constant currency rates) and a foreign exchange gain of £3.1m. The German growth has been driven by the government mandated use of electronic export declarations, which comes into effect on 1 July 2009 and therefore should also ensure continued growth into 2009/10. Despite the difficult economic environment, the UK business has grown revenues by 3%, as a result of a major licence deal with AP Moller-Maersk and the strong recurring revenue base from SaaS, particularly in the insurance sector. In BeNeLux revenues fell by 13% in constant currency as the business saw continued slippage in new business and reductions in services work from existing customers throughout the year. Despite this environment, we managed to close a significant new contract with Norfolkline for our Kewill Transport solution. In addition, during the year we integrated the European businesses under a single management team as part of the One Kewill initiative and strengthened the team with new senior hires in sales, professional services and added domain expertise for the newly launched Kewill Forwarding system.

Underlying profits* in Europe increased 11.2% to £7.7m (2007/8: £6.9m) largely as a result of currency gains, with underlying margins* remaining flat at 23.6% (2007/8: 23.2%). Operating profits were £2.4m (2007/8: £2.6m). The strong Euro increased European revenues by £3.1m and profit by £0.9m.

Americas

Americas revenues fell by 2.5% to £18.3m (2007/8: £18.8m). At constant currency, there was a 17.6% drop as this business was particularly affected by customers delaying orders and the comparison with the particularly large Purolator contract which contributed \$4.1m (£2.0m) of revenue to 2007/8. The foreign exchange gains from the strong dollar improved revenues in the year by £2.8m. The impact of delays was particularly felt in Enterprise Shipping Management where revenues fell 31% (excluding currency gains) as this business is more dependent on licence sales. By contrast, Trade and Logistics revenues grew by 2% (at constant currency rates) as they benefitted from a stronger SaaS offering assisted by the launch of our compliance solution for the '10+2' security initiative, which was adopted by over 60% of our existing customers. Underlying profits* were £2.0m (2007/8: £2.4m) in the US, including £0.3m from gains on exchange rates. Underlying margins* were 11.0% (2007/8: 12.7%) and although costs were reduced rapidly in response to the declining revenues during the year, the cost reduction did not offset the entire revenue fall. Operating profits were £2.0m (2007/8: £2.4m).

Asia

Revenues in Asia were maintained at £2.2m (2007/8: £2.2m) including an exchange gain of £0.4m. New business sales were delayed by the global economic downturn, although a highlight was the signing of a contract with NYK Logistics, which will bring significant services revenue in 2009/10. We were also able to take advantage of government stimulus grants being made to our customers in Singapore to encourage them to upgrade to our latest global forwarding software. In addition, we successfully implemented the industry-first E-Learning Training Management System for Singapore NTUC (National Trade Union Congress) Learning Hub by applying our Kewill Framework built on the latest Service Oriented Architecture (SOA) technologies. This is an important milestone for the Singapore government's initiative to support lifelong learning to its citizens through the NTUC Learning Hub, especially during such a recessionary period. Underlying losses* were £0.3m (2007/8: £0.2m) and operating losses were £0.6m (2007/8: loss of £0.4m) as more global development was moved to our in-house development facility in Shanghai.

* Underlying profits/loss and margin relates to operating profits/loss and margin before amortisation of intangibles of £5.6m (2007/8: £4.6m)

Group

Central costs were strictly controlled during the year and reduced to £1.9m (2007/8: £2.2m) including the removal of senior management bonuses as targets were not achieved. We finished the year with £4.0m of net cash, boosted by very strong cash collections from customers in the second half of the year. As expected the balance was lower than last year (2007/8: £10.0m) as we paid out £8.6m of contingent consideration from prior year acquisitions. The last remaining earn-outs are now completed and final payments were made early in 2009/10. Our tax payments in both the UK and the US continue to be reduced by tax losses carried forward from prior years.

The Board proposes a final dividend of 0.7p per share (2007/8: 0.5p per share), making a total dividend for the year of 1p per share (2007/8: 0.75p per share) which represents a 33% increase on last year. The dividend will be paid on 28th August 2009 to shareholders on the register as of 24th July 2009.

Global Trade and Kewill's Markets

Along with most other software and services companies we experienced a difficult macro-economic environment particularly in the second half of 2008/9 and do not foresee the selling environment improving until late in 2009/10. However, we are treating this as an opportunity to ensure that Kewill is not only positioned well to weather the current economic crisis, but also to benefit significantly through gain in market share as the global economy returns to growth.

As part of our growth plan set in 2004 and as a result of the seven acquisitions that Kewill made in the period 2004 through 2007, we have strengthened our geographical market presence and this geographic diversity now provides Kewill with a much enhanced ability to withstand difficulties in individual markets or geographies.

In any year economies will be growing or declining at varying speeds and specifically in our markets compliance requirements will be enacted in individual countries at different points in time. In 2007/8 Kewill benefitted from a significant customs change in South East Asia and this was followed in 2008/9 with new customs legislation being introduced in both the US and Europe, which is reflected in the growth in our SaaS revenues in both of these regions this year. These same changes in Germany and the US will lead to more opportunity in 2009/10 as the new laws come into full effect and the late adopters sign up for our products.

Global changes in trading conditions, new Free Trade Zones and additional border protection controls will ensure that there will be a need for flexible software solutions now and into the future. We are also seeing that many customers, including the Logistics Service Providers (LSPs), are realising that their internal departments are unable to keep up with these changes given the level of complexity and expertise required and are thus looking to procure solutions from companies such as Kewill to remain compliant in their shipping.

While today the overall global economy is in decline, there are individual countries and regions still forecasting growth over the coming year and as a result of its global coverage Kewill can ensure it has solutions and services in the right place at the right time to meet these clients' needs. Investment in the product portfolio remains important and over the last few years, we have invested in the acquisition and development of a broader range of industry specific solutions in new markets such as Global Forwarding, Service Logistics and Insurance. This has enabled Kewill to further spread any risk of a downturn in any one industry or sector from having a significant impact on the total Kewill business.

During 2008/9 we saw reductions in the more traditional licence revenues and associated services, and the current economic climate is driving new demands across our customer base. AMR Research, an analyst firm that specialises in our markets, is still forecasting growth of 10.1% per annum for the next 3 years in global trade management solutions and 7% in broader

supply chain solutions. Our own experience is that our more proactive enterprise clients are taking the poor market as an opportunity to invest in new processes and technology, whilst they have the bandwidth to manage such projects and in anticipation of a return to more normal trading volumes. These businesses want to be well positioned to advance beyond their competitors and be fully prepared to take market share and reap the benefits the new systems can provide to deliver more business at lower cost. Specific examples of this can be seen from the recent investments customers have made in Kewill Forwarding, Kewill Transport and Kewill Service Logistics.

Smaller businesses are also looking to achieve the benefits of new products and technology to ensure that they are not left behind by their larger competitors. However, they wish to avoid a large upfront capital outlay on software, hardware and IT staff and are therefore looking to access these solutions with an investment spread over time on a transactional or monthly subscription basis through the various SaaS models that we now offer. The continued growth (32% of total revenue in 2008/9 compared to 27% in 2007/8) in our SaaS business model is the result of Kewill being able to capture a wider customer base and will allow us to ensure longer term contracted revenue generation. SaaS generates income to Kewill from a monthly subscription and therefore the business closed in 2008/9 will repeat in 2009/10 and indeed we will see a full year benefit from many of these deals which were signed late in 2008/9.

Success with New Products and Services

Kewill's strategy over the last few years has been focused on developing a broad Global Trade Management suite of solutions delivered through a SOA methodology. This has provided the product flexibility to deliver solutions that directly meet today's supply chain execution challenges while delivering a fast return on investment.

Kewill's suite of solutions has been honed through acquisition and investment and is now one of the most comprehensive in our market and is focused on supporting the domestic and international movement and storage of goods, including international customs and compliance. Our continued emphasis on best-of-breed globally available products, delivered and supported by local domain experts is proving to be very successful and is differentiating us from our competition. The smaller local competitors lack the geographic breadth or scale to support global projects and the larger ERP vendors lack the depth of product functionality and the specialised skills needed to advise customers on very specific and complex issues.

Through recent additions made to the product set, Kewill now offers a full range of applications that provide for forwarding, transport, parcel shipping, warehousing, customs (import and export), service parts logistics and returns. During 2008/9 we continued to promote Kewill Forwarding across the globe and as a result increased our US customer base and added new global customers such as A.P.Moeller-Maersk based in Copenhagen and NYK Logistics out of Hong Kong. In Asia we increased our already strong presence with new orders from existing customers. These clients were able to take advantage of the Singapore government's economic stimulus plan to release funds to enable them to transition to the latest version of Kewill Forwarding. For the future we have built a pipeline of new opportunities in all regions.

The success of the global campaign for Kewill Forwarding was followed in 2008/9 with the launch of Kewill Transport in Asia building on our already strong customer presence in Europe. In Europe we added Norfolkline as a customer, who will implement Kewill Transport across a total of 32 sites and 384 users. The software will enable Norfolkline to support its wide-ranging business processes, ranging from intermodal operations to non-asset-based third party logistics. Metro Group, the world's fourth largest retailer with 2,200 outlets in 31 countries, successfully rolled out a transport management solution from Kewill. Kewill Transport ensures that Metro has the necessary logistics software and internal capability to manage its rapid expansion in Russia. In Asia we added new systems for one of our large LSP customers, where in many countries recent government investment in transport and logistics infrastructure has created a growth of supply

chain execution activity. We expect these initiatives to lead to an increase in Kewill Transport customers across Asia in 2009/10.

One of our more recent product additions has been the Kewill Service Logistics suite that we acquired in March 2007 with the acquisition of Innovate-IT. In 2009/10 we have commenced a global marketing campaign with particular focus and investment in the Americas. Analysts are predicting that the service logistics market will require greater investment in IT solutions in the near future as consumers and businesses look to contain costs by extending the life of existing semi-disposable items such as laptops, PDAs and mobile phones, through increased use of return for repair. Kewill Service Logistics provides a comprehensive service that automates the process from initial call to a service centre through to the return of the repaired product or a warranty replacement. We are seeing several existing and many new customers looking for our solutions to handle their increased volumes of such returns.

In the customs arena, during 2009/10, we will bring to market Kewill Export, a new version of an existing Kewill product. This new product has been developed using our SOA architecture and is delivered as a set of component based services. This allows us to reutilise those components into other new products such as CustomsXchange. Kewill CustomsXchange is a new and unique approach to solving the ever increasing problem of managing customs compliance with cross-border legislation. We are finding that international and global companies doing business in multiple countries are no longer willing or able to manage the intricacies of complex and ever changing import and export regulations. However, failure to address these issues leads to delays in the supply chain, fines for non compliance and additional costs of goods in transit or excess buffer stocks. Kewill CustomsXchange provides a single point of interface for multi-national corporations to process their declarations and confirm their compliance through a single gateway. In the short space of time this solution has been available, it has already generated significant interest and is expected to provide first revenues for Kewill during 2009/10. We are seeing particular interest in Europe where the new EC legislation for export declaration processing comes into effect on 1 July 2009. This demand will continue over the next two years as the existing legislation will be extended to cover imports and intra EU shipments.

In Germany Kewill has responded proactively to the new European Community export compliance regulations with the launch of Kewill's Air Cargo Pool. This service provides easy to use kiosks at major German airports to simplify the process for shippers in making the required electronic declarations of their exports. This service is expected to significantly reduce the amount of time transport companies spend idle at customs waiting for paperwork to be processed and approved.

As can be seen from the above examples, Kewill has continued to invest in new products and technologies that will see us in a strong position to take advantage of the return to growth in global economies and the resultant increase in world trade. An additional advantage of these investments will be seen in later years as we are able to retire older products and technologies and thereby reduce support and maintenance costs and improve Kewill's operating margins.

We have also added new channels to market during 2008/9, in particular in the Americas where we added integrations for several of our existing products with partner solutions to support these new distributors. This included a partnership arrangement with Oracle with support for a standard interface between Flagship and Oracle OTM. We also developed a standard integration between both Clippership and Flagship and the Microsoft ERP solution and brought new customers live on this platform. We also delivered new shipping partnerships with local parcel carriers such as ONTrac and Eastern Connections and are building a similar relationship with Newgistics.

One Kewill and Organisational Alignment

In response to the difficult economic climate in the second half of 2008/9 Kewill took the opportunity to ensure its costs were reduced in line with its revenues. As part of this we accelerated certain elements of our One Kewill plan that was announced in 2007. The One Kewill initiative involved alignment of our products, our technology platforms, our brand and our organisation following a period of making several acquisitions. In 2008/9 we took the decision to merge our three US business units into one, Kewill Americas, under one management team made up of members of all units. This merger enabled us to consolidate our office based employees into one new facility and to allow three existing leases to expire. This action has resulted in expected annualised savings of \$1.9m.

In Europe we also integrated all acquired business units under the management of one team. This involved the establishment of a functional organisation consisting of existing executives and several key external hires. Sales, Marketing, Support and Professional Services are now managed on a pan-European basis with country management teams and domain expertise residing in each country and handling the local needs of clients.

In Asia we have hired a new Chief Operating Officer and he is managing the established team from our acquisition of IPACS made in 2007, now branded Kewill Asia. These three regions collaborate extensively on the provision of services to our global clients including 24x7 support anywhere in the world and local expertise for delivery of roll-outs of global solutions.

The One Kewill initiative is now largely complete, enabling us to go to market in multiple geographies with a common set of products and methodologies under a single brand and better able to support our global customers through an integrated organisation.

Outlook

As can be seen from the sections above, Kewill is well positioned with a strong set of modern technology products and services on offer now in multiple regions and, as such, we feel well equipped to not only withstand the current economic situation, but also to capture market share when growth returns to global markets. We would expect to see good growth from the compliance initiatives in the US and Europe and new sales with Kewill Forwarding, Service Logistics and with CustomsXchange. We do however remain cautious in our outlook overall in the US and Asia and are keeping a very tight rein on costs until we see real evidence of a return to our normal levels of growth.

The Board remains very mindful of the continued macro-economic conditions and the impact this has had on revenues and in particular licence sales in 2008/9. However, we would expect this financial year to see growth as a result of our continued strong sales pipelines, backlog from orders closed in the last quarter of 2008/9, our growing proportion of revenues from SaaS and a continued strong focus on cost control.

Paul Nichols
Chief Executive Officer
Kewill plc
19 June 2009

Consolidated income statement for the year ended 31 March 2009

	2009 £000	2008 £000
Revenue	53,266	50,854
Operating expenses	<u>(51,301)</u>	<u>(48,513)</u>
Operating profit	1,965	2,341
Analysed as:		
Operating profit before amortisation of intangibles	7,519	6,963
Amortisation of intangibles	<u>(5,554)</u>	<u>(4,622)</u>
Operating profit	1,965	2,341
Interest receivable on cash and short term deposits	61	131
Interest payable	<u>(606)</u>	<u>(517)</u>
Profit before taxation	1,420	1,955
Taxation	<u>106</u>	<u>685</u>
Profit for the year	1,526	2,640
Basic earnings per share	1.9p	3.3p
Diluted earnings per share	1.8p	3.2p

Consolidated statement of changes in shareholders' equity

for the year ended 31 March 2009

	Share capital account	Share premium account	Merger reserve	Special reserve	Translation reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2007	808	38,306	2,325	-	(486)	(11,345)	29,608
Currency translation differences	-	-	-	-	3,657	-	3,657
Net income recognised directly in equity	-	-	-	-	3,657	-	3,657
Profit for the year	-	-	-	-	-	2,640	2,640
Total recognised income for the year	-	-	-	-	3,657	2,640	6,297
Share-based payments	-	-	-	-	-	204	204
Shares issued in lieu of services provided	-	10	-	-	-	-	10
Issue of shares - share options	5	194	-	-	-	-	199
Dividends	-	-	-	-	-	(609)	(609)
Balance sheet reconstruction	-	(11,000)	-	11,000	-	-	-
At 31 March 2008	813	27,510	2,325	11,000	3,171	(9,110)	35,709
At 1 April 2008	813	27,510	2,325	11,000	3,171	(9,110)	35,709
Currency translation differences	-	-	-	-	8,734	-	8,734
Net income recognised directly in equity	-	-	-	-	8,734	-	8,734
Profit for the year	-	-	-	-	-	1,526	1,526
Total recognised income for the year	-	-	-	-	8,734	1,526	10,260
Share-based payments	-	-	-	-	-	401	401
Shares issued in lieu of services provided	-	5	-	-	-	-	5
Issue of shares - share options	-	12	-	-	-	-	12
Dividends	-	-	-	-	-	(650)	(650)
Balance sheet reconstruction	-	-	-	(11,000)	-	11,000	-
At 31 March 2009	813	27,527	2,325	-	11,905	3,167	45,737

Consolidated balance sheet as at 31 March 2009

	2009 £000	2008 £000
Assets		
Non-current assets		
Goodwill	34,550	27,720
Other intangible assets	14,121	17,448
Property, plant and equipment	2,593	1,788
Investment in subsidiary companies	-	-
Deferred tax assets	2,148	1,635
	<u>53,412</u>	<u>48,591</u>
Current assets		
Inventories	181	125
Trade and other receivables	11,963	10,291
Cash and cash equivalents	3,983	9,980
	<u>16,127</u>	<u>20,396</u>
Liabilities		
Current Liabilities		
Trade and other payables	16,554	16,838
Current tax liabilities	1,339	1,766
Contingent consideration	2,938	10,400
Provisions	20	28
	<u>20,851</u>	<u>29,032</u>
Net current liabilities	<u>(4,724)</u>	<u>(8,636)</u>
Non-current liabilities		
Deferred tax liabilities	2,951	4,246
	<u>2,951</u>	<u>4,246</u>
Net assets	45,737	35,709
Shareholders' equity		
Called up share capital	813	813
Share premium account	27,527	27,510
Merger reserve	2,325	2,325
Special reserve	-	11,000
Cumulative translation reserve	11,905	3,171
Retained earnings	3,167	(9,110)
Total shareholders' equity	<u>45,737</u>	<u>35,709</u>

Consolidated cash flow statement as at 31 March 2009

	2009 £000	2008 £000
Cash flows from operating activities		
Cash generated from operations	6,075	9,862
Income tax paid	(2,322)	(769)
Net cash generated from/(used in) operating activities	<u>3,753</u>	<u>9,093</u>
Cash flows from investing activities		
Acquisition of subsidiaries (net of cash acquired)	(8,607)	(3,388)
Purchase of property, plant and equipment	(1,626)	(1,224)
Amounts received from subsidiary undertakings	-	-
Net interest (paid)/received	(65)	90
Additional investment in subsidiaries	-	-
Repayment of capital	-	-
Dividends received	-	-
Net cash used in investing activities	<u>(10,298)</u>	<u>(4,522)</u>
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	12	199
Dividends paid	(646)	(601)
Net cash used in financing activities	<u>(634)</u>	<u>(402)</u>
Net (decrease)/increase in cash and cash equivalents	(7,179)	4,169
Cash and cash equivalents at the start of year	9,980	5,256
Effect of exchange rates	1,182	555
Cash and cash equivalents at the end of year	<u>3,983</u>	<u>9,980</u>

Basis of presentation

The figures for the year ended 31 March 2009 included in this announcement have been extracted from the audited financial statements for the year ended 31 March 2009 which were approved by the Board of Directors on 19 June 2009. The figures for the years ended 31 March 2009 and 2008 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 2008 have been extracted from the financial statements filed with the Register of Companies and contain an unqualified audit report and no statements under sections 237(2) or 237(3) of the Companies Act 1985. This statement was approved by the Board of Directors on 19 June 2009.