KEYWORDS

Transformational growth

Annual Report and Accounts 2014

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Visit the website for further information
www.keywordsintl.com

Keywords is the leading international technical services provider to the global games industry.

Established in Dublin in 1998, it now has operations in Montreal, Rio de Janeiro, Los Angeles, Seattle, Tokyo, Singapore, New Delhi, Pune, Rome, Milan, Barcelona and London.

It provides art creation, audio recording, localisation, testing, and customer support services across 50 languages and 12 games platforms to a blue chip client base in more than 15 countries.

Its customers comprise many well-known multinational games publishers and developers including 20 out of the 25 largest games companies by revenue*.

"Following a successful year in which we delivered strong organic and acquisitive growth, taking the business into complementary services and new geographies, we are now the only international provider of the full range of integrated services in a highly fragmented video games services market. As a result, we look forward with confidence to making further progress as we move through the current year and beyond."

Ross Graham
Chairman

* Source: Newzoo, July 2014.

Transformational growth through international expansion

The Group now has 14 studios strategically located to provide full, integrated services to local and global clients in key gaming clusters across three continents. Since early 2014, we have expanded organically and by acquisition into new locations including Barcelona, London, Los Angeles, Milan, New Delhi, Pune, Rio de Janeiro and Singapore.

ART CREATION SERVICES

The creation of graphical art assets for inclusion in the video game including concept art creation, 2D and 3D art asset production and animation

AUDIO/VOICEOVER SERVICES

Multi-language voiceover, original language voice recording and related services

LOCALISATION SERVICES

Translation of in game text, audio scripts, cultural and local adaptation, accreditation, packaging and marketing materials

FUNCTIONAL TESTING

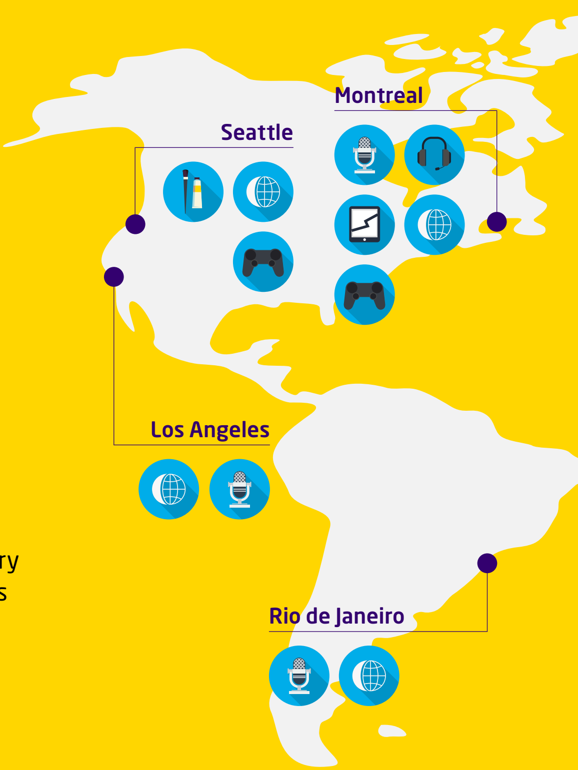
Quality assurance including discovery and documentation of game defects and testing to verify the game's compliance with console manufacturers specifications

LOCALISATION TESTING

Testing for out of context translations, truncations, overlaps, spelling, grammar, age rating issues and console manufacturer compliance requirements in over 30 languages using native speakers

CUSTOMER SUPPORT

24/7, multilingual customer support for games in live operation, forum monitoring and moderation services, and social media engagement on behalf of the game brand



SELECTED CLIENTS

Microsoft Studios · gumi · Sony Computer Entertainment · Ubisoft · Pretty Simple · Konami · 2K · Machine Zone · NHN Entertainment · Gameforce · Nintendo · Capcom · King · Warner Bros. · EA Electronic Arts · Square Enix · Disney Interactive · Bandai Namco · Supercell · Zynga · Glu · Blizzard Entertainment · T2 Take Two Interactive · DeNA

50

Providing integrated services across 50 languages

12

and 12 games platforms to a blue chip client base in over 15 countries

20

serving 20 of the top 25 games companies by revenue

14

from 14 studios worldwide

Highlights 2014 - 2015

OPERATIONAL HIGHLIGHTS

Strong organic growth; revenues up 23% excluding all acquisitions:

- Continued to gain market share adding clients like Ankama, Bioware, Carbine, Frontier Developments, Nexon and Tencent; and
- Invested in new Singapore operation to support Electronic Arts' move to outsourced services in South East Asia.

Significantly extended service capabilities and geographical reach through four acquisitions:

- Liquid Violet, acquired in January 2014, extended our audio services offering;
- Babel Media, the only other full service provider in the industry, was acquired in February 2014, giving Keywords good exposure to Functional Testing and a presence in India;
- Binari Sonori, acquired in May 2014, further strengthened our audio and localisation services, giving the Group a presence in Milan and Los Angeles; and
- Lakshya Digital, acquired in October 2014, provided an entry into art outsourcing and giving Keywords visibility further up the game development supply chain.

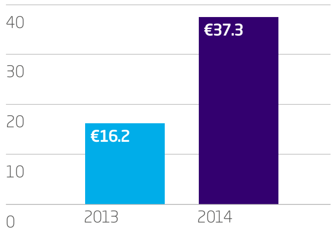
Delivered operational synergies in Montreal and in New Delhi through rationalising top management and co-locating production facilities with those acquired.

FINANCIAL HIGHLIGHTS

Group revenue (m)

€37.3m

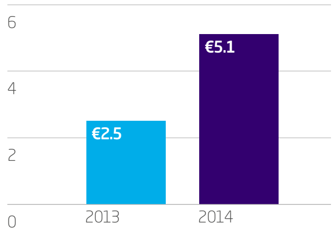
↑130%



Adjusted profit before tax (m)[1]

€5.1m

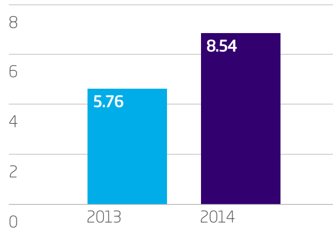
↑104%



Adjusted basic earnings per share (c)[1]

8.54c

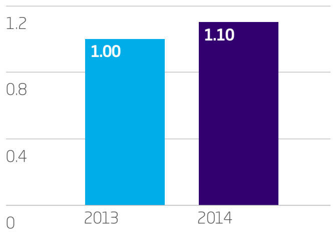
↑48%



Total dividend (p)

1.10p

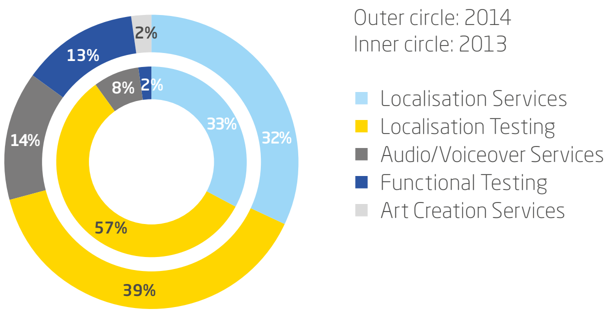
↑10%



Total Group revenue 2014(13)(m)

€37.3m(€16.2m)

↑130%



1 Before acquisition and integration expenses of €1.5m (2013: nil), IPO expenses of nil (2013: €1.12m), share option charges of €0.2m (2013: €0.1m), amortisation of intangibles of €0.5m (2013: nil) and foreign currency gains of €0.5m (2013: losses of €0.1m).

Strong financial performance and delivery on strategy

The business in 2014

In last year's statement, my first for Keywords as a listed company, I set the scene describing my initial view of the Company, its business ethos and culture and the opportunities for organic and acquisitive growth in a fragmented market. I am pleased to be able to report that, in its first full year as a listed company, Keywords has clearly delivered its strategy with a strong financial performance during the year and four well-conceived and executed acquisitions.

During 2014 the business has more than met the Board's ambitious expectations. Organic revenue growth of 23% has been augmented by four acquisitions (with two further small purchases after the financial year end) such that annualised revenues have grown three-fold since our IPO in 2013. These new businesses are integrating well within Keywords – maintaining their own brands while absorbing the Keywords' culture, its efficient way of working and its strong financial controls. The acquisitions have resulted in a change in the business mix, making the Group much broader and better balanced and they have opened up opportunities that it simply could not have delivered without all of its current constituents.

An important criteria for an acquisitive company is to improve continuously its quality of earnings – sheer growth on its own can prove an illusory achievement. Here, I believe, we have measured up well. In particular, we are very encouraged by the fact that customers, old and new, are increasingly using Keywords, and the Board believes that the introduction of Keyword's approach to operational efficiency in the new companies will continue to drive margin improvement over time.

People & culture

Last year I commented on the Keywords' culture engendering a "can do" attitude founded on the value placed in our people – this attribute is well reflected in how much they actually "have done". The Group is ahead of plan in terms of both acquiring new service lines (such as the acquisition of Lakshya Digital in October 2014 which took Keywords into the large Art Outsourcing market for the first time) and the establishment of offices in locations closer to key clients (such as the recent acquisition of an office in Brazil and the establishment of the studio in Singapore).

Recently the leadership team from round the world came together for two days of strategy and operational exchanges. At this event, it was clear that Keywords now benefits from even greater strength in the depth of its leadership team and that this team is excited to work together with collective ambition, boding well for the future.

However, the Group is not just reliant on its leaders and I would like to thank each and every person within the organisation for their individual contributions (going the extra mile) to Keywords' achievements and transformation during the year.

Shareholders & dividend

During the year, the Group raised a further £6.0m through a well-supported institutional placing and we would like to thank shareholders for their ongoing support as we continue to focus on delivering shareholder value through our organic and acquisitive growth strategy. However, we are looking at augmenting our investor relations efforts to ensure the Group's strong overall performance and enhanced positioning is better reflected in the share price.

The Board is proposing a final dividend of 0.74p, which gives a total dividend for the year of 1.10p and represents an increase of 10% compared to the total dividend of 1.00p in 2013. This increase is consistent with our progressive dividend policy which takes into account the financial performance of the Group and the alternative uses of funds that will deliver shareholder value.

Current trading and prospects

The Group has made a good start to the year. Having already delivered strong organic and acquisitive growth, in line with our strategy, and taken the business into complementary services such as art outsourcing and customer support, we are now well positioned as the "go to" organisation for outsourcing and integrated services in the video games market. As importantly, Keywords is now known as the leading consolidator in the market and attracts automatic interest from vendors and management teams wishing to join a larger, more diverse group.

"Having delivered strong organic and acquisitive growth and taken the business into complementary services such as art outsourcing and customer support, we are now well positioned as the "go to" organisation for outsourced and integrated services in the video games market."

As a market leader with a strong financial position we are well placed to deliver on the potential for high margin growth we see in our growing markets, both traditional and emerging. We expect to benefit in 2015 from a more settled console games market, the full year effects of acquisitions made during 2014 and continued growth both organically and through additional selective acquisitions, as we further consolidate our market leadership. We, therefore, look forward with confidence to making further progress as we move through the current year and beyond.

Ross K Graham
Chairman
April 14, 2015

Keywords Services 20 of the Top 25 Games Companies by Revenue*...

... and 7 of the Top 10 Mobile Games Developers by Revenue**

* Source: Newzoo, Top 25 Games Companies by Revenues, July 2014.
** Source: PocketGamer.Biz, Top 50 Developers of 2015, March 2015.

The leading provider in a fast growing market

The global video games market is predicted to grow significantly, with Newzoo forecasting a CAGR of 8.1% from $70.4bn in 2012 to $102.9bn in 2017.*

Key market drivers

The following trends in the games industry are taking video gaming into new markets both geographically and demographically; they are making content more dynamic and continuous, as games developers seek to keep users engaged for longer; they are enabling increases in the size and definition of the graphical and audio content for which our services are used; and as a result of the increased complexity they are underpinning a trend towards outsourcing of art, audio, localisation, testing and customer care services:

#1: The proliferation of games platforms:

beyond retail packaged console and PC games, to online, social, mobile and cloud-based gaming.

Console and PC packaged games currently represent almost half of all games software revenues, but mobile, social and online gaming are growing at a faster rate (Newzoo predicts that the mobile games market will double in size from $17.6bn in 2012 to $35.4bn in 2017). This proliferation of gaming platforms is increasing accessibility to gamers, opening up new:

- **geographical markets,** given the absence of the requirement for relatively expensive console systems or landline based internet connectivity, development of mobile gaming in particular has opened up new geographical markets. Whilst the U.S.A. historically represented the largest video games market in the world, high rates of growth are now being seen in Asia and South America and many other emerging gaming markets which have little history of console or PC gaming.
- **demographic markets,** a recent survey of the US entertainment software market by the Entertainment Software Association reveals that of 48% of all game players are women and that the average age of a gamer is 31[2] demonstrating that the market has moved well beyond the average gamer being a young male.

#2: The introduction of new monetisation models:

beyond traditional retail sales to free to play with in-game purchases and advertising and bolt-on content models.

The industry is shifting away from traditional retail sales of static boxed games towards a model in which games are provided as a service with new monetisation models which include generating revenues from subscriptions, in-game purchases of digitally distributed dynamic content, advertising and ongoing upgrades which are downloadable and extend the lifetime value of the game.

With new content continually produced by developers to support these models, games content now evolves considerably after its initial launch and has become richer and more complex overall. Games content is, therefore, predicted to grow at a faster rate than the overall market, whilst the need for art, localisation and testing support has extended well beyond the games' initial sale towards a continual requirement which is also driving an increased need for player support services as the game evolves.

#3: The increased performance of games platforms:

new generation consoles from Sony and Microsoft and the introduction of virtual reality hardware including by Facebook and Sony.

The evolution in games platforms, which have become ever more sophisticated, with more powerful processors and larger storage capabilities, is supporting significantly more complex, rich and interactive content. As this illustration of lead character, Lara Croft, from Tomb Raider shows, the definition of video games graphics has dramatically improved over time and with this the size of data and the effort to create such detailed art work has risen exponentially. The image on the left is from the 1996 release of the game while that on the right is from 2014's Tomb Raider, The Definitive Edition.

The PlayStation 4 and Xbox One consoles were launched in November 2013 and, given the step change in their capabilities, are selling at a faster rate than the previous generations, creating a quicker transition in the industry from developing content for old consoles to focusing to a greater extent on new, more complex content for new consoles than in previous cycles.

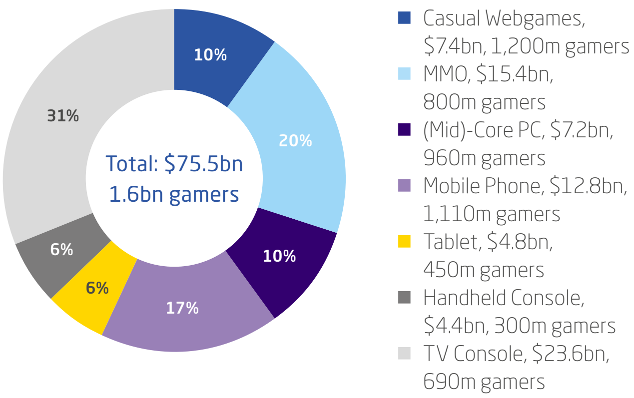
2 2014 Essential Facts About the Computer and Video Game Industry.

As a result of the increasing complexity of the creation of content, global marketing and ongoing support requirements for games due to this proliferation of devices, audiences, distribution channels, and monetisation models and the enhanced capabilities of new platforms, it has become less cost effective for publishers to have sufficient resources for in-house art, localisation and testing services. They are, therefore, increasingly outsourcing these services to focus their resources on devising successful new business models whilst optimising their return on investment by ensuring content is delivered efficiently and successfully across the growing number of platforms and markets.

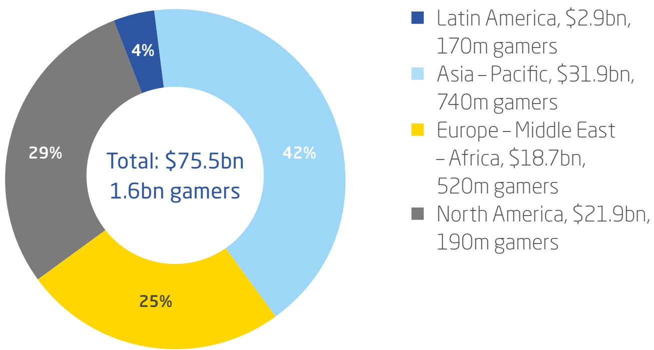
Many game development studios now have art outsourcing managers in recognition of the fact that such suppliers of art services are now planned for and managed as an essential part of the game production process rather than being a last minute addition when other options failed, as was the case as recently as 2 to 3 years ago.

Despite an international and blue chip client base, technical services for the games industry remains a highly fragmented market. The Directors believe the Group is now one of very few international providers of the full range of integrated outsourced services to the video games market with a global reach.

Global games market 2013 per market segment[3]

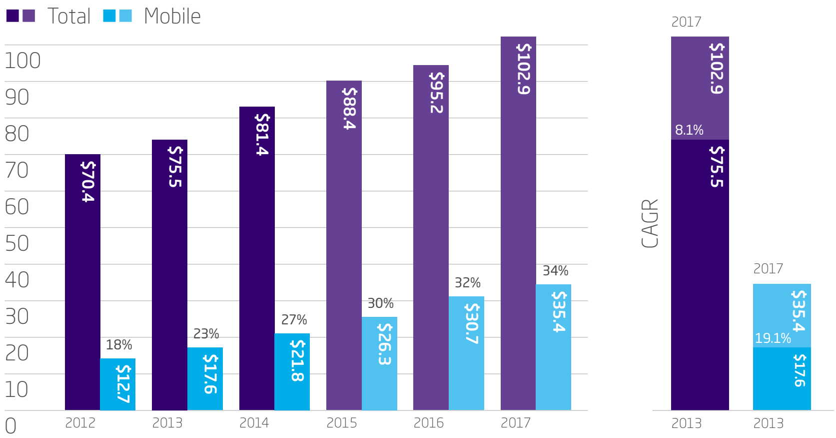


Global games market 2013 per region[3]



* Source: Newzoo Global Games Market Report, May 2014.
3 Excluding tax, hardware, consumer-to-consumer trade but including retail margin.

Global games market total and mobile game revenues, 2012 - 2017 ($bn)*



* Source: Newzoo Global Games Market Report, May 2014.

Growing both organically and by acquisition

Keywords Studios' strategy is to grow both organically and by acquisition to extend the Group's client base, market penetration and service lines, where the Group can use its existing expertise, multi-service platform, scale and global reach to generate synergies in a highly fragmented games services industry. The Board believes that there is a clear opportunity for Keywords to extend its existing relationships with many of the major games companies through:

CROSS SELLING

Extending the relationship the Group has with game publishers and developers to provide additional services from within the Group's portfolio of services.

GEOGRAPHICAL GROWTH

Expanding its global presence and client base, including both through acquisition and organic investment, where we see large or high growth addressable markets. For instance, Asia Pacific accounts for three out of the top four video games markets in the world and is projected to grow from $30bn in 2014 to $40bn in 2018 and Latin America, whilst a smaller market, is forecast to grow at the fastest rate of all regions – at a CAGR of over 10% between 2013-2018[4].

ACQUISITIONS

Selective acquisitions which generate synergies, extend its client base or geographical penetration or add complementary services or critical mass to existing service lines.

OUTSOURCING

Capturing new blue chip customers who are looking to outsource all their art, localisation, testing and customer care requirements, because of the increasing complexity and costs for publishers and developers to deliver tailored games content around the world, on multiple platforms using internal resources.

ADJACENT ACTIVITIES AND MARKETS

Expanding its portfolio of services provided to the video games industry across the life cycle of games from conception to live operations as well as into related interactive entertainment markets.

4 PWC Global media and entertainment outlook 2014 – 2018.

KEY EVENTS SINCE IPO

Since its IPO, the Group has made considerable progress in executing its growth strategy by significantly extending its range of services, adding new geographies both organically and through acquisitions, and consolidating the market through selective acquisitions.

£10m

July 2013
Listed on AIM

£10m raised to enable the group to extend its service offering and geographical footprint, organically and by acquisition.

January 2014
Liquid Violet acquisition

Added scale and blue chip clients to the Group's audio service offering.

BABEL

A KEYWORDS STUDIO

February 2014
Babel Media acquisition

Brought together two of the leading full service providers, giving Keywords critical mass in functional testing.

April 2014
Established operation in Singapore

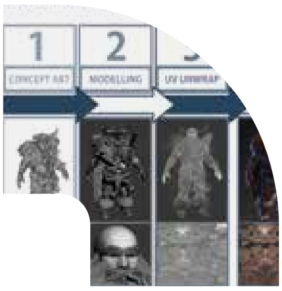
Established a full service centre for South East Asian languages with EA outsourcing its services to the new centre.

£6m

May 2014
Binari Sonori acquisition

Added a presence in Milan and Los Angeles and considerably enhanced our position in audio services and text localisation.

Keywords established as the "go to" provider for leading publishers of interactive entertainment.



October 2014
Lakshya acquisition

Added one of the most recognised brands in the large art services market, providing earlier involvement in the games development cycle.

January 2015
Alchemic Dream acquisition

Added a well known multilingual customer support services firm, providing entry into this fast growing market.

January 2015
Reverb acquisition

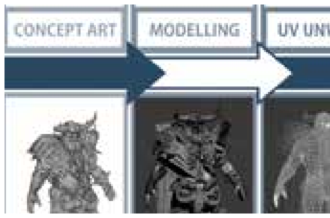
Bringing Keywords its first presence in the fast growing Latin America market, in Rio de Janeiro.

January 2015
Established operation in Barcelona

Opened a localisation and project management office in Barcelona to access talent there.

Ongoing content creation to extend the life of games

OUR BUSINESS MODEL



1. PRE-PRODUCTION

- Concept art
- Level design

2. EARLY STAGE GAME DEVELOPMENT

- Programming
- Story writing
- Motion capture
- Development quality assurance
- Game trailers
- Art production
- Audio production
  - Original language voice production
  - Music scoring
  - Sound design

Services Keywords Studios currently provide.

Services Keywords Studios do not currently provide.

Video games are increasingly challenging to develop and support due to ever more sophisticated content and software and increased complexity derived not only from the multi-layered scale of the games but also due to the multiple platforms and monetisation models via which they are delivered. The combination of the graphical, audio and text based content together with the flexibility required to deliver a positive user experience means that video games are at the most advanced end of entertainment media.

Keywords is an outsourced services company providing technical services to this industry globally, assisting developers and publishers to develop, sell and operationally support their games regardless of the deployment platform or the genre of the game. Currently, the business provides art creation, audio recording, localisation, linguistic and functional testing and customer support services to the video games market across all games platforms including consoles, PCs, the internet, mobile phones and tablets. These services are delivered through a number of strategically located production facilities ("studios") and through the provision of managed services on clients' premises.

The Company focuses on delivering a competitive service differentiated by high quality and flexibility across the breadth of the life cycle of games from concept to live operations support.

Services provided by the various Keywords studios are typically differentiated by language mix, scalability, flexibility, price and proximity to clients. Localisation is not limited to translation into multiple languages; developers and publishers need to take into account the varied cultural, technical and legal differences of their global consumers and the quality of localisation is viewed as a critical factor in the success of a new launch and in the returns made on the initial production investment. The geographical differences require localisation service providers to diligently consider the target gamers' age range, gender and linguistic variables as well as the cultural, religious and political context of the game. As such, Keywords employs games-specialised translators and native speaking testers who perform in-game quality assurance on the content in more than 50 languages. This talent base provides the Group with market leading scale, which its clients would require substantial investment to replicate in-house.

The Directors believe that, through this capability, Keywords has established an industry reputation for quality, reliability and flexibility The Company's unique selling points, including the use of games-specialised native staff for all languages, the ability to offer their services flexibly on-site at clients' premises or in its specialised and secure global studios, its track record of delivery for many of the most prominent games companies, together with its integrated art creation, audio, localisation, testing and customer service capabilities, differentiates Keywords from its competitors.

Keywords provides its essential professional services on a variable cost, time and materials basis to its largely blue chip customer base typically charging per art asset, per hour or per word, invoicing for work done on a monthly basis.

6. NEW CONTENT FOR GAMES

including game extensions, level expansions and issue patches

3. LATER STAGE GAME DEVELOPMENT

- Functional testing
- Text localisation
- Audio localisation
- Localisation testing
- Cinematics/visual effects
- Player research

4. LAUNCH

- Certification testing
- Marketing

5. ONGOING LIVE OPERATIONS SUPPORT

- Customer support
- Community management
- Data analytics
- Payments processing

As such, work in progress is typically limited to the preceding month's activity and underlying cash generation should be expected to largely mirror profitability. The Group's productivity is facilitated by the scale of its operations and its ability to resource projects in important geographies in Europe, Asia and the Americas. Demand in some areas of the business is seasonal and as such permanent staffing levels are maintained at conservative levels with highly flexible staffing arrangements in place, drawing staff from a bank of regular contractors in most locations to match the peaks of the activity cycles. The Directors believe that one of the strengths of the Group is that it is not directly exposed to the successes and failures of individual game titles. The quantity and quality of game content is the key driver of demand for the Company's services and, thanks to the loyalty of its clients, who have typically increased the percentage of work awarded to Keywords year on year, the Company has grown rapidly over the past five years with minimal investment in business development.

The annual business cycle in the industry varies depending on the market sector and on the game production cycle. Console and PC games largely follow a seasonal pattern with titles typically being published for the holiday period including Thanksgiving and Christmas. Mobile, social and online games do not follow this pattern and are not driven by particular release schedules. As Keywords strengthens its original language game production activities including art creation, functional testing and original voice recording (which take place earlier in the game production cycle than localisation services), its penetration of customer care services with their continuous activity profiles and as the Group continues to drive its exposure to the mobile and social games market, the marked seasonal revenue curve previously experienced will continue to be offset by greater activity around the year.

Time and materials billing arrangements and delivering client requirements through flexible resource bases will remain a feature of Keywords business. As the Company undertakes acquisitions, it is likely that some of these businesses will operate less flexibly than Keywords or will have greater exposure to fixed price contracting, in which case the Directors will explore opportunities to move their operating models closer to those of Keywords over time, where appropriate.

Keywords is not a capital intensive business. While willingly investing in tools, game testing consoles, PCs and mobile devices to support its testing activities, the Company invested a total of €1.25m in 2014 (3% of revenue) which included fit out costs in some locations as businesses were co-located with each other or, in the case of Singapore, a new studio was commissioned. Good cash flow is an important feature of the business, generally matching net income when the accumulation of production related, multimedia tax credits in Quebec are taken into account. In 2014, operating profit amounted to €3.1m which generated operational cash flow of €1.9m and the Group also accumulated multimedia tax credits in Quebec of €1.4m which will be claimed during 2015.

Considerable progress in executing our growth strategy

2014 was a significant year in the development of Keywords: a year in which we became a group of companies with a number of well-known brands providing integrated services to the video game development and publishing markets around the world.

During the year, in addition to delivering organic growth of 23% and investing organically in new studios in Singapore and Barcelona (which opened in January 2015) we undertook four acquisitions and made a further two acquisitions in January 2015. The effect of these acquisitions has been to strengthen our market position in our core activities of localisation and testing services as well as extending our range of services upstream to art creation and downstream to customer support.

While executing and integrating acquisitions, we continued our focus on timely, secure delivery, quality and flexibility and we achieved revenues and profits in line with market expectations.

Service line extensions

In addition to bringing further scale to all of our existing service lines during the year, we have extended the business into two new areas of business.

Through the acquisition in October 2014 of Lakshya Digital, a well-established supplier of outsourced video game **art creation services**, Keywords has extended its reach into the earlier stage video game production process. Servicing some leading Japanese video game development studios as well as those in the US and Europe, Lakshya creates characters, environments, and in game items for AAA console titles as well as for social, mobile and massively multiplayer online ("MMO") games.

We estimate the market for outsourced art creation and production for video games to be in the order of twice the size of that for localisation and testing services at around $1.2bn. We are already gaining visibility of production pipelines earlier in the development cycle than we do through our other service lines and we are already identifying opportunities to cross sell services at this earlier stage. The objective for our art creation services line of business is to grow capacity to fulfil demand in a manner that maintains quality, reliability of deliveries and extends our capabilities to areas such as special effects.

Shortly after the end of the year we acquired a **customer care** services business, Alchemic Dream. In addition to continuing to grow is core activities which benefit from a network of multilingual agents working remotely but connected through technology platforms, we intend to accelerate the development of an alternative customer care service delivery model that leverages our more than 1,000 games and language specialised staff who work in our secure facilities in strategically important locations in Asia, Europe and the Americas. By doing this, Keywords teams of native language employees can follow the game into the market as the games transition through the production and launch phases to ongoing live operational support, thereby exploiting their deep knowledge of all aspects of the game to support players as they engage with the content.

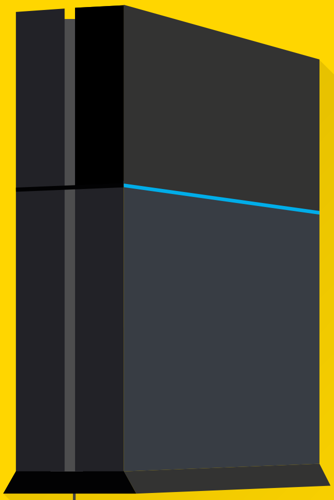
We intend to continue to extend our service lines in line with client and market demand both through acquisitions and by leveraging the Group's existing internal skill sets to develop additional services to take to market.

↑130%

Increase in Group revenues.

↑104%

Increase in adjusted profit before tax.



14%

Babel increased profitability from 2% return on sales to a healthy 14% return.

CASE STUDY: BABEL ACQUISITION

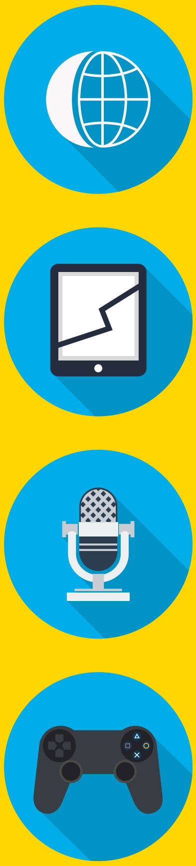
The acquisition of Babel Media represented one of the first in a number of successful buyouts for the Group following Keyword's debut on AIM in the summer of 2013. The driving force for Keywords going public was its strategy to consolidate a fragmented services market, despite the clients being global organisations, and to become the leading outsourced multilingual services provider to the video games industry.

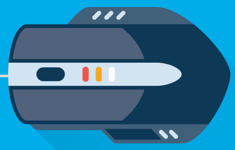
Founded in 1999, Babel had become one of the most recognised technical services brands in the video games industry with particular strengths in functional testing, localisation and localisation testing.

By acquiring Babel, for £5.4m, Keywords significantly enhanced its functional testing capability, whilst providing substantial operational synergies with Keywords' existing localisation and localisation testing activities as well as extending its client base and geographical reach including its first presence to India.

By bringing to Babel the benefits of Keywords' flatter, leaner structure, its strong focus on project management, and sharing back office and marketing functions we have been able to deliver significant cost savings, with annualised savings in excess of CAD$1.0m, whilst preserving the enlarged group's ability to deliver best in class service across the combined operations. As a result, during the first 10 months under Keywords ownership, Babel increased profitability from 2% return on sales to a healthy 14% return.

BABEL
A KEYWORDS STUDIO





MAJOR CLIENT CASE STUDY: A TRACK RECORD IN EXPANDING OUR RELATIONSHIPS WITH MAJOR CLIENTS

Keywords has a strong track record of taking advantage of the trend towards the provision of multiple services to clients and towards clients' rationalisation of service suppliers, as game publishers and developers seek to simplify an otherwise complex production supply chain.

In the case of one of Keywords' major clients, Keywords began supplying a service to control the quality of translations being supplied by other vendors in 2000.

Four years later, in partnership with the client, Keywords developed a new, more effective way of testing localised games using native speaking games testers rather than games testers supported by linguists.

These two services continued to be delivered from Dublin for six years while more European languages were added to support the wider distribution of the games. In 2010, as the client started to rationalise the supplier base, Keywords started to translate games for the client. In 2011, Keywords expanded the relationship by starting to provide translations of game related marketing content and, encouraged by the client, Keywords established a facility in Tokyo as the client moved from an insourced model of localisation and testing of East Asian languages to outsourcing with Keywords, to the benefit of its Tokyo studio.

Further supplier rationalisation and internal cost savings led the client to restructure its operations, moving all its management to the US. Keywords supported the client in this shift of activities and worked with the client to design and supply a managed services operation from the client's own facility on the West Coast.

In 2014, with the acquisitions of Binari Sonori and Lakshya, the range of services being supplied has been further strengthened and extended with art production being added to localisation, audio, and localisation testing.

Geographic expansion

The Group has expanded geographically and now has 14 (2013: 9) studios in 3 continents providing full, integrated video games services to both local and global clients. This broad reach has enabled Keywords to extend its localisation services into more than 50 languages across 12 platforms to clients in over 15 countries.

Keywords' 14 studios are strategically located to provide services to key gaming clusters in locations such as Tokyo, Singapore, Montreal, Seattle, Los Angeles and London. We have expanded into new locations including Singapore and Rio de Janeiro during the year and, in January 2015, we opened a localisation and project management office in Barcelona in order to access local talent pools. We have also consolidated office locations where acquisitions have brought studios in the same location, combining two studios in Montreal into one unit and doing the same in New Delhi, providing both cost synergies and the opportunity to foster greater cross-selling opportunities.

China presents an opportunity for the Group as the second largest market for games outside of the US and one that is slowly liberalising. Changes in government policy in China now means that it is possible to sell games consoles there. Microsoft launched the Xbox One in China in November 2014 and Sony is expected to follow suite. We therefore continue to review opportunities to invest organically or by acquisition in the region. The Group has invested in two business development resources in China in 2014 and is in the process of establishing a wholly foreign owned enterprise ("WFOE") in Shanghai in anticipation of investing further in the country.

Acquisitions

In line with the Group's strategy, Keywords has taken advantage of the fragmented markets in which it operates to grow through a combination of acquisitions and continued organic growth.

Liquid Violet (audio services), Babel Media (localisation, localisation testing and functional testing), Binari Sonori (localisation and audio) and Lakshya Digital (art creation services) were all acquired during 2014 – in January, February, May, and October respectively. In January 2015, Alchemic Dream (customer support and community management) and Reverb (localisation and audio for Brazilian Portuguese) were added to the stable.

> "Keywords is clearly differentiated from its competitors by its use of games-specialised native staff for all languages, its ability to offer services flexibly on-site at clients' premises or in its specialised, secure global studios, its track record of delivery for many of the most prominent games companies and by the breadth of its service capabilities."

We have been pleased with the progress we have made with integrating the businesses acquired. The businesses have performed well as part of the Group and we have been very encouraged by the positive responses from customers to the acquisitions.

In January 2015, we amended the terms of our acquisition of Binari Sonori to conclude the earn out arrangements earlier than originally planned with a view to integrating the business more closely with that of the core Keywords operations. More detail is provided in the Financial and Operating Review on pages 17 to 19.

We have been delighted with the integration of Babel Media in particular which, as the most directly competitive business to that of Keywords, presented the greatest risk and greatest potential return. In the 10 months under our ownership, we have been able to make annualised cost savings of over CAD$1.0m from introducing a flatter, leaner structure and combining our two Montreal locations, back office and sales and marketing functions. This, combined with a strong trading performance from Babel, has resulted in the business of Babel moving from a 2% return on sales in 2013 to a healthy 14% return on sales in 2014.

We expect acquisition activity to be a feature of the business for the foreseeable future as the company takes advantage of its leadership position in the market and continues to consolidate carefully selected, earnings accretive businesses. As such, we continue to review a number of acquisition opportunities which will provide the Group with complementary services, increased scale in its existing activities or further geographic expansion.

Results overview

The Group's **revenues** increased by 130% to €37.29m (2013: €16.18m) during the period. This increase was spread across all lines of business: Localisation activities grew by 125%; Audio grew by 311%; and Functional Testing, expanded many fold, as outlined in more detail in the operational review.

Gross profit margins reduced modestly to 34.1% (2013: 34.7%) as a result of the change in the mix of business of the Group in 2014 compared to 2013, particularly the higher percentage of lower margin functional testing revenue following the acquisition of Babel Media in February.

Underlying **operating expenses** excluding one-time costs increased by a total of €4.37m for the period to €7.56m (2013: €3.19m) reflecting our investment in expansion but were maintained at approximately 20% of revenues. The one-time costs included IPO costs of nil (2013: €1.12m), non-cash costs related to share option expenses of €0.16m (2013: €0.07m), amortisation of intangible assets of €0.47m (2013: nil) and costs of acquisition and integration of €1.46m (2013: €0.07m).

The Group reported **adjusted profit before tax** (before IPO expenses, share option charges, amortisation of intangible assets, costs of acquisition and integration and foreign currency movements) for 2014 of €5.05m (2013: €2.45m). Statutory profit before tax for the period was €3.44m (2013: €1.16m).

Chief Executive's Review
(continued)

Results overview continued
The Group's effective tax rate has increased in line with the increased proportion of profits earned in higher tax rate jurisdictions including Canada, US, Japan and Italy. The Group's effective tax rate based on the KWS measured profit before taxation in the period (as set out on page 18) was 24.0% (2013: 16.0%).

Basic earnings per share for the year, before one-time costs of acquisitions and integration, share option charges, amortisation of intangibles, and foreign exchange movements, was 8.54c compared with 5.76c for 2013. After these items, the basic earnings per share from continuing operations was 4.94c (2013: 2.14c).

Operational review
2013 and 2014 have been years in which the transition to the latest generation of games consoles have led to some unusual trading patterns. In 2014, as expected, activity in the final quarter of the year was atypically busy following a less active summer period as publishers of console games for the PS4 and Xbox One chose not to release a number of titles in the traditional Thanksgiving and Christmas holiday gifting period in favour of releasing in Q1 2015 to take advantage of the increased installed base of those consoles given the strong sale of those devices in the holiday period.

Overall, the Company continued its strong performance achieving organic growth of 23% while more than doubling total revenues to €37.29m (2013: €16.18m) including the effect of acquisitions. The six acquisitions made to date have also broadened our range of services and further extended our geographical reach.

Localisation testing operations, which accounted for 39% of Group revenue, grew by 58% to €14.66m (2013: €9.28m). This includes contribution from the acquisition of Babel Media in February 2014. Despite having experienced a significant reduction in volume from a major client which was not as active during this period, this service line continued its strong growth thanks to its market leading reputation and overall healthy demand from console and mobile games sectors.

Our Functional testing service, which accounted for 13% of Group revenue in 2014 (2013: 2%), was transformed into a service line with critical mass through the acquisition of Babel Media where functional testing was a larger share of its overall activity. We achieved revenues of €4.99m (2013: €0.35m) undertaking significant projects for clients including Warner Bros., Carbine and Bioware.

Localisation (translation) activities, including contributions from Binari Sonori which was acquired in May 2014, increased revenues by 125%, to €11.97m (2013: €5.32m) and accounted for 32% of Group revenue. Binari Sonori's translation and audio business is focussed on the console game market particularly for large, high production value, AAA game titles. In contrast the core translation business at Keywords and at Babel derives the majority of its revenue from mobile, social and online games. The combination of these three businesses has resulted in the creation of the market leading video games localisation services supplier, well represented in all types of games.

Growth in our Audio activities of 311% to €5.08m (2013: €1.23m) was driven both by organic growth and the acquisitions of Liquid Violet and Binari Sonori in January and May 2014 respectively, which both performed well following their acquisition. Voice recordings in video games add considerable depth to a game and are expected to continue to grow as the new generation of consoles provide more powerful processors and larger storage capabilities to enable richer gaming content than ever before. Similarly, smartphones are becoming increasing capable gaming platforms and the addition of voice content to games is a trend we also expect to see accelerate in mobile games.

Art creation services was added to our range of services through the acquisition of Lakshya Digital in October 2014 adding revenues of €0.61m in the last quarter. In the face of strong market demand for art creation services, we intend to invest in organic expansion and further acquisitions to build this service line to match those of our translation and testing businesses in the coming years.

As we grow, we have continued to invest in the infrastructure to support the larger Group. We have benefitted from some strong additions to our senior leadership team following the acquisitions made during the year. We expanded our sales support, growing from one dedicated business development executive in 2013 to eight in 2014. Investment in project management, workflow management and financial reporting continues as these tools are rolled out to support all operations in a centralised and consistent manner, facilitating strong management reporting and control.

6

Acquisitions across the global market since early 2014.

978

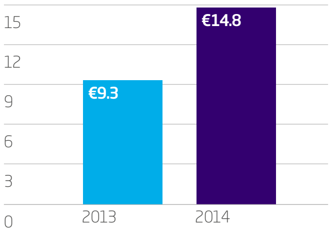
Average number of people on the payroll in 2014.

GROWTH IN SERVICE LINE REVENUES

Localisation testing (m)

€14.8m

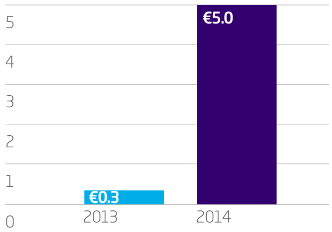
↑58%



Functional testing (m)

€5.0m

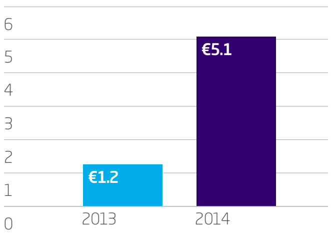
↑€4.7m



Audio/Voiceover services (m)

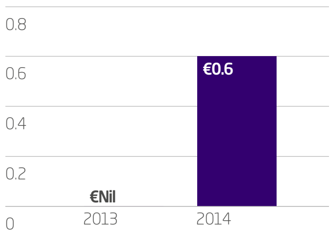
€5.1m

↑311%



Art creation services (m)

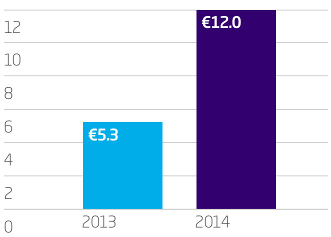
€0.6m



Localisation services (m)

€12m

↑125%



We also continue to invest in talent and our growth helps us to attract and retain talent, as candidates can see exciting opportunities for career progression throughout the Group. The Group employed an average of 978 people in 2014 (2013: 371).

Outlook

With the installed base for the new generation of consoles having reached what many believe to be the tipping point following the 2014 holiday season, 2015 is expected to be the first solid, post transition year in the console game sector and we are looking forward to returning to more normal trading patterns as a result.

Strong demand at our recently acquired Lakshya Digital art outsourcing business will be met by investment in expanding its resource base in India as well as a small studio in Seattle to help manage and scale the business, while maintaining quality.

In January 2015, to better serve the multiplayer games segments, we opened a localisation and project management office in Barcelona in order to access local talent pools. This modest investment is already bearing fruit with some new client wins.

Entering 2015 with six lines of business, we feel confident that the synergies already experienced between the business units will continue to build through 2015 and beyond, as we continue to identify and convert cross selling opportunities. We expect to focus on opportunities to grow our newer service lines to achieve a good balance with our other business lines. In particular, the art outsourcing market is expected to yield some interesting acquisition candidates as we seek opportunities to extend our services in that area as well as broaden our geographic spread to better enable us to leverage the synergies with our other services.

We will continue to manage our businesses in a lean and agile manner to optimise resourcing levels across the business and to leverage the benefits of centralised functions across a larger group while operating locally to our clients, enabling us to best interpret their needs. 2015 will be another busy year for the Group as we make further progress with integrating acquisitions and realise the full year benefits of acquisitions made through 2014, whilst also driving growth both organically and through further selective acquisitions.

Chief Executive's Review
(continued)

Principal risks and uncertainties

Keywords is a fast growing but relatively small Group operating in a wide spread geography. The markets we operate in are fragmented in terms of the suppliers of services but our client base is relatively concentrated with a number of very large, global suppliers at the head and a large tail of small, independent developers. The market is highly dynamic, with technology, business models and consumer tastes evolving constantly. In this environment Keywords has the objective of becoming the leading global supplier of localisation, testing, audio and other related services to the industry and sees the following risks as it pursues this objective.

The Principal risks associated with the Group's strategy can be divided into:

1. General business risks for any international company;
2. Industry related risks; and
3. Those specific to the Keywords Group and its strategy.

Beyond the general business risks associated with any international company, the principal risks related to the industry or more specifically to Keywords and its strategy, as identified by the management and the Board, are set out below:

A) External risks

Exposure to large customers:

The Company's client base principally comprises global game companies whose revenues are in the billions and hundreds of millions of Dollars. Our top five clients account for 49% (2013: 61%) of the company's revenues. These companies have exacting standards and demand a high quality of service. Any failure in this regard or breakdown in the relationships at the top level could cause considerable damage to the business. The potential impact is partially mitigated through the company's highly flexible resource base and its expansion continues to reduce its exposure to any single large client.

Confidence of the City and investors:

Keywords floated on AIM in July 2013 with an expressed set of objectives of growing the business organically and by acquisition. Should the Company lose the confidence of investors, the Company's rating will suffer and this in turn will affect its ability to raise money for or place shares to pay for acquisitions. However, the Company makes every effort to communicate regularly with investors via announcements and face to face contact and this effective communication of how it continues to execute on its stated growth strategy and successfully integrate the businesses it acquires should continue to maintain the confidence of its investors.

Sudden business interruption:

Keywords is a global business and needs to minimise business interruptions and be able to continue servicing customers. This threat could be internal such as a major failure in its IT systems but also external such as the Group experienced and managed during the 2011 Japan earthquake and tsunami. The Group's multiple, full service, delivery hubs provide for a good level of contingency and, supported by a solid business continuity plan and comprehensive insurance, the effects of such disasters can be managed.

B) Internal risks

Security:

The industry requires the highest standards of security within a company offering services such as Keywords. Security breaches may lead to piracy, disruption of clients' marketing plans, loss of competitive edge and could result in compensation claims. Keywords maintains physical and data security policies and procedures which are regularly audited by its larger clients.

Success of acquisitions:

Keywords has embarked on an acquisition strategy to reinforce its global growth. Managing such acquisitions successfully and embedding the Keywords culture will be a crucial ingredient of success. Failure to do so will have adverse consequences such as management distraction, disposal and reduced profit. Whilst middle management is relatively inexperienced in this regard, this is mitigated by the considerable experience within the senior management team and across the Board. The group is actively involving middle management in the acquisition process to broaden the experience and our capabilities in executing and integrating acquisitions.

C) Financial risks

Adequate overseas financial controls:

As a business like Keywords grows rapidly, global financial controls, and regular audits need to be in place to ensure smooth, timely and accurate reporting to satisfy the relevant accounting bodies to local branches as well as the Board. The Group has invested and continues to invest in its financial reporting functions to facilitate strong reporting and management control as it grows.

Andrew Day
Chief Executive
April 14, 2015

Financial and Operating Review

Strong balance sheet for further growth

Group performance

2014 was a year of profitable growth and expansion for the Group. This has been achieved against the backdrop of a games market which was unexpectedly quiet in the first half of the year due to a lull following the intense activity that accompanied the launch of the Xbox One and PlayStation 4 consoles in November 2013, and the consequent launches of a significant number of larger console titles being moved from the pre-Christmas trading period to the first quarter of 2015. This created a busier fourth quarter of the year, as foreseen at the time of the Company's interim results.

The original core service lines continued to grow strongly and were strengthened significantly by the acquisition of Babel Media Group, Binari Sonori and Liquid Violet. In addition the Group began its diversification in to the video game art outsourcing market, in line with its stated strategy, with the acquisition of Lakshya Digital in October 2014.

Keywords geographic reach continued to grow through the opening of the Keywords' Singapore studio, and through acquisitions in New Delhi, Pune, Los Angeles, London and Milan.

Revenue

Revenue for 2014 was up 130% at €37.3m (2013: €16.2m) due to both organic growth and acquisitions. The organic growth rate, excluding all acquisitions, was up 23% which was very encouraging considering the market conditions encountered in the first half of 2014.

Revenue mix

Revenues increased across all lines of business in 2014, both organically and through acquisitions, compared with 2013.

The new acquisitions have improved the balance of the sales mix considerably. The Group's dependence on localisation testing has been reduced to 39.3% of sales in 2014 from 57.4% in 2013. Localisation testing services grew strongly by 58% with sales of €14.7m in 2014 (2013: €9.3m), in part due to additional services from Babel Media and the increased number of console titles launched in 2014 and early 2015 compared to 2013.

The acquisition of Babel Media has markedly strengthened functional testing with sales of €5.0m (2013: €0.3m) which represented 13.4% of Group sales (2013: 2.2%). Audio services revenue quadrupled to €5.1m in 2014 (2013: €1.2m), reflecting the acquisitions of Binari Sonori and Liquid Violet. As a result audio services have grown to represent 13.6% of Group sales, up from 7.7% in 2013. Lakshya, which was acquired in October 2014, delivered €0.6m in sales for our new Art Creation services line, which accounted for 1.6% of Group sales but will become a larger part of the sales mix next year.

Localisation services revenue grew by 125% to €12.0m (2013: €5.3m), and continued to make up a stable proportion of Group revenues at 32% (2013: 32.8%). This was due to the 40% organic growth delivered by the existing Keywords business, in addition to the contributions from Binari Sonori, and to a lesser extent, Babel Media.

The acquisitions and the opening of the Singapore studio during the period have greatly increased the Group's presence in North America and in Asia. The sales mix by region based on the Group's operational jurisdictions are as follows:

	Year ended 31 December 2014 %	Year ended 31 December 2013 %
Europe	46	69
Asia	9	7
North America	45	24
	100	100

Gross margin

Gross profit for the year was €12.7m (2013 of €5.6m). The gross margin percentage reduced very slightly to 34.1% (2013: 34.7%). The most significant impact on the gross margin in 2014 was as a result of the increase in functional testing as a proportion of Group sales, as it commands a lower gross margin than the Group's other services. This was partially offset by a small positive effect from the larger weighting of Audio services following the acquisitions of Binari Sonori and Liquid Violet.

Operating profit ("EBITDA")

EBITDA is a measure of operating profit used by the Board, which excludes depreciation, amortisation, share option expenses and one-time costs related to merger and acquisitions and to the IPO. For 2014, EBITDA increased 123% to €6.02m, compared with €2.69m for 2013.

Financial and Operating Review
(continued)

Operating profit ("EBITDA") continued

Operating Profit and Adjusted Profit Before Tax for Year Ended 31 December 2014

	Year ended 2014 €'000s	Year ended 2013 €'000s
Statutory profit before tax	3,436	1,158
Add back costs excluded from Group's measure of PBT	1,618	1,296
KWS measured profit before tax	5,054	2,454
Add back depreciation and interest	964	238
Earnings before interest, tax, depreciation and amortisation	6,018	2,692
Details of costs excluded from Group's measure of PBT		
Costs of acquisition and integration	1,461	–
Costs of Initial Public Offering	–	1,124
Share option expense	156	71
Foreign exchange loss/(gain)	(467)	101
Amortisation of intangibles	468	–
	1,618	1,296

During the year there was some restructuring of some of the newly acquired entities in order to cut costs and to realise synergies over time. Operating expenses excluding depreciation, increased by €3.78m to €6.70m (2013: €2.92m) mainly due to the new acquisitions and the opening of the Singapore studio but these costs decreased slightly as a percentage of sales from 18.1% to 18.0% of sales.

Net finance costs

During 2014 there was net finance income of €0.36m compared to an expense of €0.07m in 2013 primarily due to the impact of foreign exchange gains. Foreign exchange gains of €0.5m (2013: loss of €0.1m) on translation were created mainly due to the weakening of the Euro against Sterling, Canadian Dollar and US Dollar. The interest expense of €0.06m (2013: nil) is largely due to the interest on certain finance leases which exist within Babel Media.

Adjusted Profit before Tax

Adjusted Profit before Tax is a measure of profitability of the business used by the Board to measure the more meaningful underlying profit generation of the Group. This measure excludes one-time expenses, such as the expenses of the IPO, and also share option expenses and foreign currency gains or losses. Adjusted profit before tax for 2014 was €5.05m compared with €2.45m in 2013.

Taxation

The Group's effective tax rate has increased in line with the increased proportion of profits earned in higher tax rate jurisdictions including Canada, US, Japan and Italy. The Group's effective tax rate based on the KWS measured profit before taxation in the period (as set out in the previous table) was 24.0% (2013: 16.0%).

Basic earnings per share

Basic earnings per share for the year, before one-time costs of acquisitions and integration, share option charges, amortisation of intangibles, and foreign exchange movements, was 8.54c compared with 5.76c for 2013 which excluded the one time IPO costs as well. Basic earnings per share based on the statutory profit after tax was 4.94c (2013: 2.14c).

Cash flow and debt

The Group continues to operate without any financing debt. The Group generated operating cash of €1.90m for the year, compared with €2.29m for 2013. However, during the year, the Group also accumulated multimedia tax credits in Quebec of €1.4m (2013: €0.15m) which will be claimed during 2015. The total multimedia tax credit accrual amounted to €3.0m as at December 31, 2014.

The Group made four acquisitions to strengthen the business during the year with a net cash outflow on consideration payments of €8.9m, €3.0m repayments of borrowings in Babel and an additional €1.5m in acquisition expenses and integration expenses. Investment in fixed assets amounted to €1.3m (2013: €0.39m) reflecting the cost of bringing the Babel Media and KWS Montreal operations together into one facility, relocating Babel Media India to the Lakshya studio in Gurgaon and fitting out the Singapore office. Additionally, there was ongoing purchases of games testing equipment.

The issue of new shares via a Placing in May generated net proceeds of €7.3m. In 2013 the issue of new shares in the IPO generated gross proceeds of €11.6m. Expenses related to the IPO in 2013 amounted to €1.40m, of which €0.3m was capitalised against share premium.

Cash and cash equivalents decreased from €15.3m to €11.01m excluding accrued multimedia tax credits of €3.0m (2013: €0.2m).

Foreign exchange

Keywords does not hedge foreign currency profit and loss translation exposures. The Group's results are, therefore, effected by movements in exchange rates and the foreign gains and losses incurred during the year are set out in the net finance costs section above.

Dividend

The Company has a progressive dividend policy, subject to the retention of funds needed to fund future growth of the Group's business and its strategic aims.

Following the interim dividend payment of 0.36p per share on October 22, 2014, the Board recommends a final dividend of 0.74p per share, which will make the total dividend for the year ending December 31, 2014 1.10p per share, a 10% increase over 2013. Subject to shareholder approval at the Annual General meeting, the final dividend will be paid on June 26, 2015 to all shareholders on the register at June 5, 2015. The final proposed dividend will cost an estimated €443,200.

Events after the reporting period

On March 26, 2015 the government of Quebec announced in their budget the reversal of the earlier reduction of their multimedia tax credits from 37.5% of the cost of qualifying labour to 30%, with immediate effect.

On January 20, 2015 the Company agreed with the selling shareholders of Binari Sonori S.R.L. to vary the terms of the acquisition agreement bringing to a close the earn out conditions 12 months earlier than originally agreed and thereby integrate the businesses more closely with the rest of the Group. Under the terms of the acquisition, deferred consideration of no more than €4.0m could have been payable calculated by reference to the profit before interest and tax of Binari Sonori in the years to December 31, 2014 and December 31, 2015. Under the terms of the agreement, the Company agreed to pay to the selling shareholders total deferred consideration of €300,000 which has been satisfied by the issue of 158,250 new ordinary shares of Keywords at a price of 145.47 pence per share.

On January 18, 2015 the Company acquired the entire issued share capital of Reverb Localização – Preparação de Documentos Ltda ("Reverb"), a company registered in Brazil. Reverb provides localisation and audio management services for Brazilian Portuguese for some of the leading games publishers.

Under the terms of the agreement, a total consideration of up to €300,000 is to be paid in cash to the sellers.

On January 9, 2015, the Directors incorporated Keywords International Barcelona SL, a company registered in Spain, as part of the Group's continuing geographic expansion.

On January 6, 2015 the Company acquired the entire issued share capital of Alchemic Dream Inc., a company registered in Canada. Alchemic Dream specialises in providing cost effective and flexible customer care services to the video game publishers. Under the terms of the agreement, which is expected to be earnings enhancing, a maximum total consideration of CAD$1.25m in cash will be paid to the sellers dependent on certain closing balance sheet related adjustments which are still to be calculated.

On December 17, 2014 an employee benefit trust ("EBT") was set up, in which to "warehouse" Keywords Studios shares in preparation for the exercise of options and the vesting of awards in the future. The EBT was created to allow the flexibility to issue grants of options and awards which exceed the 5% issued share capital of the Company. In the current year to date 200,000 ordinary shares of Keywords at a price of 145.00 pence have been bought by the EBT at a gross cost of €372,320.

Key performance indicators

We monitor our financial performance against a number of different benchmarks. These are set in agreement with the Board and used to evaluate progress against our strategy.

Financial performance is measured by:

Revenue Growth

Revenue Growth is measured by line of business and overall against the Board's strategic goal to grow organically and by acquisition.

Gross Profit

Gross Profit is a key measure of the Group's pricing strategies, use of resources and its ability to optimise resource utilisation.

Overhead costs by location

The Board monitors the overheads to ensure the costs in each location are in line with the level of business being generated.

Adjusted EBITDA Margin

The Board uses an adjusted measure of EBITDA to monitor the performance of the Group. This measure excludes foreign exchange gains or losses, any one-time expenses and the cost of employee share option awards.

Adjusted Operating Profit Margin

The Board also uses an adjusted measure of operating profit to monitor the performance of the Group. This measure similarly excludes foreign exchange gains or losses, any one time expenses, and the cost of employee share option awards.

Non-financial performance is measured by:

Resource deployment

The Board reviews the efficiency at which the Group is deploying its staff resources to ensure optimum staffing strategies and utilisation rates are being deployed.

Business won/lost

The Board reviews the levels of new business won and lost, and monitors the reasons for both, to ensure that the services being offered to the market are appropriately priced and relevant.

Andrew Lawton
Chief Financial Officer
April 14, 2015

Board of Directors

Ross Graham (67)
Independent Non-Executive Director and Chairman

Ross Graham has extensive executive and non-executive experience in the technology sector. He worked from 1987 to 2003 at Misys plc, a global financial software product and solutions provider. He joined Misys as Finance Director upon its flotation, latterly becoming corporate development director, where he played a key role in developing and implementing its acquisition strategy. Ross also held a non-executive directorship at Psion plc from 2005 until 2012 when that company was successfully sold to Motorola Solutions Inc. During his time at Psion, he held various roles including the senior independent directorship and chairman of the audit and remuneration committees. He was also a non-executive director at Wolfson Microelectronics Plc and was previously senior independent director and the audit committee chairman prior to its sale to Cirrus Logic Inc. last year. Ross qualified as a chartered accountant with Arthur Young in 1969 and was made a partner of that firm in 1981. He is a Fellow of the Institute of Chartered Accountants of England & Wales. Ross was appointed Director and Chairman of Keywords prior to the flotation in July 2013.

Andrew Day (51)
Group Chief Executive Officer

Andrew has a background in technology, manufacturing and business services through corporate development and general management roles within both publicly quoted and private companies. Andrew started his career in 1983 at Rothmans International PLC in production management. From 1986 to 1993 he had responsibility for corporate development activities at Britannia Security Group PLC, TIP Europe PLC and Brent International PLC before holding the position of Divisional Managing Director at Brent International PLC for six years. Andrew was Chief Executive Officer of interactive retail software developer, Unipower Solutions and Head of Retail and CPG for EMEA at NYSE listed advanced analytics business, FICO, before joining Keywords as its Chief Executive Officer in April 2009.

Andrew Lawton (52)
Group Finance Director

Andrew Lawton has extensive experience within the video games industry, FMCG and multi-site retail. He was previously CFO of the fast growing international business, Sony Computer Entertainment Europe where he joined as a founding member of the PlayStation business in 1994 and supported its growth to over €3bn and 1000 employees. In addition to providing strong financial management, his previous responsibilities have been broad-ranging, including Finance, IT, Digital Operations and Business Transformation. Andrew was appointed to the role of Group Finance Director in July 2014. He is a Member of the Institute of Chartered Accountants.

David Reeves (67)
Independent Non-Executive Director

David has spent over 30 years in management roles within multinational companies. He began his career as an operational research consultant before moving overseas with RJ Reynolds Nabisco where he worked from 1979 to 1991, becoming the Marketing Director in 1986 and Worldwide Marketing Director in 1989. In 1991, David served as the General Manager and Vice President of Marketing in Tokyo for Mitsubishi Shoji JV Technology Company. David has considerable experience in the computer entertainment industry. David was the Managing Director for Sony Computer Entertainment (PlayStation) from 1995 until his appointment as its Executive Vice President in 1999 and President in 2003. Throughout his career, David has developed knowledge of the various working styles of European, American and Asian corporations. He was appointed to the Board of Keywords Studios Limited on May 29, 2013.

Giorgio Guastalla (45)
Non-Executive Director

Giorgio Guastalla is co-founder of Keywords. Prior to establishing Keywords in Ireland in 1998, Giorgio held various positions in marketing and IT at Brent International PLC based in the US, Spain, UK and France. In 2002 Giorgio founded Italicatessen Ltd., a company operating in the food sector. Giorgio was CEO of Keywords until 2009 before concentrating on his other business interests and moving to a non-executive Director role at Keywords Studios.

Directors' Report

The Directors present the annual report together with the audited consolidated financial statements for the year ended December 31, 2014.

Disclaimer

The purpose of this Annual Report and Financial Statements is to provide information to the members of the Company. The Annual Report and Financial Statements have been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, it's Directors and employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The Annual Report and Financial Statements contain certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Financial Statements and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report and Financial Statements should be construed as a profit forecast.

Results and dividends

The results for the year are set out on page 13. Dividends paid and proposed are set out on page 44. The Board is proposing a final dividend of 0.74p per share following the payment of an interim dividend of 0.36p per share on October 21, 2014. The proposed total dividend for the year is therefore 1.1p per share.

Directors and changes to the Board

The Company was formed on May 29, 2013, when Andrew Day, David O'Connor, David Reeves and Giorgio Guastalla were appointed to the Board. Ross Graham was appointed to the Board on July 8, 2013.

During the year David O'Connor resigned from the Board on July 31, 2014 and Andrew Lawton was appointed as Group Finance Director after joining the Board on July 1, 2014. Details of members of the Board at December 31, 2014 are set out on page 21.

Going concern

In view of the Group's resources, cash at December 31, 2014 of €11.01m, free cash flow in 2014 of €1.90m, results of operations, excluding acquisition and integration costs, and the overall financial condition of the Group, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Political donations

No political donations were made in the year.

Directors and their interests

A list of Directors, their interests in the ordinary share capital of the Company, their interests in its long-term performance share plan and details of their options over the ordinary share capital of the Company are given in the Directors' remuneration report on page 25. No director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

The names of all persons who, at the year end, were Directors of the Company can be found on page 21 under The Board of Directors.

Corporate Governance

Compliance with UK Corporate Governance Code

Keywords is committed to high standards of corporate governance throughout the Group. As a company whose shares are traded on AIM, it is not required to comply with all the requirements of the UK Corporate Governance Code 2012 ("the Code"). However, the Board recognises the importance of, and is committed to, ensuring that effective corporate governance procedures are in place as appropriate for a public company of its size and complexity and in the light of the risks and challenges it faces.

The Group's corporate governance arrangements are set out below:

The Board

The Board is comprised of two Executive and three Non-Executive Directors. The Board considers that Ross Graham and David Reeves are independent in character and judgement and that there are no relationships or circumstances which are likely to affect their independent judgement.

The Board is responsible for the overall management of Keywords, our strategy and long-term objectives. It provides leadership to Keywords having regard to the interests of shareholders and other stakeholders.

Audit Committee

The Audit Committee is chaired by David Reeves. Ross Graham is the other Committee member. The Audit Committee is responsible for assisting the Board in fulfilling its financial and risk responsibilities. The Audit Committee oversees our financial reporting, risk management and internal control procedures, and reviews the work of external auditors.

Remuneration Committee
The Remuneration Committee is responsible for determining the remuneration of the Chairman, executive Directors, the Company Secretary and senior executives of Keywords.

For further information please see pages 25 and 26.

Internal controls and risk management
The Board has overall responsibility for the Group's system of internal controls. The system is designed to manage, rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement or loss.

The Directors believe that the Group has internal control systems in place appropriate to the size and nature of the business. The key elements are:
- Group Board meetings, at a minimum of eight times per year, with reports from and discussions with senior executives on performance and key risk areas in the business;
- monthly financial reporting, for the Group and for each subsidiary, of actual performance compared to budget and the prior year;
- annual budget setting; and
- a defined organisational structure with appropriate delegation of authority.

The Board also receives a report from the external auditor on matters identified in the course of the statutory audit.

Substantial shareholdings
At December 31, 2014, the Company had been notified, in accordance with the Disclosure and Transparency Rules, of the following interests in its ordinary share capital:

Name	Shares	%
P.E.Q. Holdings Limited	11,978,736	25.4
Andrew Day	5,296,573	11.2
Schroders Investment Management	3,874,843	8.2
Liontrust Asset Management	3,805,839	8.1
Artemis Investment Management	3,250,000	6.9
Legal & General Investment Management	2,830,000	6.0
Invesco Perpetual	2,621,035	5.6
Hargreave Hale	2,200,000	4.7
Kabouter Management	1,900,000	4.0

Future developments
Important events since the financial year end are described on page 15 of the Chief Executive's Review and future developments are described in the strategy section of the Strategic Report on page 6.

People and organisation
Keywords is, and always has been, dependent on the quality and commitment of its entire staff to provide and maintain the high levels of services expected by the Group's clients.

The average headcount reached 978 for 2014 with peak employment of 1,245 in November 2014. Keywords permanent staff complement averaged 345 during 2014. This permanent headcount is supplemented with employees on short-term contracts as activity changes throughout the year.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate. The Group has continued its policy of employee involvement by making information available to employees on matters of concern to them. Many employees are stakeholders in the Company through participation in share option schemes and a long-term performance share plan.

The Group has not disclosed further details on employment of disabled persons or employee involvement as it has less than 250 employees within the UK.

Corporate responsibility
Keywords seeks to be a socially responsible Group which has a positive impact on the communities it operates in. By the nature of the business, we employ a diverse workforce, with many nationalities. No discrimination is tolerated, and we endeavour to give all employees the opportunity to develop their capabilities. We provide an excellent working environment, the latest technology and appropriate training.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and Financial Statements.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

Directors' Report
(continued)

Statement of Directors' responsibilities continued

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors as at the date of this report, whose names and functions are listed in the Board of Directors on page 21, confirm that:

- do far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's websites in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's websites is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Andrew Lawton
Company Secretary
April 14, 2015

Directors' Remuneration Report

Dear fellow shareholder,
It is my pleasure to present the Directors' remuneration report for the period ended December 31, 2014.

It is my hope that you find this a clear and comprehensive report and I look forward to hearing the views of our investors on the information presented here over the coming months. We will carefully monitor emerging practice in this area as well as guidance from investor representative groups.

We operate a simple remuneration structure made up of base salary and benefits, a bonus plan and share option scheme, and a long-term incentive plan, which provide a clear link between pay and our key strategic priorities.

The Board of Directors
The Board of Directors have a duty to act in the best interests of their shareholders when determining remuneration. It is their responsibility to promote the long-term success of the company while also considering the employees, suppliers, customers and other external factors which may be impacted by remuneration decisions.

Executive Directors will be responsible for developing and implementing remuneration strategy for the Group. Non-Executive Directors will be responsible for constructively reviewing and contributing to this strategy.

The Remuneration Committee
The members of the Remuneration Committee are Giorgio Guastalla (committee Chairman), David Reeves and Ross Graham. The members are all Non-Executive Directors.

The remit of the Committee is primarily to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors, and if required by the Board, the Senior Management of the Group.

Non-Executive Directors, who are the members of the remuneration committee, should oversee Executive remuneration. The remuneration of the Chairman of the Board is determined by the Remuneration Committee. The remuneration of the Non-Executives is a matter for the Executive member of the Board in conjunction with the committee Chairman.

No Director or Senior Manager is involved in any discussion or decision about his own remuneration.

The Remuneration Committee consists of Non-Executive Directors all of whom are independent with no personal financial interest, other than as shareholders, in the decisions of the Committee. The remuneration committee secretary will be the company human resource manager. By invitation, other members of the Board may attend the Committee's meetings.

Meetings
The Remuneration Committee is planned to meet at least three times a year. In the year ended December 31, 2014, the remuneration committee met on four occasions.

Directors' emoluments and pension contributions
The aggregate remuneration for the Directors of the Company, for service in all capacities for the period year ended December 31, 2014 was €510,128 (2013: €197,965). The period was from incorporation in July, 2013 to the end of the year. The remunerations of individual Directors were as follows.

	2014					2013				
	Salary or fees €	Bonus €	Pension €	Share options €	Total €	Salary or fees €	Bonus €	Pension €	Share options €	Total €
Andrew Day	125,056	62,500	–	28,043	215,599	62,500	–	–	9,005	71,505
David O'Connor	56,817	–	–	–	56,817	47,500	–	–	5,260	52,760
David Reeves	55,965	–	–	–	55,965	26,407	–	–	–	26,407
Giorgio Guastalla	43,383	–	–	–	43,383	24,070	–	–	–	24,070
Ross Graham	57,948	–	–	–	57,948	23,223	–	–	–	23,223
Andrew Lawton	54,910	16,537	–	8,969	80,416	–	–	–	–	–
	394,079	79,037	-	37,012	510,128	183,700	-	-	14,265	197,965

Directors' Remuneration Report
(continued)

Directors' interest in shares

The interests of each person who was a director of the Company as at December 31, 2014 (together with interests held by his or her connected persons) were:

	2014 Number	2013 Number
Giorgio Guastalla[5]	10,780,862	10,780,862
Andrew Day	5,296,573	5,296,573
David Reeves	16,260	16,260
David O'Connor[6]	–	12,195
Ross Graham	30,490	–
	16,124,185	16,105,890

5 Giorgio Guastalla's indirect shareholding arises out of his 90% holding in P.E.Q. Holdings Limited.
6 David O'Connor resigned as a director on July 31, 2014.

The outstanding awards granted to each director of the Company are as follows.

Long-Term Investment Plan

	Start of year Number	Awarded Number	Vested Number	Lapsed Number	End of year Number	Vesting date
Andrew Day	86,593	–	–	–	86,593	July 12, 2016
David O'Connor	65,811	–	–	65,811	–	–
Andrew Lawton	–	50,000	–	–	50,000	July 3, 2017
	152,404	50,000	–	65,811	136,593	–

Share Option Plan

	Start of year Number	Awarded Number	Vested Number	Lapsed Number	End of year Number	Vesting date
Andrew Day	21,167	–	–	–	21,167	July 12, 2015
	21,167	–	–	–	21,167	July 12, 2016
	21,168	–	–	–	21,168	July 12, 2017
	63,502	–	–	–	63,502	–
David O'Connor	4,490	–	–	4,490	–	–
	4,490	–	–	4,490	–	–
	4,490	–	–	4,490	–	–
	13,470	–	–	13,470	–	–
	76,972	–	–	13,470	63,502	–

Awards of shares will vest on the dates shown. In the event that a director ceases to be an employee of the Group for reasons other than death, retirement, redundancy, injury, ill-health or disability before the vesting date, then the rights to the award will lapse, unless the Remuneration Committee recommend otherwise.

Awards are subject to further performance conditions once granted.

Transactions with Directors

During the year, there were no material transactions between the Company and the Directors, other than their emoluments.

All transactions between the Group and the Directors are set out in the notes to the financial statements, including Note 24 on related party transactions.

Giorgio Guastalla
Chairman of the Remuneration Committee

Directors' Remuneration Policy Report

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out below, where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

The Remuneration Committee determines the Company's policy on executive directors' and if required, senior management remuneration. The objectives of this policy are:

- to reward executive directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders;
- to provide a level of remuneration required to attract and retain high calibre executive directors and senior management;
- to encourage value creation through consistent and transparent alignment with the agreed company strategy;
- the Remuneration Committee takes into account the performance of the individual, comparisons with peer company companies and reports from external independent consultants. The experience of the individual and his/ her level of responsibility are also taken into account;
- ensuring the total remuneration packages awarded to executive directors comprise of both performance-related and non-performance-related remuneration, designed to motivate the individual, align interests with shareholders and comply with corporate governance best practice; and
- to ensure that any remuneration awarded is deserved and is aligned to the shareholders' interests.

Remuneration components

Various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the employee's position in the company and professional activity as well as market practice.

The remuneration components are comprised of the following elements:

- Fixed remuneration (basic salary);
- Performance-based remuneration (variable salary);
- Pension schemes;
- Other benefits; and
- LTIP (long-term incentive plan).

For Non-Executive Directors there is only one component, a base fee.

Basic salaries and benefits

Basic salaries should initially be determined to reflect first the role and the responsibility of the individual within that role while also upholding the principle of paying no more than is necessary.

The basic salaries of executive directors and senior management are reviewed annually having regard to personal performance, company performance, significant changes in their responsibilities and competitive market practice.

Any increases in basic salary should be disclosed and justified.

Performance bonus

Under current arrangements, which will be reviewed annually by the Remuneration Committee, executive directors and senior management are eligible to participate in a bonus scheme. The bonus amount is a percentage of salary ranging from 20% to 50%, which is subject to the attainment of specific targets set for each individual. The portion of bonus earned in any one year depends on the Remuneration Committee's assessment of each individual's performance and the overall performance of the Company against predetermined turnover and profitability targets for the year.

Performance targets are weighted 80 per cent towards the Company's financial performance and 20 per cent towards personal performance. The Remuneration Committee will review targets and the weighting of performance measures each year.

The bonus may not exceed the agreed percentage of the fixed salary, which level can only be achieved at a weighted target achievement of 100 per cent. Furthermore, the bonus will be cancelled at a weighted target achievement of less than 80 per cent.

Pension entitlements

The Company does not operate any pension scheme or make pension provision for non-executive directors. At the discretion of the remuneration committee the executive directors and senior management may participate in a pension scheme facilitated by the Company.

Benefits

During the period since incorporation, the Company did not contribute to any Employment related benefits.

Share options

Share option programmes are in place for permanent members of staff, including the Senior Management. The focus of the share option programmes is to retain and create long-term shareholder value. The intention of such grants is to ensure value creation and fulfilment of the company's long-term goals.

Directors' Remuneration Policy Report
(continued)

Long-Term Incentive Plan (LTIP)
The purpose of the LTIP is to incentivise delivery against total shareholder return. Share awards further the alignment of executives' and shareholders' interests.

LTIP grants can be made annually to a range of senior employees across the Company. Awards are made in the form of share options which vest subject to performance conditions. Performance conditions are measured over three financial years and are not retested. Conditions are reviewed annually.

Leaver treatment
Fair treatment will be extended to departing executives. Executives who resign or are dismissed for cause are, by default, not eligible for an annual bonus if they have left or are under notice at date of payment, and forfeit all LTIP shares.

At the Committee's discretion good leavers (normally including such circumstances as retirement, death, disability, and redundancy) may be eligible for an annual bonus for the proportion of the bonus year served. However performance will be tested in line with the normal performance schedule.

Independent Auditor's Report
to the Members of Keywords Studios plc

We have audited the financial statements of Keywords Studios plc for the year ended December 31, 2014 which comprise the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity, the related notes and the Directors Remuneration Report. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and Auditor

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group and company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at December 31, 2014 and of the Group's and the parent company's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent Auditor's Report (continued)
to the Members of Keywords Studios plc

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Teresa Morahan (Senior statutory auditor)
for and on behalf of BDO, Statutory Auditor
Mercer Street Lower
Dublin 2
Ireland

April 14, 2015

Consolidated Statement of Comprehensive Income

	Note	2014 €	2013 Restated €
		Years ended 31 December	
Revenues	4	37,293,179	16,184,611
Other operating costs		(25,980,943)	(10,721,956)
Multimedia tax credits		1,413,038	152,260
Gross Profit		12,725,274	5,614,915
Other administration expenses		(7,566,240)	(3,196,156)
Costs of Initial Public Offering		–	(1,123,566)
Share option expense		(156,000)	(70,755)
Costs of acquisitions and integration		(1,461,054)	–
Amortisation of intangible assets		(467,786)	–
Administrative expenses		(9,651,080)	(4,390,477)
Operating profit	5	3,074,194	1,224,438
Financing income	6	516,028	59,335
Financing cost	6	(154,662)	(125,710)
Profit before taxation		3,435,560	1,158,063
Tax expense	7	(1,215,373)	(393,720)
Profit for the year		2,220,187	764,343
Other comprehensive income:			
Exchange (losses)/gains on translation of foreign operations		(287,970)	84,591
Total comprehensive income for the year attributable to the owners of the parent		1,932,217	848,934

Earnings per share	Note	Euro cent	Euro cent
Basic earnings per ordinary share (Euro cent)	9	4.94	2.14
Diluted earnings per ordinary share (Euro cent)	9	4.93	2.12

The notes on pages 38 to 62 form an integral part of these consolidated financial statements.

On behalf of the Board

Andrew Day
Director

Andrew Lawton
Director

April 14, 2015

Consolidated Statement of Financial Position

Restated	Note	As of 31 December 2014 €	2013 €
Non-current assets			
Property, plant and equipment	14	2,760,906	600,415
Goodwill	12	14,710,709	–
Intangible assets	13	2,966,537	–
Deferred tax assets	28	435,652	–
		20,873,804	600,415
Current assets			
Trade receivables	15	6,203,352	1,303,462
Other receivables	16	5,644,086	1,125,451
Cash and cash equivalents	17	11,013,977	15,270,569
Short-term investments	18	258,866	518,506
Deferred tax assets	28	377,237	–
		23,497,518	18,217,988
Total assets		**44,371,322**	**18,818,403**
Equity			
Share capital	19	551,146	464,782
Share premium		18,542,387	11,249,637
Merger reserve – restructuring		(370,069)	(370,069)
Merger reserve – acquisitions		5,667,168	–
Foreign exchange reserve		(265,116)	22,854
Share option reserve	20	226,755	70,755
Retained earnings		7,666,617	6,055,588
Total equity		**32,018,888**	**17,493,547**
Current liabilities			
Trade payables	21	2,322,061	503,634
Other payables	22	6,880,839	516,399
Corporation tax liabilities		542,983	4,627
		9,745,883	1,024,660
Non-current liabilities			
Other payables	22	1,218,550	300,196
Deferred tax liabilities	28	1,388,001	–
		2,606,551	300,196
Total equity and liabilities		**44,371,322**	**18,818,403**

The notes on pages 38 to 62 form an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the Board on April 14, 2015.

On behalf of the Board

Andrew Day
Director

Andrew Lawton
Director

April 14, 2015

Consolidated Statement of Changes in Equity

	Share capital €	Share premium €	Merger reserve restructuring €	Merger reserve acquisitions €	Foreign exchange reserve €	Share option reserve €	Retained earnings €	Total equity €
Balance at 1 January 2013	188	-	-	-	(61,737)	-	6,072,372	6,010,823
Total comprehensive income for the year	–	–	–	–	84,591	–	764,343	848,934
Share option expense (Note 20)	–	–	–	–	–	70,755	–	70,755
Dividends paid (Note 10)	–	–	–	–	–	–	(781,127)	(781,127)
Shares issued (Note 19)	464,594	11,530,689	–	–	–	–	–	11,995,283
Share issuance cost capitalised	–	(281,052)	–	–	–	–	–	(281,052)
Merger reserve arising on Group reconstruction (Note 19)	–	–	(370,069)	–	–	–	–	(370,069)
Balance at 31 December 2013	464,782	11,249,637	(370,069)	-	22,854	70,755	6,055,588	17,493,547
Profit for the year	–	–	–	–	–	–	2,220,187	2,220,187
Other comprehensive income	–	–	–	–	(287,970)	–	–	(287,970)
Share option expense (Note 20)	–	–	–	–	–	156,000	–	156,000
Dividends paid (Note 10)	–	–	–	–	–	–	(609,158)	(609,158)
Shares issued for cash (Note 19)	48,944	7,292,750	–	–	–	–	–	7,341,694
Shares issued upon acquisitions (Note 19)	37,420	–	–	–	–	–	–	37,420
Merger reserve arising on Group acquisitions (Note 19)	–	–	–	5,667,168	–	–	–	5,667,168
Balance at 31 December 2014	551,146	18,542,387	(370,069)	5,667,168	(265,116)	226,755	7,666,617	32,018,888

Consolidated Statement of Cash Flows

	Note	Years ended 31 December 2014 €	2013 Restated €
Cash flows from operating activities			
Profit after tax		2,220,187	764,343
Adjustments to reconcile net income to net cash provided by operating activities (see below)		202,302	1,881,048
Income taxes (paid)		(522,295)	(359,104)
Net cash provided by operating activities		**1,900,194**	**2,286,287**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	30	(8,889,170)	–
Acquisition of property, plant and equipment	14	(1,252,412)	(393,690)
Disposal/(acquisition) of short-term investments	18	259,640	(12,921)
Interest received	6	49,405	59,335
Net cash used in investing activities		**(9,832,537)**	**(347,276)**
Cash flows from financing activities			
Repayment of borrowings in acquired company		(2,996,110)	–
Dividends paid	10	(609,158)	(781,127)
Shares issued	19	7,341,700	11,625,214
Share issuance expenses		–	(1,404,618)
Interest paid	6	(60,681)	–
Net cash used in financing activities		**3,675,751**	**9,439,469**
(Decrease)/increase in cash and cash equivalents		(4,256,592)	11,378,480
Cash and cash equivalents at beginning of the period		15,270,569	3,892,089
Cash and cash equivalents at end of period	17	**11,013,977**	**15,270,569**

Adjustments to reconcile net income to net cash provided by operating activities

	Note	Years ended 31 December 2014 €	2013 €
Income and expenses not affecting operating cash flows			
Depreciation	5	868,308	272,470
Intangibles amortisation	5	467,786	–
Income tax expense	7	1,215,373	393,720
Share option expense	20	156,000	70,755
Foreign currency revaluation of fixed assets	14	(161,001)	11,209
Loss on disposal of fixed assets	14	65,965	–
Interest received	6	(49,405)	(59,335)
Share issuance costs		–	1,123,566
Interest paid	6	60,681	–
Changes in operating assets and liabilities			
(Increase)/decrease in trade receivables		(2,929,983)	93,786
(Increase)/decrease in other receivables		(2,089,814)	(248,138)
Increase in trade and other payables		2,598,392	138,424
Increase in foreign exchange reserve		–	84,591
		202,302	**1,881,048**

Company Statement of Financial Position

	Note	2014 €	2013 Restated €
		As of 31 December	
Non-current assets:			
Investment in subsidiaries	23	12,765,330	5,735,481
Other receivables	16	3,000,000	–
		15,765,330	5,735,481
Current assets:			
Other receivables	16	15,798,350	1,898,008
Cash and cash equivalents	17	701,146	10,722,542
		16,499,496	12,620,550
Total assets		32,264,826	18,356,031
Equity:			
Share capital	19	551,146	464,782
Share premium		18,542,387	11,249,637
Merger reserve – restructuring		5,312,892	5,312,892
Merger reserve – acquisitions		5,667,168	–
Share option reserve	20	226,755	70,755
Retained earnings		(317,467)	897,418
Total equity		29,982,881	17,995,484
Current liabilities			
Corporation tax liabilities		4,226	22,650
Trade payables	21	73,883	–
Other payables	22	1,132,388	37,701
		1,210,497	60,351
Non-current liabilities			
Other payables	22	1,071,448	300,196
Total equity and liabilities		32,264,826	18,356,031

The notes on pages 38 to 62 form an integral part of these financial statements. The financial statements were approved and authorised for issue by the Board on April 14, 2015.

On behalf of the Board

Andrew Day
Director

Andrew Lawton
Director

April 14, 2015

Company Statement of Changes in Equity

	Share capital €	Share premium €	Merger reserve restructuring €	Merger reserve acquisitions €	Share option reserve €	Retained earnings €	Total equity €
Balance at 1 January 2013	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	1,054,027	1,054,027
Share option expense (Note 20)	–	–	–	–	70,755	–	70,755
Dividends paid (Note 10)	–	–	–	–	–	(156,609)	(156,609)
Shares issued (Note 19)	464,782	11,530,689	–	–	–	–	11,995,471
Share issue costs capitalised	–	(281,052)	–	–	–	–	(281,052)
Merger reserve arising on Group reconstruction (Note 19)	–	–	5,312,892	–	–	–	5,312,892
Balance at 31 December 2013	464,782	11,249,637	5,312,892	–	70,755	897,418	17,995,484
Total comprehensive income for the year	–	–	–	–	–	(605,727)	(605,727)
Share option expense (Note 20)	–	–	–	–	156,000	–	156,000
Dividends paid (Note 10)	–	–	–	–	–	(609,158)	(609,158)
Shares issued for cash (Note 19)	48,944	7,292,750	–	–	–	–	7,341,694
Shares issued upon acquisitions (Note 19)	37,420	–	–	–	–	–	37,420
Merger reserve arising on Group reconstruction (Note 19)	–	–	–	5,667,168	–	–	5,667,168
Balance at 31 December 2014	551,146	18,542,387	5,312,892	5,667,168	226,755	(317,467)	29,982,881

Company Statement of Cash Flows

	Note	Years ended 31 December 2014 €	2013 Restated €
Cash flows from operating activities			
(Loss)/profit after tax		(605,727)	1,054,027
Adjustments to reconcile net income to net cash provided by operating activities (see below)		(16,405,082)	(409,647)
Income taxes (paid)		(27,902)	–
Net cash provided by operating activities		(17,038,711)	644,380
Cash flows from investing activities			
Acquisition of subsidiaries		(2,735,139)	–
Acquisition of property, plant and equipment		–	–
Acquisition of short-term investments		–	–
Interest received		20,392	14,175
Net cash used in investing activities		(2,714,747)	14,175
Cash flows from financing activities			
Repayment of borrowings in acquired company		–	–
Dividends paid	10	(609,158)	(156,609)
Shares issued		10,341,700	11,625,214
Share issuance expenses		–	(1,404,618)
Interest paid		(480)	–
Net cash used in financing activities		9,732,062	10,063,987
(Decrease)/increase in cash and cash equivalents		(10,021,396)	10,722,542
Cash and cash equivalents at beginning of the period		10,722,542	–
Cash and cash equivalents at end of period	17	701,146	10,722,542

Adjustments to reconcile net income to net cash provided by operating activities

	Years ended 31 December 2014 €	2013 €
Income and expenses not affecting operating cash flows		
Income tax expense	9,478	22,650
Share option expense	156,000	18,423
Interest received	(20,392)	(14,175)
Share issuance costs	–	1,123,566
Interest paid	480	–
Changes in operating assets and liabilities		
(Increase) in other receivables	(16,900,342)	(1,898,008)
Increase in trade and other payables	349,694	337,897
	(16,405,082)	(409,647)

Notes Forming Part of the Consolidated Financial Statements

1 Basis of preparation

Keywords Studios plc (the "Company" is a company incorporated in the UK. These consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") made up to December 31, 2014. The Group was formed on July 8, 2013 when Keywords Studios plc (formerly Keywords Studios Limited) acquired the entire share capital of Keywords International Limited through the issue of 31,901,332 ordinary shares.

The parent company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

In the current year the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on January 1, 2013. The adoption of these standards has had no material impact on the financial statements.

New standards, interpretations and amendments not yet effective

None of the new standards, interpretations and amendments, which are effective for periods beginning after January 1, 2014, have been adopted. No detailed review of the impact of IFRS 15 has taken place and therefore we are unable to conclude what impact it may have on the Group's future financial statements at this point.

2 Significant accounting policies

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present; power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- the size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the company and by other parties;
- other contractual arrangements; and
- historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are eliminated in full.

The acquisition of Keywords International Limited was deemed to be a "combination under common control" as ultimate control before and after the acquisition was the same. As a result, these transactions were outside the scope of IFRS 3 "Business combinations" and have been accounted for under the principles of merger accounting as set out under UK GAAP.

Keywords Studios Limited was incorporated on May 29, 2013. Accordingly, although the units which comprise the Group did not form a legal group for the entire year, the prior year comprises the results and balances of the subsidiary companies and the Company as if the Group had been in existence throughout the entire period.

As part of the Group reconstruction in 2013, the Company issued 31,901,332 shares at a value of £1.23 each, being the flotation price, as part of a share for share exchange with the shareholders of Keywords International Limited. The £0.01 nominal value of the shares issues was accounted for in Issued Share Capital. On the 2013 consolidated balance sheet, the difference between the nominal value of shares issued by the company as consideration for the shares in Keywords International Limited, and the nominal value of the shares in Keywords International Limited was treated as a merger reserve arising on group reconstruction. On the Company balance sheet, the excess of net book value of the assets held by Keywords International Limited, at the date of the share for share exchange, over the nominal value of the shares issued was treated as a merger reserve.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date of which control ceases.

Any contingent consideration payable is recognised at fair value at the acquisition date and is split between current liabilities and long-term liabilities depending on when it is due. When the consideration becomes more certain the fair value of the contingent consideration will be revalued and any change will be recognised in the statements of comprehensive income.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. The Functional currency for the Company is Euro. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of overseas operations are translated into Euro at rates approximating to this ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term items forming part of the Group's net investment in the overseas operation concerned are classified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Revenue recognition
Revenue is recognised, net of sales taxes, when the service is rendered. When projects are in progress at the period end, revenue is recognised to the extent that services have been provided.

The multimedia tax credits received in Montreal on testing services are treated as a deduction against direct costs. The tax credits of €1,413,038 (2013 €152,260) were treated as revenue in the previous accounting periods. The comparatives have been restated.

Share-based payments
The Company issues equity settled share-based payments to certain employees and Directors under a share options plan and a long-term incentive plan ("LTIP").

The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Where share-based payments are issued to employees of subsidiary companies, the annual cost of the option is expensed in the subsidiary company, with a corresponding increase in capital contribution from the Company. This annual cost is recorded as an increase in the Company's cost of investment in that subsidiary.

Share option plan
These are measured at fair value, taking into account market vesting conditions but not non-market vesting conditions on the grant date using a Black-Scholes option pricing model which calculates the fair value of an option by using the vesting period, the expected volatility of the share price, the current share price, the exercise price and the risk free interest rate. The fair value of the option is amortised over the vesting period, with one third of the options vesting after two years, one third after three years, and the balance vest after four years. The only vesting condition is continuous service. There is no requirement to revalue the option at any subsequent date. The charge that is recognised is adjusted to reflect failure to vest due to non-achievement of a non-market vesting condition but not failure to vest due to the non-achievement of a market vesting condition.

LTIP
An alternative share plan was introduced to give awards to Directors and staff, subject to outperforming the Numis Small Cap (excluding Investment Trusts) index in terms of shareholder return over a three year period. There are three different award levels; one third of the share options vest if the company shall exceed the Total Shareholder Return of the Numis Small Cap Index by not less than 10%, two thirds if the shareholder return exceeds by over 20% and 100% of the share options if the shareholder return exceeds by over 30%.

These are measured at fair value, taking into account market vesting conditions but not non-market vesting conditions, at the date of grant, measured by using the Monte Carlo binomial model. The charge that is recognised is adjusted to reflect failure to vest due to non-achievement of a non-market vesting condition but not failure to vest due to the non-achievement of a market vesting condition.

Dividend distribution
Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders. Interim dividends are recognised when paid.

Income taxes and deferred taxation
Provision for income taxes is calculated in accordance with the tax legislations and applicable tax rates in force at the reporting date in the countries in which the Group companies have been incorporated.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:
- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Notes Forming Part of the Consolidated Financial Statements
(continued)

2 Significant accounting policies continued

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment comprise computers, leasehold improvements, and office furniture and equipment, and are stated at cost less accumulated depreciation. Carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computers and software	33.33
Office furniture and equipment	10.00
Building and leasehold improvements	over the length of the lease

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

Goodwill

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment

Impairment tests on goodwill and other tangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to annual impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. – the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to establish the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. – the lowest Group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income.

Intangible assets

Intangible assets, separately identified from goodwill acquired as part of a business combination, are initially stated at fair value. The fair value attributed is determined by discounting the expected future cashflow to be generated from the asset at the risk adjusted average weighted cost of capital appropriate to the intangible asset. The assets are estimated over their useful life which presently is 5 years starting from date the asset was capitalised.

Financial assets

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables, which principally represent amounts due from customers, are initially recognised, thereafter, are recognised at amortised cost. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Bad debts are written off when identified.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months. Where cash is on deposit with maturity dates greater than three months, it is disclosed as short-term investments.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Leased assets
Where substantially all of the risks and rewards of ownership are not transferred to the Group ("operating lease"), the total rental payables are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

Finance leases
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

3 Critical accounting estimates and judgements
The preparation of consolidated financial statements under IFRS requires the Directors to make estimates and judgements that effect the application of policies and reported amounts.

The areas requiring the use of estimates and critical judgements that may significantly impact the Group's earnings and financial position are revenue recognition in respect of accrued income and computation of income taxes. Estimates and judgements are continually evaluated and are based on historic experience and other factors including expectations of future events that are believed to be reasonable. Actual results may differ from these estimates and assumptions.

Accrued income
Judgement is required in respect of the amount of accrued income recognised at the reporting date. The amount of accrued income is determined based on an assessment of the expected amount of unbilled time costs in respect of work commenced prior to the close of a particular year end that will be invoiced to customers after that year end date.

Income taxes
The Group is subject to income tax in several jurisdictions and judgement may be required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination may be uncertain. As a result, the company recognises tax liabilities based on an understanding of taxation legislation in particular jurisdictions and any related estimates of whether taxes and/or interest will be due. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Goodwill and intangible assets arising on acquisition
The value of goodwill and intangible assets recognised on the Group's acquisitions during the year, were derived from the projected cashflows for those businesses at the time of acquisition, based on management forecasts. The accuracy of the valuation would therefore be compromised by any differences between the forecasts and the levels of business activity that the entity might actually have been able to generate in the absence of acquisition. The valuation will also be affected by the accuracy of the discount factor used.

The carrying value of goodwill and intangibles assets is dependent on the accuracy of the inputs into the impairment test detailed in Note 12.

4 Segmental analysis
Management considers that the Group's activity as a single source supplier of Localisation and Localisation Testing Services constitutes one operating and reporting segment, as defined under IFRS 8.

Management review the performance of the Group by reference to Group-wide profit measures and the revenues derived from four main service groupings:
- Localisation Services – Localisation services relate to translation and cultural adaptation of in-game text and audio scripts across multiple game platforms and genres;
- Localisation Testing – Localisation Testing involves testing the linguistic correctness and cultural acceptability of computer games;
- Audio/Voiceover Services – Audio Services relate to the audio production process for computer games and includes script translation, actor selection and talent management through pre-production, audio direction, recording, and post-production, including native language Quality Assurance of the recordings;
- Functional Testing – Functional Testing relates to quality assurance services provided to game producers to ensure games function as required; and
- Art Creation Services – Art creation services relate to the production of graphical art assets for inclusion in the video game including concept art creation along with 2D and 3D art asset production and animation.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual product groupings. Accordingly the disclosures below are provided on an entity-wide basis.

Activities are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the executive management team made up of the Chief Executive Officer and the Finance Director.

Notes Forming Part of the Consolidated Financial Statements (continued)

4 Segmental analysis continued

Revenue by line of business	Years ended 31 December 2014 €	2013 €
Localisation	11,956,656	5,320,891
Localisation testing	14,657,743	9,279,536
Audio	5,080,460	1,234,846
Functional testing	4,985,834	349,338
Art creation	612,486	–
	37,293,179	16,184,611

The 2013 revenue has been restated to exclude the multimedia tax credits which were previously included in Localisation Testing of €152,260 and also a financing discount received from a customer of €50,121.

Two (2013: Two) customers accounted for more than 10% of the Group's revenue during the year. Revenues generated from those customers were €7.1m and €3.9m (2013: €3.4m and €2.9m).

Geographical analysis of revenues by jurisdiction

Analysis by geographical regions is made according to the Group's operational jurisdictions. This does not reflect the region of the Group's customers, whose locations are worldwide.

	Years ended 31 December 2014 €	2013 €
Ireland	9,939,377	10,904,474
Japan	2,643,895	1,208,392
Italy	6,754,245	345,884
Canada	11,066,703	926,340
United States	5,838,019	2,799,521
India	612,485	–
Singapore	64,939	–
United Kingdom	373,516	–
Total revenues	37,293,179	16,184,611

Geographical analysis of non-current assets from continuing businesses

	As of 31 December 2014 €	2013 €
Ireland	391,166	452,958
Canada	1,056,685	106,360
Japan	26,138	11,602
Italy	316,312	28,939
United States	249,190	556
India	602,975	–
Singapore	97,288	–
UK	21,152	–
	2,760,906	600,415

5 Operating profit

Operating profit is stated after charging:	Years ended 31 December 2014 €	2013 €
Depreciation	868,308	272,470
Amortisation of intangible assets	467,786	–
Costs of Initial Public Offering	–	1,123,566
Costs of acquisitions	482,858	–
Costs of integration	978,196	–
Operating lease repayments	1,017,810	587,085

One-time costs of €482,858 and €978,196 respectively were incurred in acquiring and integrating the new entities into the group. Last year costs of €1,404,618 were incurred in the Company's IPO. €281,052 of these costs were capitalised against the share premium account.

	Years ended 31 December 2014 €	2013 €
Auditors' remuneration		
Audit services		
Parent company and Group audit	33,241	38,000
Subsidiary companies audit	66,759	20,000
Non-audit services		
Accounting services	3,419	–
Taxation compliance	18,142	14,962
Corporate finance fees related to IPO	–	205,101
Due diligence services	25,060	–
	146,621	278,063

6 Financing income and costs

	Years ended 31 December 2014 €	2013 €
Finance income		
Interest received	49,405	59,335
Foreign exchange gain	466,623	–
	516,028	59,335
Finance cost		
Bank charges	(93,981)	(24,703)
Interest expense	(60,681)	–
Foreign exchange losses	–	(101,007)
	(154,662)	(125,710)
Net financing income/(expense)	361,366	(66,375)

7 Taxation

	Years ended 31 December 2014 €	2013 €
Current income tax		
Income tax on profits	9,478	22,650
Income tax on profits of subsidiary operations	954,973	371,070
Deferred tax (Note 28)	250,922	–
	1,215,373	393,720

The tax charge for the year can be reconciled to accounting profit as follows:

	Years ended 31 December 2014 €	2013 €
Profit before tax	3,435,560	1,158,063
Expected tax charge based on the standard rate of taxation in the UK at 23% (2013: 23%)	790,179	266,354
Higher rates of current income tax in overseas jurisdictions	236,328	20,702
Lower rates of current income tax in overseas jurisdictions	(160,919)	(234,220)
Losses incurred in overseas jurisdictions	31,905	148,755
Permanent differences on non-deductible IPO expenses	–	258,420
Effects of other timing differences	317,880	(66,291)
Total tax charge	1,215,373	393,720

The Group's subsidiaries are located in different jurisdictions and are taxed on their residual profit in those jurisdictions. The majority of profits arise in Ireland.

8 Profit attributable to shareholders of the parent company

In accordance with Companies Act 2006, the Company is availing of the exemption from presenting its individual Statement of Comprehensive Income to the annual general meeting and from filing it with Companies House. The amount of profit/(loss) after tax dealt with in the parent undertaking is (€605,727) (2013: profit €1,054,027).

9 Earnings per share

	Years ended 31 December	
	2014 Euro cent	2013 Euro cent
Basic	4.94	2.14
Diluted	4.93	2.12
	2014 €	2013 €
Profit for the period from continuing operations	2,220,187	764,343
	Number	Number
Denominator (weighted average number of equity shares)		
Basic	44,955,503	35,778,042
Diluted	45,064,294	36,062,393

The dilutive impact of share options has been considered in calculating diluted earnings per share. Details of the number of share options outstanding at the year-end are set out in Note 20.

10 Dividends

	2014		2013	
	Per share Euro cent	Total €	Per share Euro cent	Total €
Interim	–	–	842.00	124,518
Final	0.84	393,767	3,379.00	500,000
Interim	0.46	215,391	0.39	156,609
Dividends paid to shareholders	1.30	609,158	4,221.39	781,127

In May 2013, Keywords International Limited distributed €8.42 per share, based on the shares in issue at that time, or €124,518 in total, as a special dividend for 2011.

In June 2013, Keywords International Limited distributed €33.79 per share, based on the shares in issue at that time, or €500,000 in total, as a final dividend for 2012.

In October 2013 Keywords Studios plc distributed its maiden dividend of Stg 0.33/€0.39 per share, based on the shares in issue at that time, or €156,609, as an interim dividend for 2013.

In June 2014, Keywords International Limited approved a dividend of Stg 0.67/€0.84 per share, based on the shares in issue at that time, or €393,767 in total, as a final dividend for 2013. The dividend was paid in July 2014.

In September 2014, Keywords International Limited approved a dividend of Stg 0.36/€0.46 per share, based on the shares in issue at that time, or €215,391 in total, as an interim dividend for 2014. The dividend was paid in October 2014.

The Directors' recommend a final dividend in respect of the financial year ended December 31, 2014 of Stg 0.74p per Ordinary share, to be paid on June 26, 2015 to shareholders who are on the register at June 5, 2015. This dividend is not reflected in these financial statements as it does not represent a liability at December 31, 2014. The final proposed dividend will reduce shareholders' funds by an estimated €443,200.

11 Staff costs

Total staff costs (including Directors) comprise the following:

	Years ended 31 December	
	2014 €	2013 €
Salaries and related costs	19,906,840	8,704,709
Share-based payment costs	156,000	70,775
	20,062,840	8,775,464

Key management compensation:

	Years ended 31 December 2014 €	2013 €
Salaries and related costs	594,616	394,800
Social welfare costs	59,645	17,724
Pension costs	4,800	54,800
Share-based payment costs	66,073	24,582
	725,134	491,906

The key management compensation includes the five Directors of Keywords Studios plc (2013: five Directors of Keywords International Limited/ Keywords Studios).

The breakdown of Directors' remuneration for the Company is included in the Directors' Remuneration Report on page 25.

	Years ended 31 December 2014	2013
Average number of employees		
Operations	918	350
General and administration	60	21
	978	371

12 Goodwill
Group

	Liquid Violet Limited €	Babel Media Limited €	Binari Sonori S.R.L. €	Lakshya Digital Private Limited €	Total €
Cost and net book value					
At 31 December 2013	–	–	–	–	–
Recognised on acquisition of a subsidiary	1,042,854	4,374,676	7,630,429	1,662,750	14,710,709
As at 31 December 2014	1,042,854	4,374,676	7,630,429	1,662,750	14,710,709

During the period goodwill arose on the acquisition of Liquid Violet Limited, Babel Media Group Limited, Binari Sonori S.R.L. and Lakshya Digital Private Limited.

The goodwill has been tested for impairment in this period. The recoverable amount for each cash-generating unit ("CGU") has been determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, terminal value growth rates and expected changes to selling prices and costs during the period. All of the assumptions have been reviewed by management. Management estimates a discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risk of the CGUs. The rate used within the calculations was 12.5% for each CGU. The growth rates are based on a review of recently achieved growth rates and a prudent estimate of likely growth rates for each CGU.

Key assumptions for the value in use calculations are as follows:

	Long-term growth rate	Discount rate
Liquid Violet Limited	10%	12.5%
Babel Media Limited	10%	12.5%
Binari Sonori S.R.L	10%	12.5%
Lakshya Digital Private Limited	10%	12.5%

As part of the value in use calculation, management prepared an initial cash flow forecast, approved by the Board of Directors, covering the period to December 31, and the following five years. The long-term growth rate has been used to determine a terminal value for each CGU.

The Group has conducted a sensitivity analysis on the carrying value on each of the CGUs. If the sales projections reduce by the following percentages, the value of goodwill would be impaired.

Liquid Violet Limited	10.6%
Babel Media Limited	17.6%
Binari Sonori S.R.L	9.1%
Lakshya Digital Private Limited	12.6%

The result of the value in use calculations was that no impairment is required in this period.

Notes Forming Part of the Consolidated Financial Statements (continued)

13 Intangible assets – customer relationships

Group

	Liquid Violet Limited €	Babel Media Limited €	Binari Sonori S.R.L. €	Lakshya Digital Private Limited €	Total €
Cost					
At 31 December 2013	–	–	–	–	–
Additions	203,770	964,287	1,791,281	474,985	3,434,323
As at 31 December 2014	**203,770**	**964,287**	**1,791,281**	**474,985**	**3,434,323**

	Liquid Violet Limited €	Babel Media Limited €	Binari Sonori S.R.L. €	Lakshya Digital Private Limited €	Total €
Amortisation and impairment					
At 31 December 2013	–	–	–	–	–
Amortisation charge	39,056	168,756	238,837	21,137	467,786
As at 31 December 2014	**39,056**	**168,756**	**238,837**	**21,137**	**467,786**
Net book value					
As at 31 December 2013	–	–	–	–	–
As at 31 December 2014	**164,714**	**795,531**	**1,552,444**	**453,848**	**2,966,537**

Customer relationships are amortised over 5 years from the point of acquisition on a straight line basis.

14 Property, plant and equipment

Group

	Computers and software €	Office, furniture and equipment €	Leasehold improvements €	Total €
Cost				
At 1 January 2013	927,547	109,865	27,378	1,064,790
Currency revaluation	(10,523)	(5,196)	(4,760)	(20,479)
Additions	314,481	69,495	9,714	393,690
Transfer	(39,455)	39,455	–	–
At 31 December 2013	1,192,050	213,619	32,332	1,438,001
Currency revaluation	178,962	92,700	36,257	307,919
Additions	410,632	456,279	385,501	1,252,412
Acquisitions through business combinations	3,508,114	1,964,189	380,510	5,852,813
Disposals	(342,374)	(999,384)	(47,539)	(1,389,297)
At 31 December 2014	**4,947,384**	**1,727,403**	**787,061**	**7,461,848**

Accumulated depreciation	Computers and software €	Office, furniture and equipment €	Leasehold improvements €	Total €
Cost				
At 1 January 2013	510,873	56,516	6,997	574,386
Currency revaluation	(4,988)	(2,470)	(1,812)	(9,270)
Charge	245,522	21,605	5,343	272,470
Transfer	(11,738)	11,738	–	–
At 31 December 2013	739,669	87,389	10,528	837,586
Currency revaluation	82,958	60,186	3,774	146,918
Acquisitions through business combinations	2,686,133	1,411,066	74,262	4,171,461
Depreciation charge	545,668	296,093	26,547	868,308
Disposals	(289,442)	(986,352)	(47,537)	(1,323,331)
At 31 December 2014	**3,764,986**	**868,382**	**67,574**	**4,700,942**
Net book value				
As at 31 December 2013	452,381	126,230	21,804	600,415
As at 31 December 2014	**1,182,398**	**859,021**	**719,487**	**2,760,906**

15 Trade receivables

Group

	As of 31 December	
	2014 €	2013 €
Customers	6,463,891	1,384,750
Provision for bad debts (Note 25)	(260,539)	(81,288)
	6,203,352	1,303,462

16 Other receivables

Group

	As of 31 December	
	2014 €	2013 €
Accrued income	954,329	209,743
Prepayments	483,920	215,364
Other receivables	3,650,336	295,427
Other tax and social security	234,536	104,721
Restricted cash (Note 24)	320,965	300,196
	5,644,086	1,125,451

Company

	As of 31 December	
	2014 €	2013 €
Intercompany receivables (Note 24)	15,389,791	1,483,464
Restricted cash (Note 24)	320,965	300,196
Prepayments	71,279	31,139
Other receivables	–	8,340
Other tax and social security	16,315	74,869
	15,798,350	1,898,008
Non-current		
Intercompany receivables (Note 24)	3,000,000	–
	3,000,000	–

17 Cash and cash equivalents

Group

	As of 31 December	
	2014 €	2013 €
Cash at bank	9,634,925	2,121,135
Short-term bank deposits	1,379,052	13,149,434
	11,013,977	15,270,569

Company

Cash at bank	378,084	522,760
Short-term bank deposits	323,062	10,199,782
	701,146	10,722,542

Short-term bank deposits relate to cash on deposit with maturity dates less than three months, or which can be accessed before on demand.

Notes Forming Part of the Consolidated Financial Statements
(continued)

18 Short-term investments
Group

	As of 31 December 2014 €	2013 €
Medium-term bank deposits	258,866	518,506
	258,866	518,506

Medium-term bank deposits relate to cash on deposit with maturity dates greater than three months, which cannot be accessed before maturity.

19 Shareholder's equity
Share capital

	Shares	€
At 1 January 2013	14,797	188
Ordinary shares of £0.01 each issued on incorporation	1,000	12
Ordinary shares of £0.01 each issued on reconstruction	31,901,332	370,257
Ordinary shares of €0.012697 each eliminated on reconstruction	(14,797)	(188)
As at 8 July 2013	31,902,332	370,269
Ordinary shares of £ £0.01 each issued on flotation	8,130,081	94,513
As at 31 December 2013	40,032,413	464,782
Ordinary shares of £0.01 issued on acquisition of Babel Media Limited	1,516,944	18,525
Ordinary shares of £0.01 issued on acquisition of Binari Sonori S.R.L.	1,555,650	18,895
Placing of ordinary shares of £0.01 on the market	4,000,000	48,944
As at 31 December 2014	47,105,007	551,146

On February 17, 2014 the Group issued 1,516,944 of 1p shares which formed part of the consideration for the acquisition of Babel Media Limited.

On May 9, 2014 the Group issued 1,555,650 of 1p shares which formed part of the consideration for the acquisition of Binari Sonori S.R.L.

On May 9, 2014 the Group placed 4,000,000 of 1p shares into the market at a value of £1.50 (€1.83) per share.

Reserves
The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Foreign exchange reserve	Gains or losses arising on retranslation of the net assets of the overseas operations into Euro.
Share premium	The Share Premium account is the amount received for shares issued in excess of their nominal value, net of share issuance costs.
Share option reserve	The Share option reserve is the credit arising on share-based payment charges in relation to the Company's share option schemes.
Merger reserve – restructuring	The merger reserve was initially created following the Group reconstruction, when Keywords Studios plc acquired the Keywords International Limited Group of companies.
Merger reserve – acquisitions	In 2014 the shares in Keywords Studios plc have been issues for the acquisition of Babel Media Limited and Binari Sonori S.R.L. The value in excess of the nominal value, net of share issuance costs are within this reserve.

20 Share options
In July 2013, at the time of the IPO, the Company put in place a Share Option Scheme and a Long-Term Incentive Plan ("LTIP"). The charge in relation to these arrangements is shown below, with further details of the schemes following:

	2014 €	2013 €
Share Option Scheme Expense	65,945	43,079
Share Option Scheme – LTIP Expense	90,055	27,676
	156,000	70,755

Of the total share option charge, €66,078 relates to Directors of the Company as at December 31, 2014. (2013: €24,582).

Share option scheme
Share options are granted to Directors and to permanent employees. The exercise price of the granted options is equal to management's the market price of the shares at the time of the award of the options. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014		2013	
	Average exercise price in £ per share	Number of options	Average exercise price in £ per share	Number of options
Outstanding at the beginning of the year	1.20	762,775	–	–
Granted	–	–	1.20	762,775
Lapsed	1.20	(120,489)	–	–
Exercised	–	–	–	–
Outstanding at the end of the year	1.20	642,286	1.20	762,775
Exercisable at the end of the year	–	–	–	–

There were no options granted during the year and 120,489 lapsed due to staff leaving.

All 642,286 options were granted on July 12, 2013 at an average exercise price of £1.20. All options were granted to either employees or Directors of the Group. Of the total options granted, 214,162 are exercisable from July 12, 2015 to July 11, 2020, 214,162 are exercisable from July 12, 2016 to July 11, 2020 and 214,162 are exercisable from July 12, 2017 to July 11, 2020.

The inputs into the Black-Scholes model, used to value the options are as follows:

	2014	2013
Weighted average share price (£)	1.23	1.23
Weighted average exercise price (£)	1.20	1.20
Average expected life	3 years	3 years
Expected volatility	36.12%	36.12%
Risk free rates	0.5%	0.5%
Average expected dividends yield	1.00%	1.00%

Expected volatility was determined by calculating the historical volatility of two similar listed companies over the previous 3 years. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The weighted average remaining contractual life of the options outstanding at December 31, 2014 was 1 year 6 months (2013: 2 years 6 months). All of the outstanding options can be exercised at an average of £1.20 over a 2 to 4 year period.

Long-Term Incentive Plan Scheme

An alternative share plan was introduced to give awards to Directors and staff subject to outperforming the Numis Small Cap (excluding Investment Trusts) index in terms of shareholder return over a three year period. A total of 376,226 (2013: 392,037) nil price (1p) options are available to vest to Directors and to selected employees on the basis of the number of options they are entitled to.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014		2013	
	Average exercise price in £ per share	Number of options	Average exercise price in £ per share	Number of options
Outstanding at the beginning of the year	0.01	392,037	–	–
Granted	0.01	50,000	0.01	392,037
Lapsed	0.01	(65,811)	–	–
Exercised	–	–	–	–
Outstanding at the end of the year	0.01	376,226	0.01	392,037
Exercisable at the end of the year	–	–	–	–

On July 3, 50,000 options were granted at an exercise price of £0.01 to a director of the Group. The options are exercisable from July 3, 2017 to July 3, 2021 if the market performance conditions are met as at July 3, 2017. Additionally 65,811 options lapsed due to a director leaving the Group.

Also 326,226 options were granted previously on July 12, 2013 at an exercise price of £0.01. All options were granted to either employees or Directors of the Group. The 326,226 options granted are exercisable from July 12, 2016 to July 11, 2020 if the market performance conditions are met as at July 12, 2016.

Notes Forming Part of the Consolidated Financial Statements (continued)

20 Share options continued

The options were valued using a Monte Carlo binomial model using the following inputs:

LTIPS granted in 2013

	2014	2013
Weighted average share price (£)	1.60	1.23
Weighted average exercise price (£)	0.01	0.01
Average expected life	3 years	3 years
Expected volatility	35.52%	36.12%
Risk free rates	0.5%	0.5%

LTIPS granted in 2014

	2014	2013
Weighted average share price (£)	1.60	–
Weighted average exercise price (£)	1.20	–
Average expected life	3 years	–
Expected volatility	35.52%	–
Risk free rates	0.5%	–

Expected volatility was determined by calculating the historical volatility of two similar listed companies over the previous 3 years. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

As any dividends earned are to be re-invested into the business the impact of dividends has been ignored in the calculation of the LTIP share option charge.

The weighted average remaining contractual life of the options outstanding at December 31, 2014 was 1 years 8 months (2013: 2 years 6 months). All of the outstanding options can be exercised at £0.01 over a 4 year period.

21 Trade payables

Group

	As of 31 December	
	2014 €	2013 €
Suppliers	2,322,061	503,634
	2,322,061	503,634

Company

Suppliers	73,883	–
	73,883	–

22 Other payables

Group

	As of 31 December	
	2014 €	2013 €
Current		
Accrued expenses	3,014,482	277,179
Payroll taxes	874,780	137,461
Other payables	1,898,230	92,517
Contingent consideration	1,087,867	–
Related party payable (Note 24)	5,480	9,242
	6,880,839	516,399
Non-current		
Other payables	468,068	300,196
Contingent consideration	750,482	–
	1,218,550	300,196

Company

Current		
Accrued expenses	255,915	21,503
Payroll taxes	40,539	16,133
Other payables	48,067	65
Contingent consideration	787,867	–
	1,132,388	37,701
Non-current		
Other payables	320,966	300,196
Contingent consideration	750,482	–
	1,071,448	300,196

23 Investments in subsidiaries

Company

	As of 31 December	
	2014 €	2013 €
Investment in subsidiaries	12,765,330	5,683,149
Share option expense related to subsidiary companies	–	52,332
	12,765,330	5,735,481

The 2013 investment in subsidiaries reflected the net book value of the assets held by Keywords International Limited at the date of the share for share exchange. In 2014, the company invested in four new subsidiaries as detailed in Note 30.

In 2014, the Company recorded the share option expense through the financial statements of the subsidiary companies, whereas in the comparative this was recorded through the Company investment account.

Notes Forming Part of the Consolidated Financial Statements
(continued)

23 Investments in subsidiaries continued

Details of the Company and Group's subsidiaries as at December 31, 2014 are set out below:

Name	Country of incorporation	Date of incorporation/ acquisition	Proportion of voting rights and ordinary share capital held	Nature of business
Keywords International Limited	Ireland	13-05-1998	100%	Trading Company
Keywords International Co. Limited	Japan	30-11-2010	99%	Trading Company
Keywords International Corporation Inc.	Canada	22-12-2010	100%	Trading Company
Keywords Italia S.R.L.	Italy	18-05-2011	100%	Trading Company
Keywords International Inc.	United States	26-09-2012	100%	Trading Company
KW Studios Limited	United Kingdom	29-05-2013	100%	Dormant Company
Keywords International Pte. Limited	Singapore	24-04-2014	100%	Trading Company
Binari Sonori S.R.L.	Italy	08-05-2014	100%	Trading Company
Binari Sonori Inc.	United States	08-05-2014	100%	Trading Company
Liquid Violet Limited	United Kingdom	15-01-2014	100%	Trading Company
Babel Media Limited	United Kingdom	17-02-2014	100%	Trading Company
Babel Games Services Inc.	Canada	17-02-2014	100%	Trading Company
Babel Media India Private Limited	India	17-02-2014	100%	Trading Company
Babel Media USA Inc.	United States	17-02-2014	100%	Trading Company
Lakshya Digital Private Limited	India	10-10-2014	91%	Trading Company
Lakshya Digital Singapore Pte. Ltd.	Singapore	10-10-2014	91%	Trading Company
Edugames Solution Private Limited	India	10-10-2014	91%	Trading Company

24 Related parties and shareholders

Italicatessen Limited, a company registered in Ireland is related by virtue of a common significant shareholder. P.E.Q. Holdings Limited is 100% owner of Italicatessen Limited. At December 31, 2014, P.E.Q. Holdings Limited owned 25.4% of the Company. In addition, Mr. Giorgio Guastalla is a Director of Italicatessen Limited, P.E.Q. Holdings Limited and the Company, and owns, or controls, 90% of the share capital of P.E.Q. Holdings Limited.

The following transactions arose with Italicatessen Limited, which provides canteen services to Keywords International Limited:

	As of 31 December	
	2014 €	2013 €
Operating expenses		
Canteen charges	41,811	67,028

The following are year-end balances:

	As of 31 December	
	2014	2013
Italicatessen Limited	5,480	9,242
Total related party creditors	5,480	9,242

The company paid the following amounts to Mr. Giorgio Guastalla, Director of the Company, and shareholder of P.E.Q. Holdings Limited, in respect of rent on premises occupied by the employees of the Group in Dublin.

	2014 €	2013 €
Operating expenses		
Rental payment	21,600	18,000

The Company entered into a deed of undertaking and indemnity on July 8, 2013 with Mr. Andrew Day, CEO and Director of the Company related to possible liabilities which might arise due to the restructuring of the Group prior to its IPO on July 12, 2013. As part of this deed of undertaking and indemnity, Mr. Day deposited £250,000 as security for the Company. This is included as Restricted Cash in Other Receivables of the Company. This amount is repayable to Mr. Day on January 8, 2016 if no liability arises in that period. There is a corresponding liability included in Other Payables.

The details of key management compensation (being the remuneration of the Directors) are set out in Note 31.

As at December 31, 2014 and 2013, the Company had amounts receivable from its subsidiaries, amounting to €18,389,791 (2013: €1,483,464) relating to intergroup trading activities.

25 Financial instruments and risk management

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest changes. The management monitors interest rate fluctuations on a continuous basis and acts accordingly.

Where the Group has a significant amount of surplus cash, it will invest in higher earning interest deposit accounts.

Due to interest rate conditions, the interest rates for short-term deposits are at similar levels to those achieved for longer terms. The Group is not unduly exposed to market interest rate fluctuations, and no interest rate sensitivity analysis has been presented as a result.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

The Group closely monitors the activities of its counterparties and maintains regular contact which enables it to ensure the prompt collection of customers' balances.

The Group's main financial assets are cash and cash equivalents as well as trade and other receivables and represent the Group's maximum exposure to credit risk in connection with its financial assets. Trade and other receivables are carried on the statement of financial position net of bad debt provisions estimated by the Directors based on prior year experience and an evaluation of prevailing economic circumstances.

Whenever possible and commercially practical the Group invests cash with major financial institutions in each jurisdiction where it operates. The Group periodically monitors the credit rating and stability of these institutions.

The ageing of trade and receivables that are past due but not impaired can be analysed as follows:

Group

	Total €	Not past due €	1-2 months overdue €	More than 2 months past due €
As at 31 December 2013	1,303,462	923,224	295,408	84,830
As at 31 December 2014	**6,203,352**	**3,790,380**	**1,310,559**	**1,102,413**

The above balances relate to customers with no default history.

A provision for doubtful debtors is included within trade receivables that can be reconciled as follows:

	2014 €	2013 €
Provision at the beginning of the year	81,288	65,808
Charged to income statement	198,803	15,480
Utilised	(19,552)	–
Provision at end of the year	260,539	81,288

Related party receivables of €nil were not past due at December 31, 2014 (2013: nil).

Company

Intercompany receivables of €18,389,791 were not past due at December 31, 2014 (2013: €1,483,464).

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The foreign exchange risk arises for the Group where assets and liabilities arise and are held in overseas subsidiaries in a currency other than the Euro and to a lesser extent where individual Group entities enter into transactions denominated in currency other that their functional currency.

The Group's policy, where possible, is for Group entities to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and the expenses incurred and by settling liabilities denominated in their functional currency with cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Notes Forming Part of the Consolidated Financial Statements
(continued)

25 Financial instruments and risk management continued

Over the course of the year the Group's currency has increased and diversified due to the addition of the newly acquired subsidiaries. The Group is predominantly exposed to currency risk on the balances held within working capital within the Group and the exposure is concentrated in the movement of the Canadian Dollar, US Dollar and Sterling against the Euro. The effect of a strengthening and weakening of 10% of these currencies against the Euro at the reporting date on the working capital balances held at this date would, all other variable held constant, have resulted in the following pre-tax profit / (loss) impact for the year as follows:

	10% strengthening €	10% weakening €
Canadian Dollar to Euro	596,127	(487,741)
United States Dollar to Euro	236,958	(193,875)
Sterling to Euro	(89,727)	144,216

Total financial assets and liabilities

The carrying amount of the financial assets and liabilities shown in the Group and Company statements of financial position are stated at fair value.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the financial charges on its debt instruments.

The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

The following are the contractual maturities (representing undiscounted contractual cash flows) of the Group's and Company's financial liabilities:

Group

Year ended 31 December 2014	Total €	Within 1 year €	1-2 years €	2-5 years €
Trade payables	2,322,061	2,322,061	–	–
Other accounts payable	8,099,389	6,880,839	1,218,550	–

Year ended 31 December 2013	Total €	Within 1 year €	1-2 years €	2-5 years €
Trade payables	503,634	503,634	–	–
Other accounts payable	816,595	516,399	300,196	–

Company

Year ended 31 December 2014	Total €	Within 1 year €	1-2 years €	2-5 years €
Trade payables	73,883	73,883	–	–
Other accounts payable	2,203,836	1,132,388	1,071,448	–

Year ended 31 December 2013	Total €	Within 1 year €	1-2 years €	2-5 years €
Trade payables	–	–	–	–
Other accounts payable	337,897	37,701	300,196	–

26 Operating lease commitments

The Group maintains a portfolio of leased properties. The terms of property leases vary from country to country, although they all tend to be tenant repairing with rent reviews every 2 to 5 years and some have break clauses.

The total future value of the minimum lease payments is due as follows:

Group

	2014 €	2013 €
Not later than one year	1,230,504	553,465
Later than one year and not later than five years	4,120,883	1,629,476
Later than five years	1,878,757	498,477
	7,230,144	2,681,418

27 Finance lease commitments

The Group has leased computer equipment (net carrying value €379,222) and office telephone systems (net carrying value €21,333). Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

The total future value of the minimum lease payments is due as follows:

Group

2014	Minimum lease payments €	Interest €	Present value €
Not later than one year	127,681	9,455	118,226
Later than one year and not later than five years	153,000	9,386	143,614
Later than five years	–	–	–
	280,681	18,841	261,840

28 Deferred tax

Details of the deferred tax assets and liabilities, and amounts recognised in the profit or loss are as follows:

	Asset 2014 €	Liability 2014 €	Net 2014 €	(Charged)/credited to profit or loss 2014 €
Accelerated capital allowances	16,430	–	16,430	(1,624)
Personal severance indemnity	17,786	–	17,786	(17,786)
Available losses	309,675	–	309,675	(17,862)
Rent – free inducement	29,281	–	29,281	(5,831)
Fixed asset excess of tax over accounting	65,097	–	65,097	(58,831)
Deferred tax related to multimedia tax credits	–	(719,397)	(719,397)	420,418
Other temporary and deductible differences	74,184	(6,009)	68,175	(67,562)
Business combinations	300,436	(662,595)	(362,159)	–
Net tax assets/(liabilities)	812,889	(1,388,001)	(575,112)	250,922

The unused tax losses of €309,675 are anticipated to be utilised by 31 December 2015 and are accounted for under current assets.

No deferred tax asset has been provided for on the losses attributable to Keywords Montreal, Keywords Rome, Lakshya Digital Private Limited and Keywords Studios plc in the financial statements.

29 Prior year restatements

The comparative figures have been regrouped, where necessary, on a basis consistent with the current year.

Notes Forming Part of the Consolidated Financial Statements
(continued)

30 Acquisitions

Acquisition of Liquid Violet Limited

On January 15, 2014 the Company acquired the entire issued share capital of Liquid Violet Limited, a video games voice production services company, registered in the UK. Liquid Violet specialises in the management, on behalf of major video game publishers and the acquisition is in line with the Group's strategy of growing both organically and by acquisition to extend the Group's client base, market penetration or service lines, where the Group can use its existing expertise, multi-service platform, scale and global reach to generate synergies.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Book value €	Fair value adjustment €	Fair value €
Financial assets			
Property, plant and equipment	14,797	–	14,797
Identifiable intangible assets – customer relationship	–	203,770	203,770
Trade and other receivables	65,215	–	65,215
Cash and cash equivalents	95,154	–	95,154
Trade and other payables	(132,891)	–	(132,891)
Deferred tax liabilities	–	(40,754)	(40,754)
Total identifiable assets	42,275	163,016	205,291
Goodwill			1,042,854
Total consideration			1,248,145
Satisfied by:			
Cash			361,359
Deferred consideration			886,786
Total consideration transferred			**1,248,145**
Net cash outflow arising on acquisition			
Cash consideration			361,359
Less: cash and cash equivalent balances transferred			(95,154)
			266,205

The intangibles assets are to be amortised over their estimated useful lives of 5 years.

The main factors leading to recognition of goodwill on the acquisition of Liquid Violet are the presence of certain intangible assets in the acquired entity which do not value for separate recognition such as the expertise in sound recording, reputation within the industry, and, an unidentified proportion representing the balance contributing to profit generation.

The sale purchase agreement includes a provision for an earn out which is based on Profit after tax over the next 2 years. The earn out amount is shown as deferred consideration and is calculated from management's best estimates based on the available information. The maximum value of the deferred consideration is €1,565,890.

Liquid Violet contributed €376,343 revenue (including €2,827 of intercompany sales subsequently billed onwards) and €15,021 loss before tax to the Group between the date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, revenue of €385,590 would have been contributed to the Group (including intercompany sales) and € 50,687 loss before tax.

Acquisition costs of €39,324 have been charged through the Comprehensive Income statement.

Acquisition of Babel Media Group

On February 17, 2014, the Company acquired the entire issued share capital of Babel Media Limited, a company registered in the UK, together with its subsidiary companies. Babel Media is a leading provider of outsourced video games services with operations in the UK, Canada and India.

The acquisition will extend the Group's client base, market penetration or service lines, where the Group can use its existing expertise, multi-service platform, scale and global reach to generate synergies.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Book value €	Fair value adjustment €	Fair value €
Financial assets			
Property, plant and equipment	666,369	(225,507)	440,862
Identifiable intangible assets – customer relationship	–	964,287	964,287
Trade and other receivable	2,721,336	(65,064)	2,656,272
Cash and cash equivalents	(857,804)	–	(857,804)
Trade and other payables	(1,506,388)	(259,895)	(1,766,283)
Short-term loan	(291,527)	–	(291,527)
Long-term loan	(2,704,583)	–	(2,704,583)
Deferred tax liabilities	–	(111,318)	(111,318)
Total identifiable assets	(1,972,597)	302,503	(1,670,094)
Goodwill			4,374,676
Total consideration			2,704,582
Satisfied by:			
Equity instruments (1,516,944 shares of parent company)			2,704,582
Total consideration transferred			**2,704,582**
Net cash outflow arising on acquisition			
Cash consideration			–
Less: cash and cash equivalent balances transferred			857,804
			857,804

The intangibles assets are to be amortised over their estimated useful lives of 5 years.

The main factors leading to recognition of goodwill on the acquisition of Babel Media are the presence of certain intangible assets in the acquired entity which do not value for separate recognition such as the expertise in provision of technical services, reputation within the industry, cost synergies with the Keywords Group, and, an unidentified proportion representing the balance contributing to profit generation.

Babel Media contributed €9,846,217 revenue (including €253,127 of intercompany sales subsequently billed onwards) and €1,439,927 profit before tax to the Group before integration costs of €823,790, between the date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, revenue of €10,882,199 (including intercompany sales) and €1,389,857 profit before tax would have been contributed to the group before fair value adjustments of €302,503.

Acquisition costs of €123,906 and integration costs of €823,790 have been charged through the Comprehensive Income Statement.

Notes Forming Part of the Consolidated Financial Statements
(continued)

30 Acquisitions continued

Acquisition of Binari Sonori S. R. L.

On May 8, 2014 the Group acquired 100% of the issued share capital of Binari Sonori S. R. L. ("Binari Sonori")for a cash consideration of €8,922,409 and consideration of €3,000,000 in KWS Group shares, obtaining control of Binari Sonori. The principal activity of Binari Sonori is the provision of outsourced voice-over and translation services to the international video games market. Binari Sonori was acquired to strengthen the Group's audio services and translation services business and to extend the Group's client base.

The amounts recognised in respect of the identifiable assets acquired, liabilities assumed, purchase consideration and goodwill are set out in the table below.

	Book value €	Fair value adjustment €	Fair value €
Financial assets			
Property, plant and equipment	658,498	–	658,498
Identifiable intangible assets – customer relationship	–	1,791,281	1,791,281
Trade and other receivable	1,086,441	–	1,086,441
Cash and cash equivalents	3,143,350	–	3,143,350
Trade and other payables	(1,711,657)	(165,410)	(1,877,067)
Deferred tax liabilities	–	(510,523)	(510,523)
Total identifiable assets	3,176,632	1,115,348	4,291,980
Goodwill			7,630,429
Total consideration			11,922,409
Satisfied by:			
Cash			8,622,409
Equity instruments (1,555,650 shares of parent company)			3,000,000
Deferred consideration (Settled post year end – Note 31)			300,000
Total consideration transferred			**11,922,409**
Net cash outflow arising on acquisition			
Cash consideration			8,622,409
Less: cash and cash equivalent balances transferred			(3,143,350)
			5,479,059

The intangibles assets are to be amortised over their estimated useful lives of 5 years.

The main factors leading to recognition of goodwill on the acquisition of Binari Sonori are the presence of certain intangible assets in the acquired entity which do not value for separate recognition such as the expertise in sound recording, reputation within the industry, and, an unidentified proportion representing the balance contributing to profit generation.

The sale purchase agreement had an earn out arrangement which has subsequently been satisfied on January 19 by consideration of €300,000 provided in the form of 158,250 shares in KWS Group Plc (Note 31).

Binari Sonori S.R.L. contributed €7,059,626 revenue (including €187,586 of intercompany sales subsequently billed onwards) and €1,068,991 profit before tax to the Group between the date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, revenue of €9,049,493 (including intercompany sales) and €684,438 profit before tax would have been added to the group before fair value adjustments of €1,115,348.

Acquisition costs of €156,917 have been charged through the Comprehensive Income Statement.

Acquisition of Lakshya Digital Private Limited

On October 10, 2014 the Group acquired 91% of the issued share capital of Lakshya Digital Private Limited for a cash consideration of €2,373,780. A further agreement to buy the remaining 9% of the company on October 10, 2015 has been signed for a consideration of €703,342 and the Group is committed to go through with this purchase, hence the company has been 100% consolidated into the Group results.

The principal activity of Lakshya Digital Private Limited is the provision of outsourced art creation services to the international video games market. Lakshya Digital Private Limited was acquired to widen the scope of the Group's services business and to extend the Group's client base.

The amounts recognised in respect of the identifiable assets acquired, liabilities assumed, purchase consideration and goodwill are set out in the table below.

	Book value €	Fair value adjustment €	Fair value €
Financial assets			
Property, plant and equipment	567,194	–	567,194
Identifiable intangible assets – customer relationship	–	474,985	474,985
Trade and other receivable	1,914,777	(1,275,814)	638,963
Cash and cash equivalents	87,672	–	87,672
Trade and other payables	(587,347)	(59,531)	(646,878)
Deferred tax asset	–	292,436	292,436
Total identifiable assets	1,982,296	(567,924)	1,414,372
Goodwill			1,662,750
Total consideration			3,077,122
Satisfied by:			
Cash			2,373,780
Deferred consideration			703,342
Total consideration transferred			**3,077,122**
Net cash outflow arising on acquisition			
Cash consideration			2,373,780
Less: cash and cash equivalent balances transferred			(87,672)
			2,286,108

The intangibles assets are to be amortised over their estimated useful lives of 5 years.

The main factors leading to recognition of goodwill on the acquisition of Lakshya Digital Private Limited are the presence of certain intangible assets in the acquired entity which do not value for separate recognition such as the expertise in sound recording, reputation within the industry, and, an unidentified proportion representing the balance contributing to profit generation.

Lakshya Digital Private Limited contributed €612,485 revenue and €209,839 loss before tax to the Group between the date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, revenue of €3,061,966 and €361,658 loss before tax would have been added to the group before fair value adjustments excluding customer relationships of €567,924.

Acquisition costs of €93,022 have been charged through the Comprehensive Income Statement.

Notes Forming Part of the Consolidated Financial Statements
(continued)

31 Events after the reporting date

Acquisition of Alchemic Dream Inc.

On January 6, 2015 the Group acquired the entire issued share capital of Alchemic Dream Inc., a company registered in Canada, which specialises in providing cost effective and flexible customer care services to video game publishers. The acquisition is in line with the Group's strategy to diversify into the provision of complementary services to the video game market and strengthens the Group's service of games already in production. Additionally the acquisition leverages the Group's existing expertise, locations, scale and global reach to extend the services provided by Alchemic Dream as well as generating synergies.

Under the terms of the acquisition, which will be immediately earnings enhancing, a maximum total consideration of CAD$1.25m in cash will be paid to the sellers.

The sale purchase agreement includes a provision for an adjustment to the sales price based on working capital at the acquisition date. Management does not believe any further adjustments to the acquisition price are necessary.

The book value acquired of net assets is as follows:

	Book value €
Financial assets	
Property, plant and equipment	37,828
Trade and other receivable	801,988
Cash and cash equivalents	37,708
Trade and other payables	(469,754)
Short-term loan	(9,593)
Long-term loan	(17,715)
Total identifiable assets	380,462
Goodwill	514,607
Total consideration	895,069
Satisfied by:	
Cash	895,069
Total consideration transferred	**895,069**
Net cash outflow arising on acquisition	
Cash consideration	895,069
Less: cash and cash equivalent balances transferred	(37,708)
	857,361

At the date of authorisation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed. Information on the revenue and impact on profit due to this acquisition has not been disclosed as it is impracticable to do so at this point in time.

Acquisition of Reverb Localização – Preparação de Documentos Ltda

On January 18, 2015 the Group acquired 100% of the issued share capital of Reverb Localização – Preparação de Documentos Ltda ("Reverb"), a company registered in Brazil. Reverb provides localisation and audio management services for Brazilian Portuguese for some of the leading games publishers. Reverb Studios was acquired to widen the scope of the Group's services business and to extend the Group's client base.

Under the terms of the agreement, which will be earnings enhancing, total consideration of €200,000 was paid in cash with further consideration of €100,000 being payable out of profits generated and in any event by December 31, 2016.

The book value acquired of net assets is as follows:

	Book value €
Financial assets	
Cash and cash equivalents	12,312
Total identifiable assets	12,312
Goodwill	287,688
Total consideration	300,000
Satisfied by:	
Cash	200,000
Deferred consideration	100,000
Total consideration transferred	**300,000**
Net cash outflow arising on acquisition	
Cash consideration	200,000
Less: cash and cash equivalent balances transferred	(12,312)
	187,688

At the date of authorisation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed. Information on the revenue and impact on profit due to this acquisition has not been disclosed as it is impracticable to do so at this point in time.

Buyout of Binari Sonori Earn-out

On January 20, 2015 the Group agreed with the selling shareholders of Binari Sonori S.R.L. to vary the terms of the acquisition agreement bringing to a close the earn out conditions 12 months earlier than originally agreed. Under the terms of the acquisition, deferred consideration of no more than €4.0m could have been payable calculated by reference to the profit before interest and tax of Binari Sonori in the years to December 31, 2014 and December 31, 2015. Under the terms of the agreement, the Group agreed to pay to the Selling Shareholders total deferred consideration of €300,000 which has been satisfied by the issue of 158,250 new ordinary shares of Keywords at a price of 145.47 pence per share.

Incorporation of Keywords International Barcelona SL

On January 9, 2015, the Directors incorporated Keywords International Barcelona SL, a company registered in Spain, as part of the Group's continuing geographic expansion.

Creation of Employee Benefit Trust (EBT)

On December 17, 2014 an employee benefit trust ("EBT") was set up, in which to "warehouse" Keywords Studios shares in preparation for the exercise of options and the vesting of awards in the future. The EBT was created to allow the flexibility to issue grants of options and awards which exceed the 5% issued share capital of the Company. To date 200,000 ordinary shares of Keywords at a price of 145.00 pence have been bought by the EBT at a gross cost of €372,320.

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