



Admission Document



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

Established in 1998, and now with facilities in Dublin, Tokyo, Rome, Montreal and Seattle, it provides integrated localisation, testing and audio services across 30 languages and 12 games platforms to a blue chip client base in circa 15 countries.

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are in the United Kingdom or, if not, you should immediately consult another appropriately authorised independent professional adviser.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public within the meaning of section 85 of FSMA and is not a prospectus for the purposes of the Prospectus Rules made under section 73A of FSMA. Accordingly this document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the Financial Conduct Authority (the “FCA”) pursuant to section 85 of FSMA and a copy has not been delivered to the FCA under regulation 3.2 of the Prospectus Rules.

Application will be made for all of the Ordinary Shares, issued and to be issued, to be admitted to trading on the AIM market of London Stock Exchange plc (“AIM”).

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

It is expected that admission to AIM will become effective, and that dealings in the Ordinary Shares will commence on 12 July 2013.

The Directors, whose names are set out on page 4 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Keywords Studios plc

*(Incorporated and registered in England and Wales under the Companies Act 2006
with registered number 08548351)*

**Placing of up to 22,757,104 Ordinary Shares
at 123 pence per Ordinary Share**

Admission to trading on AIM

Nominated Adviser and Broker
Numis Securities Limited

Numis Securities Limited, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority and is acting as nominated adviser and broker for the purposes of the AIM Rules for Companies exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to any other person for providing the protections afforded to customers of Numis Securities Limited, or for advising any other person on the contents of this document or any matter referred to herein. The responsibilities of Numis Securities Limited, as nominated adviser, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any other person and accordingly no duty of care is accepted in relation to them. Numis Securities Limited has not authorised the contents of, or any part of, this document and no representation or warranty, express or implied, is made by Numis Securities Limited as to, and no liability whatsoever is accepted by Numis Securities Limited in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

This document does not constitute an offer to issue or sell, or the solicitation of any offer to subscribe for or buy, any of the Ordinary Shares in any jurisdiction where it may be unlawful to make such offer or solicitation. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the laws of such jurisdictions. In particular, this document is not for distribution into the United States, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa and is not for distribution directly or indirectly to any US person. The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “US Securities Act”), or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of any province or territory of Canada or under the securities laws of Australia, Japan, the Republic of Ireland or the Republic of South Africa.

No broker, dealer or other person has been authorised by the Company, the Directors or Numis Securities Limited to issue any advertisement or to give any information or make any representation in connection with the offer or sale of the Placing Shares other than those contained in this document and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Directors or Numis Securities Limited.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from the registered office of the Company and at the offices of Numis Securities Limited at The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT from the date of this document and for a period of at least one month from Admission.

Forward Looking Statements

Certain statements in this document are “Forward Looking statements”. These Forward Looking statements are not based on historical facts but rather on the Directors’ expectations regarding the Company’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), planned expansion and business prospects and opportunities. Such Forward Looking statements reflect the Directors’ current beliefs and assumptions and are based on information currently available to the Directors. Forward Looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the Forward Looking statements, including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes or actions by governmental authorities, the availability of capital, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond control of the Company. Although the Forward Looking statements contained in this document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these Forward Looking statements.

Market and Financial Information

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group’s position therein, are based on the Group’s records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Unless otherwise indicated, financial information in this document, including the audited consolidated financial statements for the years ended 31 December 2010, 31 December 2011 and 31 December 2012, and the notes to those financial statements, has been prepared in accordance with International Financial Reporting Standards.

Various figures and percentages in tables in this document have been rounded and accordingly may not total.

Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

United States securities law

The Ordinary Shares have not been and will not be registered under the US Securities Act or securities laws of any US state or other jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable laws.

The Ordinary Shares are generally only being offered and sold outside the United States to persons who are not US Persons (within the meaning of Regulation S under the US Securities Act (“**Regulation S**”)) in transactions complying with Regulation S, which provides an exemption from the requirement to register the offer and sale under the US Securities Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “US SEC”) or by any US state securities commission or authority, nor has any such US authority passed on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

Investment in the Company carries risk. Prospective investors should read the whole text of this document and should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources. Your attention is particularly drawn to Part II of this document which sets out certain risk factors relating to any investment in the Company. All statements regarding the Group’s business, financial position and prospects should be viewed in the light of the risk factors set out in Part II of this document.

The contents of the Company’s website, including any websites available from hyperlinks on the Company’s website, do not form part of this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	9 July 2013
Admission and dealings in the Ordinary Shares to commence on AIM	12 July 2013
CREST accounts to be credited with VCT Placing Shares	7.00 a.m. on 12 July 2013
CREST accounts to be credited with New Shares (excluding VCT Shares)	8.00 a.m. on 12 July 2013
Despatch of definitive share certificates in respect of the Existing Ordinary Shares (excluding the Sale Shares) and the Placing Shares to be held in certificated form	19 July 2013

Notes:

Each of the times and dates in the above timetable is subject to change without further notice. References to all times are to London time.

PLACING STATISTICS*

Placing price per Placing Share	123 pence
Number of New Shares to be issued by the Company pursuant to the Placing	8,130,081
Number of Sale Shares to be sold pursuant to the Placing	14,627,023
Total number of Placing Shares	22,757,104
Number of Ordinary Shares in issue following Admission	40,032,413
Percentage of the Enlarged Share Capital represented by the Placing Shares	56.8%
Estimated gross proceeds of the Placing receivable by the Company	£10.0 million
Estimated net proceeds of the Placing receivable by the Company	£8.6 million
Market capitalisation, upon Admission, of the Company at the Placing Price	£49.2 million
ISIN	GB00BBQ38507
SEDOL	BBQ3850
AIM symbol	KWS

* Assuming that the Placing is fully subscribed.

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Ross King Graham (<i>Non-Executive Chairman</i>)* Andrew John Day (<i>Chief Executive Officer</i>) David Alan O'Connor (<i>Group Financial Director</i>) David Alan Reeves (<i>Non-Executive Director</i>)* Giorgio Guastalla (<i>Non-Executive Director</i>) * Denotes independent director	
Registered Office and principal place of business:	8 Clifford Street London W1S 2LQ	Whelan House South County Business Park Dublin 18 Ireland
Company Secretary:	David O'Connor	
Nominated Adviser and Broker:	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT	
Solicitors to the Company:	Brown Rudnick LLP: <i>London Office</i> 8 Clifford Street London W1S 2LQ	<i>Dublin Office</i> Alexandra House The Sweepstakes Ballsbridge Dublin 4 Ireland
Reporting Accountant:	BDO LLP 55 Baker Street London W1U 7EU	
Auditors:	BDO Beaux Lane House Mercer Street Lower Dublin 2 Ireland	
Solicitors to the Nominated Adviser:	Dorsey & Whitney (Europe) LLP 21 Wilson Street London EC2M 2TD	
Registrars:	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Website:	www.keywordsstudios.com	

DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

“€” and “Euro”	the lawful currency for the time being of the European Union;
“2006 Act”	the Companies Act 2006, as amended;
“Admission”	the admission of the issued and to be issued Ordinary Shares to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;
“Admission Document”	this document;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time which sets out the rules, responsibilities and guidance notes in relation to companies whose shares are admitted to trading on AIM;
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers published by the London Stock Exchange, as amended from time to time;
“Andrew Day”	a director of the Company and a Selling Shareholder whose business address is at Whelan House, South County Business Park, Dublin 18 Ireland;
“Articles”	the articles of association of the Company adopted on 8 July 2013, conditional on Admission;
“Audit Committee”	the audit committee of the Board;
“Business Day”	a day other than a Saturday, Sunday or other day when banks in the City of London, England are not generally open for business;
“certificated” or “certificated form”	is the description of a share or other security which is not in un-certificated form (that is not in CREST);
“Company” or “Keywords Studios”	Keywords Studios plc;
“Connected Persons”	connected persons as defined in section 252 of the 2006 Act;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the un-certificated Securities Regulations) in accordance with which securities may be held or transferred in Uncertificated form;
“Directors” or “Board”	the directors of the Company (each a “Director”) whose names appear on page 6 of this Admission Document;
“Enlarged Share Capital”	the entire issued Ordinary Shares in the capital of the Company following Admission;
“EU” or “European Union”	has the meaning given to it in Article 299(1) of the Establishing the European Economic Community Treaty as amended by, among others, the Treaty on European Unity (the Maastricht Treaty), the Treaty of Amsterdam and the Treaty of Lisbon;
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited;
“Existing Ordinary Shares”	the 31,902,332 Ordinary Shares in issue at the date of this Admission Document;

“Executive Directors”	Andrew Day and David O’Connor;
“FCA”	the Financial Conduct Authority of the United Kingdom;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“Founders”	all the shareholders in P.E.Q. (a Selling Shareholder) being Giorgio Guastalla and Teresa Luppino (each a 45 per cent. shareholder in P.E.Q.) and Giacomo Duranti ⁽¹⁾ and Marco De Sanctis ⁽²⁾ (each a 5 per cent. shareholder in P.E.Q.);
“Giorgio Guastalla”	a director of the Company and a director and shareholder of P.E.Q.;
“Group” or “Keywords”	the Company and its subsidiaries or, as the context requires, Keywords International Limited and its subsidiaries for the period prior to 29 May 2013;
“HMRC”	Her Majesty’s Revenue & Customs;
“IFRS”	International Financial Reporting Standards, as adopted for use in the European Union;
“Investment Company Act”	the United States Investment Company Act of 1940, as amended;
“ITEPA”	Income Tax (Earnings and Pensions) Act 2003;
“London Stock Exchange”	London Stock Exchange plc;
“LTIP”	the Keywords Long Term Incentive Plan;
“Lock-In Agreements”	the lock-in agreements entered into between: (i) P.E.Q, the Founders, Numis and the Company; and (ii) certain of the Directors, Numis and the Company; further details of which can be found in paragraph 17.3 of Part IV of this document;
“New Non-Executive Directors”	Ross Graham and David Reeves;
“New Shares”	up to 8,130,081 new Ordinary Shares to be issued by the Company pursuant to the Placing and which shall include the VCT Placing Shares;
“Numis”	Numis Securities Limited, nominated adviser and broker to the Company;
“Official List”	the Official List of the UK Listing Authority;
“Options”	the options to be granted on Admission under the Share Plans being: (i) in respect of the LTIP, the 86,593 options to be awarded to Andrew Day, the 65,811 options to be awarded to David O’Connor, the 64,841 options to be awarded to Giacomo Duranti and the 41,565 options to be awarded to Marco De Sanctis; and (ii) in respect of the Share Option Plan, the 57,152 options to be granted to Andrew Day, the 13,470 options to be granted to David O’Connor, the 126,080 options to be granted to Giacomo Duranti and the 80,821 options to be granted to Marco De Sanctis;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;
“P.E.Q”	P.E.Q. Holdings Ltd, a Selling Shareholder, of Unit 40, Newtown Business and Enterprise Centre, Newtownmountkennedy, Wicklow;
“Placees”	subscribers or purchasers (as the case may be) for the Placing Shares, as procured by Numis on behalf of the Company pursuant to the Placing Agreement;

(1) Shares held on trust for Giacomo Duranti by Giorgio Guastalla.

(2) Shares held on trust for Marco De Sanctis by Giorgio Guastalla.

“Placing”	the conditional placing by or on behalf of the Company of the New Shares and by or on behalf of the Selling Shareholders of the Sale Shares pursuant to the terms of the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 8 July 2013 between the Company, Numis, the Selling Shareholders, the Directors and the Founders, details of which are set out in paragraph 17.1 of Part IV of this Admission Document;
“Placing Price”	123p per Ordinary Share issued or sold pursuant to the Placing;
“Placing Shares”	the New Shares and the Sale Shares;
“PRA”	the Prudential Regulation Authority;
“Prohibited Territories”	United States, Canada, Australia, South Africa, the Republic of Ireland, Japan and any other jurisdiction where the distribution of this document or the offer of Ordinary Shares (or any transaction contemplated thereby and any activity carried out in connection therewith) would breach applicable law;
“Prospectus Directive”	the Prospectus Directive (2003/71/EC);
“Prospectus Rules”	the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No.809/2004 and the Prospectus Regulations 2005 (SI 2005/1433);
“QCA Guidelines”	the Corporate Governance Code for small and mid-size Quoted Companies 2013 published by the Quoted Companies Alliance, as amended from time to time;
“Registrars”	Capita Registrars Limited;
“Remuneration Committee”	the remuneration committee of the Board;
“Sale Shares”	up to 14,627,023 Existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing;
“Securities Act”	the United States Securities Act of 1933, as amended;
“Selling Shareholders”	P.E.Q. Holdings Limited and Andrew Day;
“Shareholders”	holders of Ordinary Shares;
“Share Option Plan”	the Keywords Share Option Plan;
“Share Plans”	the Share Option Plan and the LTIP;
“Takeover Code”	the City Code on Takeovers and Mergers (as amended from time to time);
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“uncertificated” or “in uncertificated form”	a share or shares recorded on the register of members as being held in uncertificated form in CREST, entitlement to which, by virtue of the Uncertificated Securities Regulations, may be transferred by means of CREST;
“Uncertificated Securities Regulations”	the Uncertificated Securities Regulations 2001 (SI/2001/3755);
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“£”, “pound”, “p” or “pence”	British pound sterling, the legal currency of the United Kingdom;
“United States” or “US”	the United States of America, its territories and possessions, any state in the United States, the District of Columbia and other areas subject to its jurisdiction;

“VCT”	a Venture Capital Trust as defined in Part 6 of the Income Tax Act 2007;
“VCT Placing”	the proposed placing and issue of the VCT Placing Shares procured by Numis with VCT Placees at the Placing Price pursuant to the Placing Agreement;
“VCT Placing Shares”	those New Shares to be issued to VCTs as part of the VCT Placing;
“VCT Scheme”	Venture Capital Trust Scheme under the provisions of Part 6 of the Income Tax Act 2007;
“Warrant Instrument”	the deed poll executed by the Company dated 8 July 2013 constituting the Warrants; and
“Warrants”	the 400,324 warrants issued to Numis conditional upon Admission to subscribe for in aggregate 400,324 Ordinary Shares (representing 1 per cent. of the Enlarged Share Capital) pursuant to the Warrant Instrument.

GLOSSARY OF TECHNICAL TERMS

“AAA titles”	means a title capable of selling more than 10 million units (packaged and digital) globally.
“CAGR”	means compound annual growth rate.
“Certification Test”	means the process by which each local version of a game produced by a Publisher needs to be submitted to a first-party licensor (console manufacturer) and undergo testing prior to being licensed.
“Developer”	means a software developer (a business or an individual) which creates video games. Most video games publishers maintain development studios, however, since publishing is their main activity they are generally described as “publishers” rather than “developers”.
“MMO”	massively multiplayer online games.
“Publisher”	means a company that publishes video games that they have either developed internally or have had developed by a video game developer. Video games publishers are responsible for their product’s manufacturing, marketing and, in the case of the large video games publishers, also distribution.
“QA”	means quality assurance - the process whereby interactive content is tested ‘end to end’ to conform with both manufacturers’ and platform holders’ quality and functionality standards and be capable of passing the platform holders’ certification testing and quality criteria both in an original and a localised form.

PART I

INFORMATION ON THE GROUP

1. OVERVIEW

Keywords is an international technical services provider to the global video games industry. Established in 1998, and now with facilities in Dublin, Tokyo, Rome, Montreal and Seattle, it provides integrated localisation, testing and audio services across 30 languages and 12 games platforms to a blue chip client base in circa 15 countries.

The Directors believe that Keywords is the only platform agnostic, multi-lingual, internationally integrated provider of global video games localisation, testing and audio services. It enjoys a leading market position, providing services to 15 of the top 25 most prominent games companies, including Microsoft, Namco Bandai, Konami, Electronic Arts and Square Enix. Keywords enjoys excellent client retention and has also seen continued momentum with new client and title wins from Blizzard Entertainment, Disney and King.com in the last nine months alone.

Keywords is entirely focused on the provision of quality, outsourced technical services to the video games industry globally, worth \$63.4 billion in 2012⁽¹⁾. Analysts predict strong growth in this market, with PwC forecasting a CAGR of 6.5 per cent. through to 2017⁽¹⁾.

Keywords has a consistent track record of profitability since 2002 and since 2009 has enjoyed accelerated year on year growth in revenue, operating profit and profit after tax. In the financial year to 31 December 2012 revenues were €14.34 million with profit before tax of €2.74 million, representing a CAGR of 59.8 per cent. and 157.6 per cent. respectively since its financial year to 31 December 2010. The Company has consistently achieved healthy profit margins; in the financial year to 31 December 2012 securing gross margins of 39 per cent. and operating profit margins of 20 per cent.

The proliferation of games platforms and monetisation models is taking video gaming into new markets both geographically and demographically; making content more dynamic and continuous, as games developers seek to keep users engaged for longer; and, the Directors believe, furthering a perceived trend towards outsourcing localisation and testing services.

Keywords' strong expertise, geographical footprint and client relationships provide a sound platform to grow organically by extending its services into original games content development and operational support services; expanding geographically, as clients require support, in Asia Pacific and Latin America; by executing full outsourcing of client localisation requirements for a particular title; and by selective acquisitions to extend the client base, market penetration and/or service lines in the fragmented games services industry, or to enter adjacent entertainment markets.

2. BACKGROUND AND HISTORY

Keywords provides localisation, audio and testing services to the global video games market from offices in Dublin, Tokyo, Rome, Montreal and Seattle. Its service offering includes:

- Localisation - translation and cultural adaption including age rating support across different platforms.
- Localisation Testing - testing that the translated and adapted content fits the games' context.
- Audio - voice over recordings including script translation and actor selection.
- Functional Testing - testing for defects and compliance with console specifications.

Founded in Ireland in 1998 by Teresa Luppino and Giorgio Guastalla, Keywords' operational headquarters remain in Dublin. Originally established as a localisation service provider to the business software market, the Group gradually became exposed to the more creative challenge of localising video games. In 2004, working with a key client, Keywords developed a model of video game localisation testing whereby native language testers play, test and report bugs in the localised versions of the games covering both functional and linguistic aspects simultaneously. Previously such

(1) PwC Global Entertainment and Media Outlook, 2013-2017.

processes would have been handled by either a team of non-native speaking testers supported by a separate team of linguists or two separate teams, one focusing on functional issues in the localised game builds and another looking only at linguistic elements. The Directors believe that Keywords was the first to perform computer game localisation testing in this new way which enabled it to provide a superior service compared to its competitors at that time.

In 2005, Keywords made a strategic decision to focus only on the localisation and testing of video games and over the following years the Directors believe it earned a reputation for delivering a quality, tailored service.

In April 2009, Andrew Day joined Keywords as Chief Executive Officer, further driving the growth of the Group and gaining new strategic customers. He became a significant shareholder in Keywords in 2012.

In November 2010, driven by the demands of existing clients, Keywords commenced its geographic expansion by opening its Tokyo office, with capacity for 100 employees per shift specialising in Asian languages.

In June 2010, Keywords moved to new premises in Dublin due to its rapid organic expansion, whilst also taking advantage of falling rents in the Irish economy at the time. In the same year Keywords opened its first North American production facility in Montreal principally to provide a physical presence for its existing customers in North America and to service the games company cluster in Quebec. This was followed in 2011 by the integration of Keywords Italia SRL, Rome. The Group's geographic expansion continued in September 2012, in response to ongoing rapid growth and client demand, with the start of the Company's operations in Seattle.

3. KEY STRENGTHS

Strong market position: Keywords is entirely focused on the provision of quality, outsourced technical services for the video games industry globally. Its customers include many well-known blue chip multinational games publishers and developers including 15 out of the 25 most prominent games companies listed by Gartner⁽²⁾. The Group has built a strong reputation for quality of service and delivery, from secure facilities, as evidenced by its excellent client retention and new client and title wins, including Blizzard Entertainment, Disney and King.com in the last nine months alone.

Full service, international offering: The Group has expanded geographically and now has five facilities in three continents (these locations reflect video game company clusters) providing full localisation services to local and global clients. This broad reach has enabled Keywords to offer localisation services into more than 30 languages across 12 platforms to clients in circa 15 countries. Keywords provides a fully integrated service offering, comprising functional testing, localisation, audio recording and localisation testing and the Directors believe that it is currently the only platform agnostic, multi-lingual, internationally integrated provider of global video games localisation and testing services. The Directors believe that competitors tend to follow a network model using third party partners to deliver particular languages or other elements of their localisation services for large global projects, whereas Keywords has the ability to offer an end-to-end service for all languages.

A pure focus on a high growth market: The global video games market is predicted to grow significantly and spending on games software is predicted to grow by solid double-digit percentages during the next five years⁽²⁾. Meanwhile, the eighth generation console cycle is expected to revitalise the console games market now that Sony and Microsoft have joined Nintendo with the launch of PlayStation 4 (Sony) and the new Xbox One (Microsoft). The Group's business model is platform agnostic enabling it to take advantage of the increase in content resulting from a proliferation of platforms in the video games market (for example console, social and mobile games) as localisation and testing services are required for each platform and in each language in which a game is to be produced.

Multiple structural growth drivers: A proliferation of games platforms (beyond console and PCs to online, social, mobile and cloud-based gaming), and monetisation models (beyond traditional retail sales to in-game purchases and advertising and bolt-on content models) has resulted in a number of key growth drivers for Keywords: it is taking video gaming into new markets both geographically and demographically; it is making content more dynamic and continuous, as games developers seek to

(2) Gartner, Market Trends: Gaming Ecosystem Goes Mobile with New Monetization Models, 21 November 2012.

keep users engaged for longer; and it is, the Directors believe, furthering a perceived trend towards outsourcing localisation and testing services, as set out below.

- **Geographic and demographic market expansion:** The development of mobile gaming in particular has opened up new geographical markets, including in developing countries which have little history of console or PC gaming, whilst there has also been a significant expansion of demographic markets; 47 per cent. of all games players (video and computer games) are women and 68 per cent. of games players are 18 years of age or older⁽³⁾.
- **More dynamic and continuous content:** With new content and upgrades being continually produced by developers, in order to extend the lifetime value of the consumer, games content now evolves considerably after its initial launch and has become richer overall. This evolution of content delivery and the industry shift to online games requires greater localisation and testing support for the more complex and continuous downloadable content well beyond the game going on sale.
- **Trend towards outsourcing:** As localisation and testing has become more complex and resource-intensive, due to the proliferation of devices, audiences, distribution channels, monetisation models and the increased complexity of content, the trend for publishers and developers to outsource some or all of these services has continued.

Overall, the trend to outsourcing, growth in platforms, development of more dynamic content and market expansion has increased demand for localisation and testing services, leaving Keywords well positioned to grow its share of existing customers' spend and win new contracts with global blue chip gaming and software companies.

Proven financial record: Keywords has achieved strong organic growth in revenue and profits throughout the recent economic downturn. Over the three year financial period ended 31 December 2012, it has secured compound annual growth rates of 60 per cent., 51 per cent. and 154 per cent. in revenue, gross profit and operating profit respectively. The Group's gross margins were 39 per cent. and operating profit margins were 20 per cent. in the 2012 financial year. Historically the Group has been entirely funded from internally generated cash flows. Notwithstanding these investments, the Group is in a cash positive position with low CAPEX requirements. It has no long term debt and no reliance on external finance providers.

4. BUSINESS DESCRIPTION

Keywords provides a complete outsourced, integrated, localisation service for console, PC, online, handheld and mobile content for the video games industry. The Group serves most of the largest video games publishers in the world, working on hundreds of titles across all genres including many of the best-selling titles of the past few years. For instance, key titles it has worked on recently include Pro Evolution Soccer 2013, Halo 4 and Farmville 2.

Video games are a particularly immersive form of entertainment and capturing the atmosphere of the game equally well for audiences playing in their native language as for those playing in the original language of the game is a creative and technically demanding task.

Clients sometimes outsource the entire localisation process to Keywords which typically spans three of the Group's four key offerings: localisation, audio recording and localisation testing; covering the following specific areas:

Localisation Services

The process of localising video games encompasses a number of different technical and creative services depending on the nature and genre of the game as well as the video game platform:

- **Conversion of text:** Translation and cultural adaptations from the source language in-game text and audio scripts. Translations need to be appropriate to the context of the game, relevant to the target language and country and consistent throughout the game.
- **Cultural and geopolitical context:** Keywords' linguists are required to translate creatively and, where required, to adjust the storyline, character depictions, look and feel of the game

(3) Entertainment Software Association, 2012 Sales, Demographic and Usage Data.

(such as locations or brands) for more appropriate ethnicity and to avoid government or historical restrictions or local sensitivities.

- *Age-ratings*: there are a variety of age and content ratings boards in various regions to which video game publishers submit games in order to obtain the appropriate rating symbol for the games by region. Keywords provides advice on this and helps ensure the localised games obtain the ratings desired by the publisher.
- *Non in-game*: Keywords are also able to localise the website, manuals, packaging, marketing and legal materials associated with any video game.

A game can be localised by Keywords into more than 30 languages, with each language requiring a different dedicated team with relevant experience of the genre. Each team works within the framework of the Company's workflow process and under tight, centralised, project management control in order to ensure the quality of output. Core languages of English, French, Italian, German and Spanish have been supplemented by additional languages which reflect the growth of the global video games market (e.g. Russian, Brazilian Portuguese and Arabic).

Audio

Keywords takes delivery of the audio project in a game's native language and provides localised recordings in all major languages. Keywords project manages in-country recording using its network of studio recording facilities and hiring local directors and actors to deliver consistency of production quality and on-time delivery.

Localisation Testing

Keywords provides comprehensive localisation and compliance testing across all console, PC, online, handheld and mobile platforms. Keywords believes it is recognised as one of the leading localisation testing facilitators with a high first-time submission pass rate.

This process involves testing for:

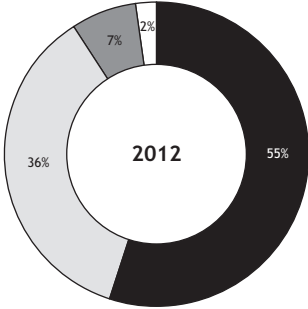
- **Console manufacturer terminology compliance issues**: This involves testing for issues regarding compliance with the specified terminology as dictated by the console manufacturers. Each localised version of the game will need to pass a "certification test" with each platform manufacturer before it can be released. A "certification test" is the process by which each local version of a game produced by a publisher needs to be submitted to a first-party licensor (console manufacturer) and undergoes testing prior to being licensed. This is for the licensor to ensure the quality of the games produced for its platform, and happens after the developer's internal testing is complete. First-party licensors for console platforms have strict technical requirements for games licensed for their platforms. The manufacturer will examine the adherence to such technical requirements and other compliance issues, such as proper handling of legally trademarked material (for instance ensuring that icons for control buttons are correctly depicted) and consistency of behaviour (such as error messages being triggered correctly and being worded according to the first-party licensor's guidelines).
- **Erroneous translations, overlaps, incorrect spelling, incorrect grammar and out of context translations.**

Given that Keywords receives early versions of games before they are released, the testing is undertaken at Keywords' on-site laboratories in Tokyo, Dublin and Montreal by its native test teams under significant security to prevent leaks. Keywords can equally work alongside existing in-house testing teams to assist with any peaks in demand, using its scalable teams based in its global facilities.

Functional Testing

Keywords also has a small QA service provided from its Montreal facility which extends the Company's activities to the beginning of the video game production chain. The primary service provided is functional testing whereby Keywords' testers in Montreal discover and document non language related game defects and verify the games' functional compliance to console manufacturers' specifications.

The Group’s 2012 revenues generated from its divisions were as follows:



■ Localisation Testing □ Localisation ■ Audio □ Functional Testing

The Group’s multinational team of full-time regional managers and project managers provide a single point of contact for publishers and developers throughout the entire localisation process.

Management responsibilities are divided between service-line project managers, who ensure the high quality of service provided by the Group to its customers on each project, and the regional managers who are responsible for the day-to-day operations of the Group, with their responsibility broadly divided by geography.

The Group deploys a flexible workforce for its project-based work comprising freelance translators working mainly in its localisation services (including audio) and both permanent and temporary contract staff for its localisation testing services. Keywords’ headcount fluctuates from month to month, mainly due to changes in demand for localisation testing.

Keywords has built up a comprehensive network in the industry, with more than 600 multilingual in-country games specialist freelance translators in its pool of resources who have passed the Keywords’ qualification tests, and accepted Keywords’ rights assignment and confidentiality requirements.

Staff undergo a rigorous recruitment process followed by in-house, continuous training. All Keywords’ localisation testers are native speakers, so are strong linguists in both their native language and English, and are enthusiastic gamers. They are selectively recruited and trained to the high standards to maintain the Group’s focus on providing quality localisation and testing services.

5. CUSTOMERS

Keywords’ blue chip client base includes 15 of the top 25 most prominent video game publishers listed in the table below and includes Microsoft, Namco Bandai, Konami, Electronic Arts and Square Enix.

Top 25 Important Vendors in the Gaming Ecosystem

Activision Blizzard	Namco Bandai Games
Amazon	Nintendo
Apple	Rovio
Atari	Sega
Capcom	Sony
DeNa	Square Enix
Disney Interactive Media	Take-Two Interactive Software
Electronic Arts	Tecmo Koei Holdings
Facebook	THQ
Google	Ubisoft Entertainment
Gree	Zynga
Konami	Valve
Microsoft	

Source: Gartner, Market Trends: Gaming Ecosystem Goes Mobile with New Monetization Models, 21 November 2012.

Note: Keywords’ logo indicates that the Vendor is currently a Keywords’ customer.

Keywords’ customers are mostly large, international businesses, and therefore the Group derives 90 per cent. of its revenues from outside of Ireland.

Major games developers and publishers are spread throughout the world but there are some particular areas of geographic concentration. Japan continues to play a leading role in video games.

The West Coast of the United States is very important and in Europe countries such as the UK and Germany are major contributors to the industry. The Group’s facilities are well located to serve these areas of concentration of game development:

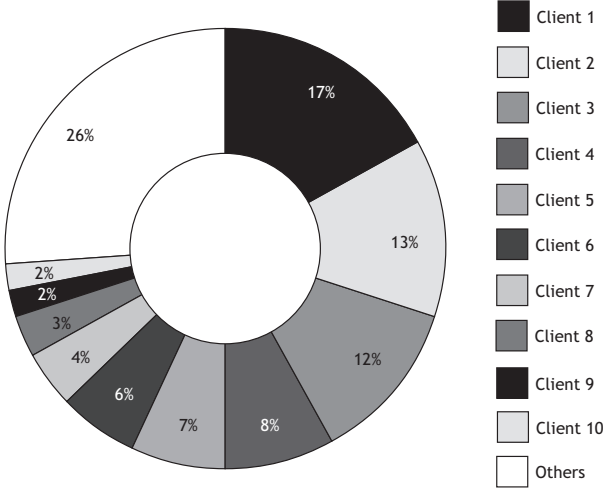
City	Dublin	Montreal	Seattle	Tokyo	Rome
<i>Year presence established</i>	1998	2010	2012	2009	2011
<i>Employee per shift capacity of current office</i>	350	100	Currently 8, scope to expand to 100	100	10
Services offered	Localisation, Localisation Testing and Audio Management Services	Localisation, Localisation Testing, Audio Management services and Functional Testing	Localisation and Localisation Testing	Localisation, Localisation Testing and Audio Management Services	Localisation and Audio Management Services

Keywords’ customers represent the wide spectrum of games types published for various devices:

- **Console game market:** customers include Sony Computer Entertainment, Microsoft Studios, Square Enix, Electronic Arts, Konami, 2K and Disney;
- **MMOs (massively multiplayer online games):** customers include Sony Online Entertainment, Gameforge, Square Enix and Mail.Ru;
- **Mobile games:** customers include Glu, Gree, DeNA, Disney and Electronic Arts; and
- **Social/casual games:** customers include sector leading players like Zynga and King.com.

In 2012 the Group had 34 distinct customers, with the top 10, as shown in the chart below, accounting for just under three-quarters of its revenue for 2012.

Revenue Concentration, 2012



Given the significant size of these customers, some have multiple distinct relationships (often determined by geographical and service factors) with Keywords, and the Group count 46 relationships for 2012.

Illustrative Client Distribution by Place of Relationship

REGION	USA	CANADA	EUROPE	ASIA
Example Clients				
Disney	X		X	
Zynga			X	
Microsoft	X		X	
Sony Online Entertainment	X			
I Got Games	X			
Blizzard Entertainment	X		X	
Electronic Arts			X	X
Ubisoft	X	X	X	X
Sony Computer Entertainment			X	
Namco Bandai			X	
Konami				X
Gameforge			X	
Gala			X	
Take 2 Interactive			X	X
Square Enix			X	X

Larger games may take several years to develop, and release dates are planned well in advance. Keywords, therefore, has “master agreements” with many of its main customers, whereby the Group will have a committed volume of work for the year, or will work on individual statements of work on a project by project basis. In most cases, the clients will share production details of games to be worked on between six and twelve months in advance. Microsoft, for example, has announced that of the 15 exclusive launch games it will release in the first year of the Xbox One’s life cycle, eight of those titles will be brand new games specifically for the Xbox One. Keywords is hopeful that it will work on all of Microsoft’s new titles for Xbox One, as well as a range of new titles for the PlayStation 4 to be published by Ubisoft, Electronic Arts, Activision Blizzard and others.

Most customers plan their projects based on their own financial year-ends which tend to range from December through to June, ensuring that games are ready for the peak selling season in the fourth quarter of the calendar year. Keywords’ detailed knowledge of release schedules, and therefore its own likely workload, offers a substantial degree of visibility of its pipeline and headcount requirements. The typical seasonal pattern is for a peak in activity during the middle of the calendar year prior to the games release period in the last quarter of the calendar year in time for the peak selling season.

The Directors believe that the Group’s high level of customer retention, high degree of repeat business and visible workflows, and very low level of bad debts are due to strong customer relationships built on Keywords’ reputation for quality, security and timeliness of delivery.

6. MARKET OVERVIEW

The global video games market is predicted to grow significantly, with PwC forecasting a CAGR of 6.5 per cent. from \$63.4 billion in 2012 to \$86.9 billion in 2017⁽⁴⁾.

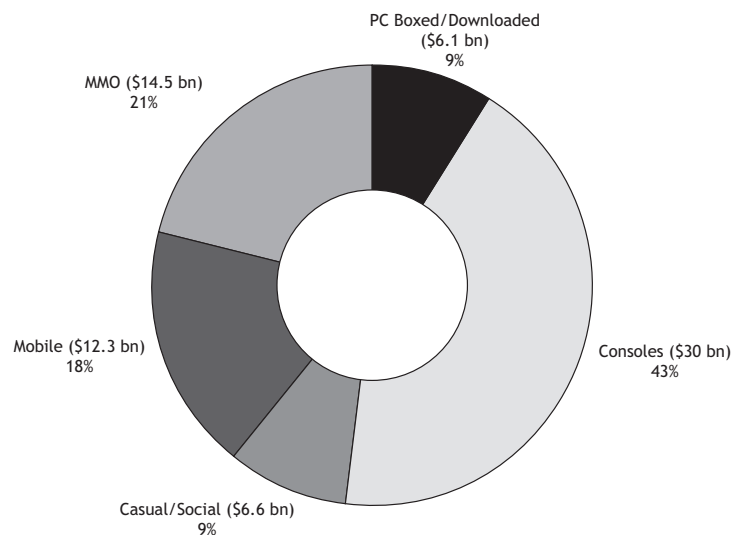
The key drivers of this growth are:

- **A proliferation of games platforms:** although console and PC packaged games currently represent the majority of revenues in the video games market, broader device ownership and improved internet access globally have underpinned the rapid growth of online, social, mobile and cloud-based gaming. This increased accessibility has opened up:

(4) PwC Global Entertainment and Media Outlook 2013-2017.

- **New geographical markets**, given the absence of the requirement for relatively expensive console systems or landline based internet connectivity. The development of mobile gaming in particular has opened up new geographical markets. While the U.S.A. remains the largest video games market in the world, high rates of growth are being seen in developing countries which have little history of console or PC gaming. For instance, PwC forecasts double-digit growth through to 2017 from a number of markets, with the most significant increases coming from Nigeria (22 per cent. CAGR), Kenya (20 per cent. CAGR), India (18 per cent. CAGR), and Vietnam (15 per cent. CAGR).
- **New demographic markets**, a recent survey of the US entertainment software market by the Entertainment Software Association reveals that of 47 per cent. of all game players (video and computer games) are women and that 68 per cent. of games players are 18 years of age or older, demonstrating that the market has moved well beyond the average gamer being a young male.
- **Emerging monetisation models:** the industry is shifting from the traditional retail sales of static boxed games, to monetisation models which include generating revenues from in-game purchases, 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 localization and testing support has extended well beyond the games' initial sale.
- **Console cycle:** The console market remains the largest single sub-sector of the video games market by revenue. The growth rate of software sales into that market is cyclical, driven by the launch of new consoles. Mainstream console releases generally come in generations, and the Nintendo Wii U was the first release of what the industry terms the eighth generation of home consoles. The near future is expected to be an extremely busy time in the video game industry. Microsoft (Xbox One) and Sony (PlayStation 4) will join Nintendo in 2013 with the launch of their next generation consoles. It was reported by both Microsoft and Sony that a series of new game franchises are to follow the launch of the new consoles.

Global Games Market, 2013 Estimate



Due to the growth in the video games industry, video game localisation and testing has turned into a complex and increasingly outsourced industry. Publishers are focused on devising successful new business models based on in-game purchases, advertiser funding and premium digital downloads, whilst also aiming to optimise their return on investment by ensuring content is delivered efficiently and successfully across a growing number of games platforms and geographical markets. Given the increased complexity of game content, the Directors believe that it has become less cost effective to have sufficient resources for in-house localisation and testing and they are turning to trusted external providers.

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 now viewed as a critical factor in the success of a new launch. The geographical differences require localisation service providers to diligently consider the target gamers' age range, gender and linguistic variables as well as the cultural and political context of the game. Keywords employs games specialised native speakers who translate content into more than 30 languages, a resource base which would require substantial investment to replicate in-house.

The growing number of platforms and the increase in the number of gamers playing online video games (particularly via smartphones and tablets) has enabled developers to constantly evolve the content of the game through in-game and digitally distributed content purchases, extending the life cycle of the game beyond that typical of the traditional "boxed titles" console and PC market. This in turn requires localisation companies to provide services not only at the production stage but on a continuing operational support basis.

The Directors believe that the expected market growth (from demographical, geographical and technical developments) will have a positive effect on both the localisation industry and also Keywords increasing revenue share of that market.

7. COMPETITORS

The Directors believe that Keywords operates in a fragmented market. They believe the Group is one of very few international providers of the full range of localisation services - localisation, audio and testing - with a pure focus on the video games industry.

The majority of the Group's competitors in the video games localisation industry offer either: (i) translation; or (ii) translation and audio; or (iii) testing (localisation and functional) and often with limited geographical reach. As such they do not provide the complete outsourced integration of localisation and testing services that the Group is able to provide internationally. Babel Media is regarded by the Directors as the most comparable business in terms of spread of services offered and outright focus on the games industry.

Aside from competitors in the localisation or functional testing markets, there are non-specialised providers of generic localisation and testing services. Such companies include Lionbridge Technologies and SDL, both of whom are significantly larger in size than Keywords. Given the unique challenges that video game localisation provides, including cultural adaptation, audio production and localisation testing, the Group does not consider such non-specialised providers to be major direct competitors at this stage.

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

The Directors consider the video games localisation market to be fragmented and imbalanced when considering that the major clients for these services are large, multinational organisations. The wider market for general video games technical services is even more fragmented. With no specialised provider offering a complete video games technical services solution, the Directors believe that the Group is well placed to expand its service offering and increase its market share.

8. STRATEGY

The Group intends to continue to grow organically, building on its existing expertise to further extend its technical services offering to the games industry. In addition, the Group plans to play a leading role in the consolidation of the highly fragmented games services industry through selective acquisitions of complementary businesses. The Directors believe that there is clear opportunity for Keywords to build on its existing relationships with many of the major games companies by extending its services offering and geographical footprint as follows:

New Service Activities:

- By expanding its services downstream into operational support services of video gaming including developing multilingual customer services support (such as offering support to gamers through online forums, email and over the phone); payments services (to support microtransactions such as in-game purchases or content bolt-ons); and analytics (probably in partnership with a leading predictive analytics firm, offering customers analysis of game data as well as embedded real time analytics); and
- By moving further upstream into original games content development services, including art outsourcing (such as 2D and 3D concept art and character animation using sophisticated software systems); original language audio (undertaking the original audio recording on the master game as opposed to only currently providing voiceover and dubbing); and motion capture (the process of recording actions of, for example, human actors using sensors and multiple cameras, and using that information to animate digital character models in 3D computer games animation).

Geographic Expansion: Asia Pacific, which accounts for three out of the top four video games markets in the world, is projected to be the fastest growing region during the next five years, increasing to \$40 billion in 2016 (2011: \$24 billion)⁽⁵⁾. The Group may therefore look to strengthen its global presence by opening facilities in South Korea and China, responding to existing customers already requesting support in such countries, whilst also taking advantage of the lower cost base and access to more resources. There is similar demand from customers requiring support in Brazil, another large growth market for video games.

Outsourcing: It is becoming technically costly for publishers and developers to cater themselves for all types of games localisation around the world, given the growing complexity of entertainment software products and business models. As international demand for video games rises, Keywords believes it can demonstrate to the blue chip games companies that it has the geographical footprint, capacity and expertise for such companies to outsource all their localisation requirements to Keywords.

Acquisitions: Complementary to the Group's organic growth opportunities, the Directors will consider selective acquisitions which are considered value enhancing to the Group's client base, market penetration and/or service lines and where the Group can use its existing expertise, multi-service platform, scale and global reach to generate synergies and increase profitability. The Group may also consider acquisitions or joint ventures which provide a platform for it to take its core technical expertise into new, adjacent entertainment markets such as online gambling, E-learning and film dubbing and subtitle services.

9. CURRENT TRADING AND PROSPECTS

We are pleased with the performance of the business year to date. 2013 is a significantly important year for the video games industry marked by the launch of the latest generation of consoles circa eight years after the launch of Xbox 360 and PlayStation 3. We are hopeful that we will be working on all Microsoft titles and many of Sony's titles that will be released in support of the Xbox One and PlayStation 4 launches. The launches of these consoles have now been confirmed for later this year in time for the important holiday sales period. This means that revenue will be weighted more towards the second half than in an ordinary year. In the meantime our revenues for the five months to 31 May are 18 per cent. ahead of the same period last year.

10. SUMMARY FINANCIAL INFORMATION

The financial information set out in the table below has been extracted from the historical financial information of the Group included in Part III of this document. Shareholders should read the full historical financial information in Part III of this document and not rely solely upon the summary below.

(5) PwC Global Entertainment and Media Outlook, 2012-2016.

	2010 €'000	2011 €'000	2012 €'000
Localisation Testing ⁽¹⁾	4,280.9	6,212.8	8,119.6
Localisation ⁽²⁾	1,337.7	4,079.5	6,223.3
Revenue	5,618.6	10,292.3	14,342.9
<i>Percentage growth</i>		83.2%	39.4%
Gross Profit	2,411.0	4,944.5	5,525.7
<i>Percentage gross profit margin</i>	42.9%	48.0%	38.5%
Operating profit	436.7	2,452.3	2,814.8
<i>Percentage operating profit margin</i>	7.8%	23.8%	19.6%
Tax expense	(57.3)	(356.9)	(410.6)
<i>Tax rate (%)</i>	13.9%	14.5%	15.0%
Profit from continuing operations	355.5	2,111.6	2,328.1
Net cash provided by operating activities	540.4	2,610.2	1,901.4
Net cash used in investing activities	194.0	282.0	896.4
Net cash used in financing activities	145.5	2.4	375.5
Net cash	936.9	3,262.6	3,892.1

(1) Localisation Testing revenue includes revenue from Functional Testing division.

(2) Localisation revenue includes revenue from Audio division.

Revenue has grown by a CAGR of 60 per cent. between 2010 and 2012 and operating profit has grown by a CAGR of 154 per cent. over the same period.

Revenue growth

Revenue is currently dominated by localisation testing - the lead service in terms of revenue share - and localisation. Each of these services generally occur at different stages of a game's development and lifecycle. Localisation testing occurs towards the end of a game's development and therefore sees greater seasonal variation in line with the general release of games skewed towards the peak selling season in the fourth quarter of the calendar year. Given the different profile of the two main revenue streams, it has been management's intention to increase the relative proportion of localisation income so as to create a broader based offering and smoother revenues over the year.

Keywords' revenue growth has been driven by a number of factors, principally existing customers committing a larger share of their business with the Company and new client wins. Both of these trends have been underpinned by underlying growth of Keywords' addressable market, as described in the Market Overview section above.

Gross margin

Gross margin in 2011 was inflated by unusually high workloads relative to the operating base of the business. As a result, there was "over-utilisation" in 2011 that was not sustainable, resulting in decision to invest in permanent and contract staff in 2012 to deliver more sustainable growth.

As a result 2012 saw gross margin return to more sustainable levels as a result of an increase in the number of permanent staff, in addition to a decision to capture guaranteed minimum volumes from certain key customers by offering better terms for larger quantities of work, thereby improving visibility. Further, the trend was enhanced by the relatively higher level of Localisation in the sales mix (as noted above); Localisation typically delivers a lower gross profit margin than Localisation Testing, but has a much lower infrastructure requirement and therefore operating cost requirement, resulting in a higher proportion of this revenue flowing through to profit.

Cash Generation

As a people-based business, Keywords' is not capital intensive, as exhibited by its strong cash generation. It has been cash generative at the operating level throughout the period being reviewed, with the decline in 2012 principally due to taxation catch-up payments required following the Company's rapid growth and investment in the opening of a new operation in Montreal.

Investing activities principally comprises capital expenditure, and financing activities represent dividend payments.

11. INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT

The Board consists of two Executive Directors and three Non-Executive Directors. Brief biographies of the Directors are set out below. Paragraph 7.1 of Part IV of this document contains details of current and past directorships and certain other information relating to the Directors. The Directors believe that Keywords benefits from a strong, stable and proven entrepreneurial management team. The executive management team has been enhanced by the appointment of Non-Executive Directors with substantial technology, growth company, financial and public markets experience.

Board of Directors

Ross Graham (aged 65) - 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 is currently a non-executive director at Wolfson Microelectronics Plc and was previously the audit committee chairman. 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.

Andrew Day (aged 49) - Group Chief Executive Officer

Andrew Day 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.

David O'Connor (aged 42) - Group Financial Director

David O'Connor is a chartered accountant who has extensive experience in senior management roles. He has recently held two positions as Financial Controller for international companies, including Deecal International Limited (latterly named First Data Commercial Services Limited). In his position as Financial Controller, David has had experience in creating corporate financial systems and procedures, leading internal teams and developing sales strategies. In 2012, David became a consultant for Baker Tilly Ryan Glennon, a firm of accountants and business advisors in Ireland, before being employed as Group Financial Controller for Keywords in July 2012.

David Reeves (aged 66) - Independent Non-Executive Director

David Reeves 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 on 29 May 2013.

Giorgio Guastalla (aged 44) - 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.

Senior Management

Giacomo Duranti (aged 39) - Chief Operating Officer

Giacomo Duranti joined Keywords International Limited in 2000 as a project manager after his computer science studies at the University of Rome “La Sapienza”.

He managed the Rome office of Keywords Italia SRL following its incorporation in 2001 for five years, maintaining its profitability and a steady growth throughout that period.

Giacomo returned to the Dublin office in 2006 as the Localisation Manager for the office and was instrumental in the development of Keywords’s video game localisation service lines to include audio and functional QA and assist in the Group’s international presence to Asia and North America. Shortly thereafter, Giacomo was appointed Chief Operating Officer coordinating all production departments within the Group.

12. REASONS FOR ADMISSION AND USE OF PROCEEDS

The Directors consider that Admission will be an important step in the Group’s development, will enhance its profile and standing within its market place and will assist the growth of its business. In addition, broadening the Group’s shareholder base through admission to trading on AIM gives the Group the capacity, if required, to raise further capital to support its strategic objectives as suitable opportunities arise.

The Placing will also provide the Selling Shareholders with a partial realisation of their investment in the Company, which will provide additional liquidity, with a free float of 44.0 per cent. of the issued share capital of the Company following Admission.

The net proceeds from the Placing of the New Shares will raise up to £8.6 million which the Company intends to invest as follows:-

- **New Business Activities:** In continuing to expand its localisation services to new activities such as operational support services or payments services and analytics or move into original games content development.
- **Geographical Growth:** In expanding its global presence, primarily through office expansion thereby increasing headcount and expanding its global clients.
- **Outsourcing:** In capturing new blue chip customers who are looking to outsource all their localisation requirements.
- **Acquisitions:** Towards selective acquisitions which generate synergies and/or opportunities to expand into adjacent entertainment markets such as online gambling and e-learning.

13. DIVIDEND POLICY

The Directors recognise the importance of dividend income to Shareholders and intend to adopt a progressive dividend policy. This policy will be subject to the retention of funds needed to fund future growth of the Group’s business and its strategic aims.

All of the Ordinary Shares will rank *pari passu* for the payment of dividends. Dividends have been paid by Keywords in respect of the financial years 2011 and 2012 and a dividend is expected to be proposed by Keywords Studios at the time of the Group’s preliminary results for the year to 31 December 2013.

14. THE PLACING

The Placing comprises an offer of up to: (i) 8,130,081 New Shares to be issued by the Company raising proceeds of approximately £8.6 million (assuming that the Placing is fully subscribed and net of commissions, fees and expenses); and (ii) up to 14,627,023 Sale Shares to be sold by the Selling Shareholders for an aggregate amount of approximately £18.0 million (assuming that the Placing is fully subscribed and net of commissions, fees and expenses). The Company will not receive any proceeds from the sale of the Sale Shares being sold by the Selling Shareholders (all of which will be paid to the Selling Shareholders after deduction of placing commissions and stamp duty).

Assuming that the Placing is fully subscribed, the New Shares will represent approximately 20.3 per cent. of the issued ordinary share capital of the Company immediately following Admission and will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions thereafter declared, made or paid. The Selling Shareholders have undertaken that the Sale Shares will be sold fully paid and with full title guarantee.

Pursuant to the Placing Agreement, Numis has conditionally agreed with the Company and the Selling Shareholders, on and subject to the terms set out therein, to use its reasonable endeavours to procure investors to acquire Placing Shares at the Placing Price. The Placing is conditional, *inter alia*, upon the Placing Agreement becoming unconditional and not being terminated in accordance with its terms and Admission taking place.

The VCT Placing Shares will be admitted to trading on AIM on 12 July 2013. The CREST accounts for the VCT Placing Shares will be credited prior to the CREST accounts for the New Shares (excluding the VCT Placing Shares) so that VCT Placees investing as part of the VCT Placing will be able to benefit from tax advantages pursuant to the rules of the VCT Scheme.

Allocations under the Placing will be determined by Numis following consultation with the Company. A Placee's allocation (excluding a VCT Placee) may consist of Sale Shares or New Shares or a combination of the two. A VCT Placee allocation will only consist of New Shares to comply with the VCT Scheme.

None of the Placing Shares have been marketed to or will be made available in whole or in part to the public in conjunction with the application for Admission.

The Company, the Directors, the Selling Shareholders and the Founders have, under the Placing Agreement, given warranties (which, so far as the Directors, the Selling Shareholders and Founders are concerned, are limited in terms of the amount of liability save in certain circumstances), in favour of Numis. In addition, the Company and, subject to certain limitations, the Selling Shareholders have given Numis a commercial indemnity on a joint and several basis.

The Placing Agreement may be terminated by Numis (at its absolute discretion) in certain specified circumstances prior to Admission, including, *inter alia*, if an event occurs or a matter arises prior to Admission which renders any of the warranties untrue or incorrect in any material respect or in the event of force majeure arising. Numis has been granted a warrant to subscribe for Ordinary Shares representing one per cent. of the Company's issued ordinary share capital immediately following Admission (of which 50 per cent. will be at a strike price equal to the Placing Price with the remaining 50 per cent. at a strike price equal to 1.25 x the Placing Price) at any time within five years following Admission.

On Admission, the Directors directly and indirectly will hold in aggregate 10,715,460 Ordinary Shares, representing approximately 26.8 per cent. of the Company's Enlarged Share Capital immediately following Admission (assuming that the Placing is fully subscribed).

On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £49.2 million (assuming that the Placing is fully subscribed).

Further details of the Placing Agreement are set out in paragraph 17.1 of Part IV of this document.

The terms and conditions which apply to persons making an offer to acquire Placing Shares in the Placing are set out in the appendix to this document.

15. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

Selling Shareholders

The Selling Shareholders are expected to hold 17,275,309 Ordinary Shares representing approximately 43.2 per cent. of the Enlarged Share Capital immediately following Admission (assuming that the Placing is fully subscribed). The Selling Shareholders and Founders have undertaken with the Company (subject to certain exceptions) not to dispose of any interest in any such Ordinary Shares until the first anniversary of Admission (the "Relevant Date").

The parties have further undertaken to observe certain orderly market restrictions with respect to the disposal of such Ordinary Shares in the period of 12 months following the Relevant Date.

Further details of the Selling Shareholders lock-in and orderly marketing arrangements are set out in paragraph 17.3 of Part IV of this document.

Management

The Directors who, in aggregate, following Admission, are expected to hold 10,715,460 Ordinary Shares, representing approximately 26.8 per cent. of the Enlarged Share Capital immediately following Admission (assuming that the Placing is fully subscribed), have undertaken with the Company (subject to certain exceptions) not to dispose of any interest in any of their Ordinary Shares until the Relevant Date. The parties have further undertaken to observe certain orderly market restrictions with respect to the disposal of such Ordinary Shares in the period of 12 months following the Relevant Date.

Further details of the management lock-in and orderly marketing arrangements are set out in paragraph 17.3 of Part IV of this document.

16. CORPORATE GOVERNANCE

The Directors recognise the importance of, and are committed to, high standards of corporate governance. Although compliance with the UK Corporate Governance Code is not compulsory for AIM companies, the Directors intend to apply the principles insofar as they consider them appropriate for a public company of Keywords Studio's size whose securities are traded on AIM, taking into account the recommendations contained in the QCA Guidelines.

The Board comprises five Directors, two Executives and three Non-Executives, and reflects a blend of different experiences and backgrounds. The roles of Chairman (which is a non-executive position) and Chief Executive have been split by the Board and there is a clear division of responsibility between the two. The Board considers Ross Graham and David Reeves to be independent in character and judgement.

The Company has established an Audit Committee that, with effect from Admission, will be initially comprised of Ross Graham and David Reeves. It is intended that Ross Graham will be the Chairman of this Committee. The Audit Committee will meet at least twice a year and is responsible for reviewing the integrity of the financial statements of the Group, the Group's compliance with legal and regulatory requirements, and the adequacy and effectiveness of the Group's internal financial controls and risk management processes including the extent to which internal audit review is required. It will review the external auditors' performance and independence and make recommendations to the Board on the appointment of the auditors.

The Company has established a Remuneration Committee that, with effect from Admission, will be initially comprised of Ross Graham, David Reeves and Giorgio Guastalla, of which Ross Graham will be the Chairman. The Committee will meet at least twice a year and is responsible for determining and reviewing with the Board the policy for the remuneration of the Executive Directors and such other members of the executive management it is designated to consider. Within the terms of the agreed policy, it shall determine the total individual remuneration of the Executive Directors. The Remuneration Committee shall also approve the design of, and determine targets for, any performance related pay schemes, review the design of any share incentive plans, determine the awards to the Executive Directors and determine the policy for, and scope, of pension arrangements for each Executive Director.

The Board will comply with Rule 21 of the AIM Rules relating to directors' dealings and will also take all reasonable steps to ensure compliance with that rule by the Group's applicable employees. The Company has adopted a code on dealing in securities of the Company and will take all reasonable steps to ensure compliance by the Directors and relevant employees in due course.

The Board will hold regular meetings at which financial and other reports will be considered and, where appropriate, voted on.

17. ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings, for normal settlement, will commence at 8.00 a.m. on 12 July 2013. This date and time may change.

It is expected that, subject to the satisfaction of the conditions to the Placing Agreement, the Placing Shares will be registered in the names of the Placees subscribing for, or purchasing, them and issued either:

- (a) in certificated form, where the Placee so elects, with the relevant share certificate expected to be dispatched by post, at the Placee's risk, by 19 July 2013; or
- (b) in CREST, where the Placee so elects and only if the Placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for, or purchased, expected to take place at 7.00 a.m. on 12 July 2013 (in respect of the VCT Placing Shares) and 8.00 a.m. 12 July 2013 (in respect of the New Shares (excluding the VCT Placing Shares)).

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares held in uncertificated form following Admission will take place within the CREST system.

CREST is a voluntary system and the holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

All Placing Shares will be issued payable in full at the Placing Price. It is intended that, if applicable, definitive share certificates in respect of the Placing Shares will be distributed by 19 July 2013 or as soon thereafter as is practicable. No temporary documents of title will be issued.

All documents or remittance sent by, or to a place, or as a Shareholder may direct, will be sent through the post at their risk.

Pending the dispatch of definitive share certificates (as applicable), instruments of transfer will be certified against the Company's register of members.

The International Securities Identification Number or "ISIN" for the Ordinary Shares is GB00BBQ38507.

For a description regarding the restrictions on resale and transfer that are applicable to the Ordinary Shares acquired by investors outside of the UK, see the Appendix to this document.

18. EMPLOYEE SHARE PLANS

The Board considers employee share ownership to be an important part of its strategy for employee incentivisation and will establish the Share Plans, further details of which are set out in paragraph 11 of Part IV of this document.

Options will be granted to certain of the Directors and other senior management under the Share Plans on Admission. Employees may be granted awards under the Share Plans in the future at the discretion of the Remuneration Committee.

Awards granted under the Share Plans to be satisfied by newly issued Ordinary Shares are limited in total to 5 per cent. of the Company's issued share capital from time to time.

19. RELATIONSHIP AGREEMENT

Upon Admission, assuming that the Placing is fully subscribed, P.E.Q. will have an interest in 29.9 per cent. of the Enlarged Share Capital. P.E.Q. and the Founders have entered into a Relationship Agreement with the Company under which P.E.Q. has the right to appoint and remove a director to the Board for as long as it holds in excess of 15 per cent. of the Enlarged Share Capital. P.E.Q. has agreed to exercise its right as a Shareholder so as to ensure that the Company is capable of carrying on its business independently of P.E.Q. In addition, P.E.Q. and the Founders have agreed with the Company certain non-compete covenants for a period of five years from the date P.E.Q. ceases to be a Shareholder. A summary of the Relationship Agreement is set out in paragraph 17.5 of Part IV of this document.

20. THE TAKEOVER CODE

On Admission, the Takeover Code will not apply to the Company. However, with effect from 30 September 2013, proposed changes to the Takeover Code will become effective and will apply from that date to all companies which are subject to the Takeover Code, which will include the Company by reason of having its registered office in the UK and being admitted to trading on AIM, notwithstanding that its central management and control will remain outside the UK and in Dublin.

Rule 9 of the Takeover Code provides that where any person acquires, whether by a single transaction or series of transactions over a period of time, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company, that person is normally required by the Panel to make a general offer, in cash, to the shareholders of that company to acquire the balance of the equity share capital (whether voting or non-voting) and any other class of transferable security carrying voting rights of the company at the highest price paid by that person or any person acting in concert with him in the previous twelve months.

Rule 9 of the Takeover Code further provides that, *inter alia*, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent., but does not hold shares carrying more than 50 per cent., of the voting rights of a company and such person, or any persons acting in concert with him, acquires an interest in any other shares in the company which increases the percentage of shares carrying voting rights in which he is interested, such person is normally required by the Panel to make a general offer in cash, to all shareholders of that company to acquire the balance of their equity share capital (whether voting or non-voting) and any other class of transferable security carrying voting rights of the Company at the highest price paid by that person, or any person acting in concert with him, in the previous twelve months.

If the Takeover Code were to apply on Admission the Directors, the Selling Shareholders (P.E.Q. and Andrew Day) and the Founders would be deemed to be acting in concert for the purposes of the Takeover Code (the “Concert Party”).

Whenever a group acting in concert is interested in shares which together carry 30 per cent. or more of the voting rights in a company but does not hold shares carrying more than 50 per cent. of such voting rights, an offer obligation will arise if an interest in any other shares carrying voting rights is acquired from non-members of the group. When the group holds shares carrying over 50 per cent. of the voting rights in a company, no obligations normally arise from acquisitions by any member of the group. However, the Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group of an interest in shares sufficient to increase the shares carrying voting rights in which he is interested to 30 per cent. or more, or if he is already interested in 30 per cent. or more, which increases the percentage of shares carrying voting rights in which he is interested.

The members of the Concert Party, the number of Ordinary Shares held by them at the date of this document, the percentage of Ordinary Shares held by them at the date of this document together with the percentages of Ordinary Shares held by them: (i) immediately following Admission; (ii) assuming the Options are fully exercised; and (iii) assuming all Options and Warrants are fully exercised are set out below:

	Number of Ordinary Shares at date of this document	Percentage of issued Ordinary Shares at the date of this document	Percentage of Enlarged Share Capital	Percentage of Enlarged Share Capital assuming the Options are fully exercised	Percentage of Enlarged Share Capital assuming all the Options and Warrants are fully exercised
P.E.Q. Holdings Ltd ⁽¹⁾	23,957,472	75.1	29.9	29.5	29.2
Andrew Day	7,944,860	24.9	13.2	13.4	13.3
David O'Connor	—	—	0.0	0.2	0.2
Ross Graham	—	—	—	—	—
David Reeves	—	—	0.0	0.0	0.0
Giorgio Guastalla	—	—	—	—	—
Giacomo Duranti	—	—	—	0.5	0.5
Marco De Sanctis	—	—	—	0.3	0.3
Total	31,902,332	100	43.2	44.0	43.5

(1) The Founders are shareholders in P.E.Q. Holdings Ltd (with Giacomo Duranti’s and Marco De Sanctis’ respective shareholdings (each a 5 per cent. shareholder in P.E.Q.) being held for them on trust by Giorgio Guastalla). Giorgio Guastalla, one of the Founders and a 45 per cent. shareholder in P.E.Q., is a director of P.E.Q. and the Company. Teresa Luppino, a Founder is a 45 per cent. shareholder in P.E.Q..

Each of Andrew Day, David O'Connor, Giacomo Duranti and Marco De Sanctis are to be granted the Options under the Share Plans on Admission.

For the purposes of Rule 9 of the Takeover Code, and on the basis of the disclosure above, the Panel has confirmed that, upon the future exercise of any of the Options, neither a mandatory offer to Shareholders nor any further consent from the Panel or Shareholders will be required. However, it is assumed that such Concert Party will be in existence following 30 September 2013 when the Takeover Code will apply to the Company and that were further options under the Share Plans granted to Andrew Day, David O'Connor, Giacomo Duranti or Marco De Sanctis or any other Concert Party member (including Giorgio Guastalla and Teresa Luppino and the other Directors) and such member of the Concert Party were to exercise those options and be issued with Ordinary Shares, then for the purposes of Rule 9 of the Takeover Code a mandatory offer to Shareholders may be required unless the consent of the Panel and Shareholders was obtained to the waiver of Rule 9 prior to the grant of the options.

In the event that the maximum potential shareholding resulting from the exercise of the Options exceeds 50 per cent. of the total voting rights of the Company, the potential controllers of the Company may acquire further interests in shares without incurring any further obligation under Rule 9 to make a general offer. It is not currently anticipated that the 50 per cent. threshold will be reached.

21. TAXATION

Information regarding certain taxation considerations for corporate, individual and trustee shareholders in the United Kingdom is set out in paragraph 15 of Part IV of this document.

22. VCT INVESTORS

Advance assurance is being sought from HM Revenue and Customs that the Company is a "qualifying holding" for the purpose of investment by VCTs but there can be no guarantees at this stage that this assurance will be forthcoming.

The continuing status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Ordinary Shares being held as a "qualifying holding" for VCT purposes throughout the period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any VCT investment in the Company will remain a qualifying holding. The Company cannot guarantee or undertake to conduct its business following Admission, in a way to ensure that the Company will continue to meet the requirements of a VCT Scheme. VCTs considering making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

Prospective investors should be aware that the Sale Shares acquired by VCTs will not be a qualifying holding for VCT purposes. It is intended that so far as is practicable, VCT investors will be allocated VCT Placing Shares. Prospective investors should not, however, invest on the basis of receiving such relief.

23. SELLING AND TRANSFER RESTRICTIONS

The distribution of this document and the Placing in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute an offer to buy any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering for sale of the Ordinary Shares, or possession or distribution of this document or any other offering or publicity material relating to the Ordinary Shares, in any country or jurisdiction where action for that purpose is required, other than in the United Kingdom. The Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Ordinary Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulation of any such country or jurisdiction.

23.1 United Kingdom

In the UK, members of the public have not been invited to participate in and are not eligible to take part in the Placing. Invitations to participate in the Placing have been limited at all times: (i) to persons reasonably believed by the Company to be investment professionals within the meaning of paragraph (5) of Article 19, or to be certified high net worth individuals within the meaning of paragraph (2) of Article 48 or to be high net worth companies or unincorporated associations within the meaning of paragraph (2) of Article 49, or to be certified sophisticated investors within the meaning of paragraph (1) of Article 50, or to be self-certified sophisticated investors within the meaning of Article 50A, of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S1 2005/1529) (all such persons together being referred to as “**Relevant Persons**”); and (ii) to persons who are qualified investors within the meaning of section 86(7) of FSMA. Any investment activity to which this document relates will only be available to, and will only be engaged in with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

No Ordinary Shares have been offered or sold or will be offered or sold to persons in the UK prior to publication of this document except in circumstances which have not resulted in an offer to the public in the UK within the meaning of section 102B of the FSMA.

23.2 Overseas investors

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Placing Shares: (i) in any jurisdiction in which such offer, invitation or solicitation is not authorised; (ii) in any jurisdiction in which the person making such offer, invitation or solicitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer, invitation or solicitation or invitation. The distribution of this document and any accompanying documents, and the offer of the Placing Shares may be restricted by law. Persons into whose possession this document and any accompanying documents come must therefore inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, no document may be distributed, forwarded to or transmitted in, into or from the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland or to any US person. Any person within the United States and any US person who obtains a copy of this document must disregard it.

No public offering of the Placing Shares is being made in any jurisdiction. No action has been or will be taken by the Company or Numis that would permit the offer of the Placing Shares or possession or distribution of this document or any accompanying documents in any jurisdiction where action for that purpose is required.

The offer of the Placing Shares has not been, nor will it be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the Company has not been, and will not be, registered under the Investment Company Act, and investors will not be entitled to the benefits of that Act. The Placing Shares may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US person. In connection with the Placing, the Placing Shares are being offered and sold only outside the United States to, and for the account or benefit of, non-US persons in “offshore transactions” within the meaning of, and in reliance on the exemption from registration provided by, Regulation S under the Securities Act.

24. FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts II to IV of this document, including the risk factors set out in Part II. You are advised to read the whole of this document.

PART II

RISK FACTORS

In addition to all other information set out in this document, the following specific risk factors should be considered carefully by potential investors in evaluating whether or not to make an investment in the Company. The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors who are in any doubt are advised to consult their stockbroker, bank manager, solicitor or accountant or other independent professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom.

You should carefully consider the risks described below and ensure that you have read this document in its entirety before making a decision to invest in the Company.

Investing in Ordinary Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this document, including the risk factors, set out in this Part II before investing in Ordinary Shares. Additional risks and uncertainties not presently known to the Company and the Directors (or that the Company and the Directors currently consider to be immaterial) may also adversely affect the Group's business, operations and financial condition. If any events or circumstances giving rise to any of the following risks, together with possible additional risks and uncertainties of which the Company and the Directors are currently unaware or which the Company and the Directors consider not to be material in relation to the Group's business, actually occur, the Group's business, financial condition and results of future operations could be materially and adversely affected. In such circumstances, the value of the Ordinary Shares could decline due to any of these risks occurring and investors could lose part or all of their investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation, whether express or implied, is or can be made as to the future performance of the Group and there can be no assurance that the Company will achieve its objectives.

The risks listed below do not necessarily comprise all those faced by the Group and are not intended to be presented in any order of priority.

Risks relating to the Group and its business

The Group may not sustain its growth

The Group's operating results could fluctuate as a result of a number of factors, many of which are beyond its control. These factors include, amongst others: (i) the growth rate of the video games market; (ii) general economic conditions that impact the video games industry; (iii) difficulties in attracting suitably qualified staff; and (iv) an increase in competitive pricing pressures within the markets in which the Group operates; (v) the loss of key customers; and (vi) games developers and publishers retaining and expanding their in-house localisation capabilities.

The Group operates in a competitive environment

The Group may face significant competition, including from domestic and overseas competitors who may have: (i) greater capital and other resources; (ii) more superior brand recognition than the Group; or (iii) more aggressive pricing policies. There is no assurance that the Group will be able to compete successfully in such a competitive marketplace although the Directors believe that the Group does enjoy key differences compared to its competitors. The Directors believe that the Group is the only existing platform agnostic, multi-lingual, internationally integrated player in the global video games localisation and testing market which offers an end-to-end service, rather than focusing solely on just one part of the localisation process. There is a risk therefore that new Competitors could develop challenging the Group's status. In addition, the Directors believe that the Company has a strong reputation for delivery and high quality of service all of which allow it and the Group to actively compete in the marketplace and were such standards not to be maintained there is a risk that the Group's reputation and competitiveness will suffer.

Dependence on key staff/senior management

The successful operation of the Group will depend partly upon the performance and expertise of its current and future senior management including the Group's global heads, functional leaders, project managers and senior linguists and testing leads. Keywords relies heavily on its employees working on a flexible or freelance basis during periods of high demand. Consequently, the Company will be dependent on a relatively small number of permanent staff most notably its CEO Andrew Day and COO, Giacomo Duranti, its heads of offices and project managers to establish and maintain the relationship with its customers. Although Andrew Day and Giacomo Duranti are named herein as the key management of the Company, the heads of the Group's offices are also important to the operation of the Group's business.

No Limitations of liability

Some of the Company's framework agreements with its customers do not contain limitations on the Company's liability. Liability may arise in relation to, *inter alia*, claims by third parties for breach of intellectual property rights, breach of confidentiality provisions (including the dissemination of information relating to to-be-released video games), breach of a customer's secure network to which the Company is granted access or a material delay in performing the services under a customer contract. The Company has in place an insurance policy which provides professional indemnity coverage up to the amount of €6,500,000 per claim.

Termination of contracts

While the Company is not aware of any client that may wish to terminate a customer framework contract, many of the contracts can be terminated on one months' notice by the client and should any such contracts be terminated, the Company would lose the benefit of the contract.

Profitability

The profitability of many of the Company's direct competitors is not publically available information and so it is difficult to assess the Group's relative profitability. Two competitors that do publish relevant results are the Japanese listed companies Poletowin Pitcrew Holdings Inc., (parent of Pole to Win Company Ltd.,) and Digital Hearts Co. Ltd. These competitors' respective results do provide a broad indication as to the level of industry operating margins and profitability, which are both broadly in line with those of the Company. Whilst the Company's profitability is helped by its culture of stringent cost control and efficient staffing, the Group has seen its gross margin reduce as it seeks to incentivise larger developers and publishers to outsource all their localisation to the Group and as localisation has increasingly accounted for a greater proportion of the Group's revenues.

Dependence on key customers

The Company has chosen to focus on establishing close relationships with the larger games publishers as evidenced by its working with 15 of the top 25 games companies according to Gartner. In 2012 the Company's four largest customers accounted for approximately 50 per cent. of revenues, the Group's top ten customers accounted for almost 75 per cent. of its total revenue and its largest customer accounted for almost 17 per cent. of revenues. The Company is therefore dependent on maintaining strong customer relationships with these key customers and on the performance of those customers, while the loss of any such customers may have a material adverse effect on the Group's revenue. The amount of work that each customer requires in each year can also vary significantly and most companies do not provide a guaranteed amount of work. With respect to those companies that do provide a consistent work stream, projects can sometimes be delayed which consequently impacts on the Company.

Increased outsourcing of localisation services is uncertain

The trend towards outsourcing for localisation services by games developers and publishers has contributed to the growth of the Company and its profitability as the market for localisation services to games developers and publishers increases. Although the Group's normal growth rate has been achieved by increasing its market share of the existing outsourced business, one of the Company's strategies is to target outsourced localisation services from the large games companies. However, there are still some large developers and publishers who are not convinced by the trend towards outsourcing. In the event that video games publishers service their localisation needs in-house this will likely adversely affect the Group as the total amount of work available to the video games localisation industry will decrease. This is in-turn likely to lead to increased

competitive pressures within the industry. There can be no assurance therefore that growth will be achieved from gaining outsourced work through new customers on top of existing outsourced business. However, the Group's growth strategy also focuses on increasing its market share of existing outsourced business.

Security and confidentiality

The Company, particularly in its localisation testing activities, has access to highly confidential material. Whilst the Company maintains high security levels, any security breach by the Company, or a perception of risk of security breach by the Company, could have a material adverse effect on the Company and its business.

Market growth may not be sustained

The global video games market has seen consistent growth for many years, aided by the cyclical nature of the platforms in the industry. Whilst long-term predictions are not a guarantee, industry commentators predict that the market will continue to grow as sophisticated electronic devices continue to penetrate the market worldwide. The increasingly sophisticated structure of the platforms and complex systems will likely lead to an increase in the need for localisation services, to the advantage of the Company. There is, however, a risk to the Company that trends may reverse.

Substantial Shareholders

Following Admission (and assuming that the Placing is fully subscribed) P.E.Q. shall own approximately 29.9 per cent. of the Enlarged Share Capital and Andrew Day shall hold approximately 13.2 per cent. of the Enlarged Share Capital. If the Takeover Code were to apply on Admission the Directors, P.E.Q. and the Founders would be deemed to be acting in concert for the purposes of the Takeover Code (the "**Concert Party**"). Such Concert Party would, in aggregate, be interested in 43.2 per cent. of the Enlarged Share Capital, assuming that the Placing is fully subscribed. P.E.Q. shall also have the right to appoint a director to the Board for so long as it holds in excess of 15 per cent. of the Enlarged Share Capital of the Company. As a result, P.E.Q. will be able to exercise substantial control over a number of matters requiring shareholder approval, including, but not limited to, amendments to the Articles, approval of reverse takeovers or disposals. Upon Admission, P.E.Q. will enter into the Relationship Agreement as detailed in paragraph 17.5 of Part IV of this document.

General litigation risks

All industries are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of operations.

If the Group is unable to maintain a high level of customer service, customer satisfaction and demand for the Group's services could suffer

The Group believes that its future revenue growth depends on the Group's ability to provide customers with a quality service that not only meets the Group's stated commitments, but meets and exceeds customer service expectations. If the Group is unable to provide customers with quality service, it could face customer dissatisfaction leading to decreased overall demand for its services, and loss of revenue. In addition, the Group's inability to meet customer service expectations may damage its reputation and could consequently limit its ability to retain existing customers and attract new customers. This could adversely affect the Group's ability to generate revenue and negatively impact its operating results.

The Group's translations are subject to customer and regulatory scrutiny

The translations (both written and audible) provided by the Group enter the public domain and are subject to regulation as to age and cultural appropriateness. Although no claims have been brought against the Group by customers or regulatory authorities in relation to its translations nor are the Directors aware of any such claims having been brought against any of its competitors, there is a risk of such claims being brought in the future.

Any failure of the physical infrastructure or services of the Group could lead to significant costs and disruptions that could reduce revenues, harm the Group's business reputation and have a material adverse effect on financial results

The operation of the Group's business depends on providing customers with highly reliable services which relies upon the Group's infrastructure and equipment. Consequently, the Group must protect its infrastructure and equipment located at the Group's premises. If the Group fails to meet its customers' performance requirements or to protect the infrastructure, it may lose customers and/or may become liable to them for damages. To mitigate this risk, the Group carries business interruption insurance and has an actively managed business interruption plan which includes being able to switch services between its various service centres.

The Group has service level commitment obligations with substantially all of its customers in which it provides various guarantees regarding levels of service. The Group may not be able to meet these levels of service in the event of service interruptions due to equipment damage in the Group's operational localisation and testing centres or other factors. If the Group fails to provide the levels of service required by its customer the customer may be entitled to receive a return of a portion of their fees and/or may seek to terminate their relationship with the Group. In addition, the Group's inability to meet its service level commitments may damage its reputation and could reduce the confidence of the Group's customers in its services, impairing its ability to retain existing customers and attract new customers.

Additional responsibilities and commitments of Directors

The Non-Executive Directors have, and may have in the future, additional professional responsibilities and as such, may experience conflicts of interest and demands on their time to the possible detriment of the Group.

The Group may fail to successfully implement its expansion strategies

As set out in Part I of this document, the Company intends to carry out certain expansion strategies. The Group's growth and future success will be dependent to some extent on the successful completion of such expansion strategies proposed to be undertaken by the Group and the sufficiency of demand for the Group's services. The execution of the Group's expansion strategies may also place a strain on its managerial, operational and financial reserves. Should the Group fail to implement such expansion strategies or should there be insufficient demand for the Group's services, the Group business operations, financial performance and prospects may be adversely affected.

Entry into other activities

It is anticipated in the future that the Company's management may wish to explore other possible adjacent markets to the video game localisation market. This would for example, include multilingual customer support to the video games market, potential services connected with the online gambling market, and payments and analytics services. Any material expansion of the Company's range of services is likely to come through acquisitions or joint ventures which inevitably brings with it an element of risk.

Growth management and integration of future acquisitions

To the extent that suitable opportunities arise and are identified, the Group may expand its business through the acquisition of companies and services from third parties. There can be no assurance that the Group will identify suitable acquisitions or opportunities, obtain the financing necessary to complete and support such acquisitions or acquire businesses on satisfactory terms. Also there can be no certainty that any business acquired by the Group will prove to be profitable. In addition, the acquisition and integration of independent companies is a complex, costly and time-consuming process involving a number of possible problems and risks which could have a material adverse effect on the results of operations or financial condition of the Group. This includes possible adverse effects on the Group's operating results, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, disruption to relationships with customers and other third parties. There are also risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies.

The Group's insurance may not be adequate to cover all losses

Whilst the Group maintains insurance that it considers adequate in terms of scope, with liability limitation levels which exceed the required coverage levels set out in all agreements with its customers, there are limitations on the total coverage for all aspects of the insurance policies, including for professional indemnity claims. The Group will be responsible for any claims over and above the coverage limits and for any claims which are not covered by the Group's insurance policies.

Currency fluctuations

The Group's policy is not to enter into any currency hedging transactions.

As a consequence of the international nature of its business, the Group is exposed to risks associated with changes to foreign currency exchange rates in relation to its business. While the Group is domiciled in the Republic of Ireland and presents its financial statements in Euros, the Company invoices its customers in their local currencies (Euros, US dollars, Canadian dollars or Yen). Consequently, and in the absence of the Company hedging foreign exchange movements, transactions by the Group or volatility in exchange rates could result in fluctuations in the Company's financial results. The most significant recent effect on the Group in terms of exchange rate translation risk has been in relation to the weakness of the Yen since the start of 2013, which has reduced Euro based revenues and profits from the Company's Japanese business. Sterling-based investors in the Company will also face exchange rate translation risk, given that the Company reports in Euros.

Tax Residence

It is intended that the Company will have its place of effective management in the Republic of Ireland and so be treated as tax resident in the Republic of Ireland for both Irish and UK tax purposes. In the event that the place of effective management should instead be or be treated as being in the United Kingdom, adverse tax consequences could arise.

General risks relating to an investment in the Ordinary Shares

General

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such an investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such an investment themselves.

Economic conditions and current economic weakness

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's services.

The markets in which the Group offers its services are directly affected by many national and international factors that are beyond the Group's control.

Conditionality of the Placing

The Placing is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, then the placing will not be implemented.

No prior market for the Ordinary Shares

Before Admission, there has been no prior market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

VCT

Advance assurance is being sought from HM Revenue and Customs that the Company is a “qualifying holding” for the purpose of investment by VCTs but there can be no guarantees at this stage that this assurance will be forthcoming.

The qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Company and the relevant VCT investor. Neither the Company nor the Company’s advisers give any warranties or undertakings that VCT qualifying status will be available or that, if initially available, such status will not be subsequently withdrawn. Should the law regarding the VCT Scheme change then any qualifying status previously obtained may be lost.

Circumstances may arise (which may include the sale of the Company) where the Directors believe that the interests of the Company are not best served by acting in a way that preserves VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such status claimed by any Shareholder.

If the Company does not employ the proceeds of a VCT’s share subscription for qualifying purposes within twenty-four months, the funds invested by the VCT would be apportioned *pro rata* and its qualifying holding would be equal to the VCT’s funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT’s investment would comprise part of its non-qualifying holdings.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

If the Company or any qualifying subsidiary ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Company’s activities and which is a non-qualifying trade for VCT Scheme purposes, this could prejudice the qualifying status of the Company (as referred to above) under the VCT Scheme at any time that a VCT is an investor in the Company. This situation will be monitored by the Directors with a view to preserving the Company’s qualifying status but this cannot be guaranteed.

Share price volatility and liquidity

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Group may make in terms of developing and expanding its services or its actual financial, trading or operational performance. These factors could include the performance of the Group, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity in the Company’s shares. The share price for publicly traded companies, particularly those at an early stage of development, such as the Company, can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

Substantial sales of Ordinary Shares

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in and orderly marketing arrangements, details of which are set out in paragraph 15 of Part 1 of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Company's Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List of the UK Listing Authority. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than the rules for companies admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity (as stated above therefore), making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and they could lose their entire investment in the Company.

Issuance of additional Ordinary Shares

Although the Group's business plan does not involve the issuance of Ordinary Shares other than in connection with the Placing, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. This will particularly be the case if and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

Dividends

The Director's intend to adopt a progressive dividend policy. However, there can be no assurance that the Company will declare dividends or as to the level of any dividends. The approval of the declaration and amount of any dividends of the Company is subject to the discretion of the directors of the Company (and, in the case of any final dividend, the discretion of the Shareholders) at the relevant time and will depend upon, among other things, the Group's earnings, financial position, cash requirements and availability of distributable profits, as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Application of the proceeds from the Placing may not increase the Company's profits or Ordinary Share price

There is no guarantee that the use of net proceeds described in paragraph 12 of Part I of this document will result in the Group making profits. The funds from the Placing will enable the Group to strengthen its market position but the Group's profitability is reliant upon increased growth in revenues whilst maintaining relatively low capital expenditures and fixed overhead costs.

PART III

SECTION A

ACCOUNTANT'S REPORT ON KEYWORDS STUDIOS PLC



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Keywords Studios plc
Philips House
South County Business Park
Dublin 18
Ireland

9 July 2013

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Dear Sirs

Keywords Studios plc (the “Company”)

Introduction

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 9 July 2013 of Keywords Studios plc (the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Keywords Studios plc are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 May 2013 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SECTION B

HISTORICAL FINANCIAL INFORMATION ON KEYWORDS STUDIOS PLC

STATEMENT OF FINANCIAL POSITION

	Note	As of 31 May 2013 £
Current assets		
Cash and cash equivalents		10
Total assets		<u>10</u>
Equity		
Share capital	3	<u>10</u>
Total equity and liabilities		<u>10</u>

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

The financial information provided is for the Keywords Studio plc (the “Company”) for the period from the date of incorporation (29 May 2013) to 31 May 2013.

The financial information has 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 Company 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 1 January 2012.

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments are effective for annual periods beginning on or after 1 January 2013:

IFRS 10 Consolidated Financial Statements;

IFRS 12 Disclosure of interests in other entities

IFRS 13 Fair Value Measurement;

Disclosures - Offsetting Financial Assets and Liabilities (Amendments to IFRS 7);

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014);

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015);

The Company is currently assessing the impact, if any, that these standards will have on the presentation of its consolidated results.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2012 and which have not been adopted early, are expected to have a material effect on the Group’s future financial statements.

2. Significant accounting policies

Financial Assets

The Company classifies its financial assets depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity or available-for-sale financial assets. The Company does not hold any financial assets at fair value through profit and loss.

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 or less. Where cash is on deposit with maturity dates greater than three months, it is disclosed within other receivables.

Share Capital

Ordinary shares are classified as equity and are stated at the proceeds received.

3. Shareholder’s Equity

Share Capital

	As of 31 May 2013 Number
Share capital comprises £0.01 shares as follows:	
Authorised	1,000
Issued and paid up	1,000

4. Post balance sheet events

On 8 July 2013, the Company increased its authorised share capital and acquired the entire issued share capital of Keywords International Limited by issuing 31,901,332 ordinary shares of £0.01 each to the holders of the ordinary shares in Keywords International Limited. Prior to this share swap, Mr Andrew Day, a director of the Company and Keywords International Limited, has agreed to enter into a deed of indemnity as described in paragraph 4.9 of Part IV of the Admission Document.

SECTION C

ACCOUNTANT'S REPORT ON KEYWORDS INTERNATIONAL LIMITED



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Keywords Studios plc
Philips House
South County Business Park
Dublin 18
Ireland

9 July 2013

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Dear Sirs

Keywords International Limited and its subsidiary undertakings (together, the “Group”)

Introduction

We report on the financial information set out in Section D of Part III. This financial information has been prepared for inclusion in the admission document dated 9 July 2013 of Keywords Studios plc (the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Keywords Studios plc are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and of its profits, changes in equity and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SECTION D

HISTORICAL FINANCIAL INFORMATION ON KEYWORDS INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December		
		2010	2011	2012
		€	€	€
	Note			
Revenues	4	5,618,565	10,292,280	14,342,949
Operating costs		<u>(3,207,585)</u>	<u>(5,347,743)</u>	<u>(8,817,284)</u>
Gross profit		2,410,980	4,944,537	5,525,665
Administrative expenses		<u>(1,974,241)</u>	<u>(2,492,232)</u>	<u>(2,710,903)</u>
Operating profit	5	436,739	2,452,305	2,814,762
Financing income	6	5,192	27,085	50,470
Financing cost	6	<u>(29,145)</u>	<u>(10,905)</u>	<u>(126,542)</u>
Profit before taxation		412,786	2,468,485	2,738,690
Tax expense	7	<u>(57,284)</u>	<u>(356,894)</u>	<u>(410,597)</u>
Profit for the year from continuing operations		355,502	2,111,591	2,328,093
Profit for the year from discontinued operations	18	12,189	—	—
Other comprehensive income:				
Exchange gains/(losses) on translation of foreign operations		—	24,989	(86,726)
Total comprehensive income for the year attributable to the owners of the parent		<u>367,691</u>	<u>2,136,580</u>	<u>2,241,367</u>
Earnings per share	8			
Basic continuing (Euro cents)		0.89	5.27	5.82
Basic discontinued (Euro cents)		0.03	—	—

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €	Foreign Exchange reserve €	Retained earnings €	Total equity €
Balance at 1 January 2010	127	—	1,951,600	1,951,727
Total comprehensive income for the year:				
Total comprehensive income from continuing operations	—	—	355,502	355,502
Total comprehensive income from discontinued operations	—	—	12,189	12,189
Distribution of discontinued operations	—	—	(301,310)	(301,310)
Net Comprehensive income for the year	—	—	66,381	66,381
Dividends paid	—	—	(7,436)	(7,436)
Issue of share capital	61	—	—	61
Balance at 31 December 2010	<u>188</u>	<u>—</u>	<u>2,010,545</u>	<u>2,010,733</u>
Total comprehensive income for the year	—	24,989	2,111,591	2,136,580
Dividends paid	—	—	(2,375)	(2,375)
Balance at 31 December 2011	<u>188</u>	<u>24,989</u>	<u>4,119,761</u>	<u>4,144,938</u>
Total comprehensive income for the year	—	(86,726)	2,328,093	2,241,367
Dividends paid	—	—	(375,482)	(375,482)
Balance at 31 December 2012	<u>188</u>	<u>(61,737)</u>	<u>6,072,372</u>	<u>6,010,823</u>

STATEMENT OF FINANCIAL POSITION

	Note	As of 31 December		
		2010 €	2011 €	2012 €
Non-current assets				
Property, plant and equipment	10	174,469	297,816	490,404
Other non-current assets	11	238,100	238,100	—
		<u>412,569</u>	<u>535,916</u>	<u>490,404</u>
Current assets				
Trade receivables	12	707,722	1,241,438	1,397,248
Other receivables	13	347,739	466,905	907,302
Cash and cash equivalents	14	936,860	3,262,632	4,397,674
		<u>1,992,321</u>	<u>4,970,975</u>	<u>6,702,224</u>
Total assets		<u>2,404,890</u>	<u>5,506,891</u>	<u>7,192,628</u>
Equity				
Share capital		188	188	188
Foreign Exchange Reserve		—	24,989	(61,737)
Retained earnings		2,010,545	4,119,761	6,072,372
Total equity	15	<u>2,010,733</u>	<u>4,144,938</u>	<u>6,010,823</u>
Current liabilities				
Trade payables	16	250,395	662,722	701,197
Corporation Tax liabilities		43,789	307,960	—
Other payables	17	99,973	391,271	480,608
		<u>394,157</u>	<u>1,361,953</u>	<u>1,181,805</u>
Total equity and liabilities		<u>2,404,890</u>	<u>5,506,891</u>	<u>7,192,628</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December		
		2010 €	2011 €	2012 €
Cash flows from operating activities				
Profit after tax from continuing operations		355,502	2,111,591	2,328,093
Profit after tax from discontinued operations		12,189	—	—
Adjustments to reconcile net income to net cash provided by operating activities (see below)		171,636	591,320	321,832
Income taxes refunded/(paid)		1,077	(92,723)	(748,546)
Net cash provided by operating activities		<u>540,404</u>	<u>2,610,188</u>	<u>1,901,379</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment		(194,527)	(199,948)	(390,855)
Acquisition of short term investments		—	—	(505,585)
Acquisition of subsidiary, net of cash acquired		—	(82,093)	—
Proceeds from sale of property, plant and equipment		509	—	—
Net cash used in investing activities		<u>(194,018)</u>	<u>(282,041)</u>	<u>(896,440)</u>
Cash flows from financing activities				
Dividends paid		(7,436)	(2,375)	(375,482)
Issue of share capital		61	—	—
Distribution of cash in connection with disposal of subsidiary		(138,108)	—	—
Net cash used in financing activities		<u>(145,483)</u>	<u>(2,375)</u>	<u>(375,482)</u>
Increase in cash and cash equivalents		200,903	2,325,772	629,457
Cash and cash equivalents at beginning of year		735,957	936,860	3,262,632
Cash and cash equivalents at end of year		<u>936,860</u>	<u>3,262,632</u>	<u>3,892,089</u>

ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Income and expenses not affecting operating cash flows			
Depreciation	128,821	79,008	198,267
Loss on disposal of fixed assets	37,198	—	—
	<u>166,019</u>	<u>79,008</u>	<u>198,267</u>
Income tax expense	57,284	356,894	410,597
Changes in operating assets and liabilities			
Increase in trade receivables	(89,976)	(353,721)	(155,810)
Increase in unbilled revenue	(165,585)	(6,862)	(59,550)
Decrease/(increase) in other receivables	33,519	(30,209)	(112,757)
Increase in trade and other payables	101,865	521,221	127,811
Increase/(decrease) in foreign exchange reserve	—	24,989	(86,726)
Discontinued operations movement in working capital	68,510	—	—
	<u>171,636</u>	<u>591,320</u>	<u>321,832</u>

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

The consolidated financial information presents the results of the Keywords International Limited and its subsidiaries (the “Group”) as if they formed a single entity. The financial information provided is for the Group’s three financial years ended 31 December 2010, 2011 and 2012.

The financial information has 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 1 January 2012.

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments are effective for annual periods beginning on or after 1 January 2013:

IFRS 10 Consolidated Financial Statements;

IFRS 12 Disclosure of interests in other entities

IFRS 13 Fair Value Measurement;

Disclosures - Offsetting Financial Assets and Liabilities (Amendments to IFRS 7);

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014);

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015);

The Group is currently assessing the impact, if any, that these standards will have on the presentation of its consolidated results.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2012 and which have not been adopted early, are expected to have a material effect on the Group’s future financial statements.

2. Significant accounting policies

Basis of Consolidation

Where Keywords International Limited has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business Combinations

The consolidated financial information incorporates the results of business combinations using the purchase method. In the consolidated balance sheet, 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.

Foreign Currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (there “functional currency”) are recorded at the rates ruling when the transactions occur. 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, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

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 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, but which are unbilled.

Share Based Payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

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 balance sheet 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 balance sheet 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).

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.

Dividend Distribution

Final dividends are recorded in the Group’s financial information in the period in which they are approved by the Group’s shareholders. Interim dividends are recognised when paid.

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 on each balance sheet date for impairment. 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

Subsequent expenditures are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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 intangible 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). Goodwill is allocated on initial recognition to each of the group’s cash generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income, except to the extent they reverse gains previously recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Financial Assets

The Group classifies its financial assets depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or available-for-sale financial assets. The Group does not hold any financial assets at fair value through profit and loss.

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 balance sheet.

Trade receivables which principally represent amounts due from customers are carried at fair value less an estimate made for bad and doubtful debts based on a review of all outstanding amounts at the year-end. 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 bank deposits.

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.

Fair Value Measurement Hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 21). The fair value hierarchy has the following levels:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest-level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Long-Term Liabilities

Long-term liabilities are those liabilities that are due for repayment or settlement in more than twelve months from the balance sheet date.

Provisions

Provisions, which are liabilities of uncertain timing or amount, are recognised when the Group has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

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.

3. Critical accounting estimates and judgements

The preparation of consolidated financial information 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 balance sheet 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 Group 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.

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*** - 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*** - 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 QA
- ***Functional Testing*** - Functional Testing relates to quality assurance services provided to game producers to ensure games function as required.

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.

The activity is 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.

Revenue by line of business

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Localisation Testing	4,280,892	6,212,807	7,820,445
Localisation	846,390	3,300,592	5,229,733
Audio	491,283	778,881	993,581
Functional Testing	—	—	299,190
	<u>5,618,565</u>	<u>10,292,280</u>	<u>14,342,949</u>
Unallocated Operating costs	(3,207,585)	(5,347,743)	(8,817,284)
Gross profit	2,410,980	4,944,537	5,525,665
Unallocated Administrative expenses	(1,974,241)	(2,492,232)	(2,710,903)
Operating profit	436,739	2,452,305	2,814,762
Financing income	5,192	27,085	50,470
Financing cost	(29,145)	(10,905)	(126,542)
Profit before taxation	412,786	2,468,485	2,738,690
Tax expense	(57,284)	(356,894)	(410,597)
Profit for the year from continuing operations	<u>355,502</u>	<u>2,111,591</u>	<u>2,328,093</u>

The number of customers who individually accounted for more than 10% of the total revenue of the group during the years ended 31 December 2010, 2011 and 2012, and the aggregate revenue from these customers, are set out below.

	2010 €	2011 €	2012 €
Customer 1 (Localisation, Localisation Testing and Audio)	705,660	1,327,478	3,282,274
Customer 2 (Localisation and Localisation Testing)	1,088,390	2,219,103	2,368,554
Customer 3 (Localisation)	—	—	1,919,239
Customer 4 (Localisation, Localisation Testing and Audio)	1,230,097	—	—
Customer 5 (Localisation and Localisation Testing)	880,192	—	—

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.

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Ireland	5,078,711	8,875,801	10,882,112
Japan	539,854	1,261,110	2,412,747
Italy	—	155,369	662,764
Canada	—	—	385,326
United States	—	—	—
Total Revenues	<u>5,618,565</u>	<u>10,292,280</u>	<u>14,342,949</u>

Geographical Analysis of Non-current assets from Continuing Businesses

	As of 31 December		
	2010 €	2011 €	2012 €
Ireland	174,469	212,046	357,277
Japan	—	46,703	84,101
Italy	—	14,680	24,837
Canada	—	24,387	23,575
United States	—	—	614
	<u>174,469</u>	<u>297,816</u>	<u>490,404</u>

The Geographical Analysis of non-current assets excludes the loan to Italicatessen Limited, a related company. See notes 11 and 19 for further details.

5. Operating profit

Operating profit is stated after charging:

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Directors' compensation:			
Short-term benefits of Directors	352,596	318,729	321,300
Pension Costs	127,053	130,445	114,909
	<u>479,649</u>	<u>449,174</u>	<u>436,209</u>

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Auditors' remuneration			
Audit services			
Parent company and Group audit	7,767	9,725	22,500
Non-audit services			
Accounting and Taxation compliance	12,486	4,107	2,500
	<u>20,253</u>	<u>13,832</u>	<u>25,000</u>

6. Financing income and costs

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Finance income			
Interest received	5,192	14,869	50,470
Foreign Exchange Gains	—	12,216	—
	<u>5,192</u>	<u>27,085</u>	<u>50,470</u>
Finance cost			
Bank charges	(5,909)	(10,905)	(13,578)
Foreign Exchange Losses	(23,236)	—	(112,964)
	<u>(29,145)</u>	<u>(10,905)</u>	<u>(126,542)</u>
Net financing (expense)/income	<u>(23,953)</u>	<u>16,180</u>	<u>(76,072)</u>

7. Taxation

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Current income tax			
Income tax on profits	56,632	356,214	337,405
Income tax on profits of subsidiary operations	652	680	46,391
Previous year taxes	—	—	26,801
	<u>57,284</u>	<u>356,894</u>	<u>410,597</u>

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

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Profit before tax	<u>412,786</u>	<u>2,468,485</u>	<u>2,738,690</u>
Expected tax charge based on the standard rate of taxation in Ireland at 12.5% (2011: 12.5%; 2010: 12.5%)	51,598	308,561	342,336
Higher rates of current income tax in overseas jurisdictions	—	680	32,763
Losses incurred in overseas jurisdictions	—	43,224	49,012
Higher rates of current income tax on passive income	1,731	5,091	6,308
Close Company Surcharge	—	485	—
Effects of other timing differences	3,955	(1,147)	(19,822)
Total tax charge	<u>57,284</u>	<u>356,894</u>	<u>410,597</u>

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

Deferred tax is not considered significant to the group, and no deferred tax asset or liability is recorded.

8. Earnings per share

Given the Group reconstruction on 8 July 2013 (see note 23), it is not practicable to calculate earnings per share in accordance with IAS 33. Accordingly, illustrative earnings per share has been calculated using the expected number of shares in issue immediately after the flotation:

	For the year ended 31 December		
	2010 Euro cents	2011 Euro cents	2012 Euro cents
Basic - Continuing	0.89	5.27	5.82
Basic - Discontinued	0.03	—	—
	<u>0.92</u>	<u>5.27</u>	<u>5.82</u>
	2010 €	2011 €	2012 €
Profit for the year from continuing operations	355,502	2,111,591	2,328,093
Profit for the year from discontinued operations	12,189	—	—
	<u>367,691</u>	<u>2,111,591</u>	<u>2,328,093</u>
	2010 Number	2011 Number	2012 Number
Denominator - basic			
Weighted average number of equity shares	<u>40,032,413</u>	<u>40,032,413</u>	<u>40,032,413</u>

9. Employee benefits

Total staff costs comprise the following:

	For the year ended 31 December		
	2010 €	2011 €	2012 €
Salaries and related costs	2,944,988	4,314,307	6,129,835

	For the year ended 31 December		
	2010 Number	2011 Number	2012 Number
Average number of employees			
Operations	37	130	201
General and administration	7	13	16
	<u>44</u>	<u>143</u>	<u>217</u>

10. Property, plant and equipment

	Computers and software €	Office furniture and equipment €	Assets in discontinued business €	Total €
Cost				
At 1 January 2010	267,866	137,865	256,967	662,698
Additions	100,874	21,057	72,596	194,527
Disposals	—	(51,207)	(22,354)	(73,561)
Disposal of discontinued business	—	—	(307,209)	(307,209)
At 31 December 2010	<u>368,740</u>	<u>107,715</u>	<u>—</u>	<u>476,455</u>
Additions	197,553	2,395	—	199,948
Acquired through business combinations	2,407	—	—	2,407
Disposals	(4,875)	—	—	(4,875)
At 31 December 2011	<u>563,825</u>	<u>110,110</u>	<u>—</u>	<u>673,935</u>
Additions	385,863	4,992	—	390,855
At 31 December 2012	<u>949,688</u>	<u>115,102</u>	<u>—</u>	<u>1,064,790</u>
	Computers and software €	Office furniture and equipment €	Assets in discontinued business €	Total €
Accumulated depreciation				
At 1 January 2010	193,736	37,431	178,275	409,442
Charge	69,429	14,890	44,502	128,821
Disposals	—	(13,500)	(22,354)	(35,854)
Disposal of discontinued business	—	—	(200,423)	(200,423)
At 31 December 2010	<u>263,165</u>	<u>38,821</u>	<u>—</u>	<u>301,986</u>
Charge	72,119	6,889	—	79,008
Disposals	(4,875)	—	—	(4,875)
At 31 December 2011	<u>330,409</u>	<u>45,710</u>	<u>—</u>	<u>376,119</u>
Charge	187,344	10,923	—	198,267
At 31 December 2012	<u>517,753</u>	<u>56,633</u>	<u>—</u>	<u>574,386</u>
	Computers and software €	Office furniture and equipment €	Assets in discontinued business €	Total €
Net book value				
As at 1 January 2010	74,130	100,434	78,692	253,256
As at 31 December 2010	105,575	68,894	—	174,469
As at 31 December 2011	233,416	64,400	—	297,816
As at 31 December 2012	<u>431,935</u>	<u>58,469</u>	<u>—</u>	<u>490,404</u>

11. Other non-current assets

	As of 31 December		
	2010 €	2011 €	2012 €
Related party receivable (note 19)	238,100	238,100	—
	<u>238,100</u>	<u>238,100</u>	<u>—</u>

12. Trade receivables

	As of 31 December		
	2010 €	2011 €	2012 €
Customers	707,722	1,241,438	1,397,248
	<u>707,722</u>	<u>1,241,438</u>	<u>1,397,248</u>

13. Other receivables

	As of 31 December		
	2010 €	2011 €	2012 €
Related party receivable (note 19)	35,081	1,392	247,021
Accrued Income	165,585	172,447	231,997
Prepayments	105,097	187,703	231,965
Other receivables	31,205	83,272	158,750
Corporation Tax Receivable	—	—	29,989
Other Tax and Social Security	10,771	22,091	7,580
	<u>347,739</u>	<u>466,905</u>	<u>907,302</u>

14. Cash and cash equivalents

	As of 31 December		
	2010 €	2011 €	2012 €
Cash at bank	533,784	2,044,882	1,235,561
Bank deposits	403,076	1,217,750	2,656,528
Short term bank deposits	—	—	505,585
	<u>936,860</u>	<u>3,262,632</u>	<u>4,397,674</u>

Short term bank deposits relate to cash on deposit with maturity dates greater than three months.

15. Shareholders' Equity

Share Capital

	As of 31 December		
	2010 Number	2011 Number	2012 Number
Share capital comprises €0.01269738 shares as follows:			
Authorised	10,000,000	10,000,000	10,000,000
Issued and paid up	<u>14,797</u>	<u>14,797</u>	<u>14,797</u>

A reconciliation of the movement in issued shares is below:

	2010 Number	2011 Number	2012 Number
Number of shares in issue:			
At 1 January	10,000	14,797	14,797
Share placing	4,797	—	—
At 31 December	<u>14,797</u>	<u>14,797</u>	<u>14,797</u>
	2010 €	2011 €	2012 €
At 1 January	127	188	188
Share placing	61	—	—
At 31 December	<u>188</u>	<u>188</u>	<u>188</u>

Distribution of Dividend

In June 2010, the Group distributed €0.50 per share or €7,436 in total, as a final dividend for 2009.

In June 2011, the Group distributed €0.16 per share or €2,375 in total, as a final dividend for 2010.

In November 2012, the Group distributed €25.38 per share or, €375,482 in total, as an interim dividend for 2011.

In May 2013, the Group distributed €8.42 per share, or €124,518 in total, as a special dividend for 2011.

In June 2013, the Group distributed €33.79 per share, or €500,000 in total, as a final dividend for 2012.

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.

16. Trade payables

	As of 31 December		
	2010 €	2011 €	2012 €
Suppliers	250,395	662,722	701,197
	<u>250,395</u>	<u>662,722</u>	<u>701,197</u>

17. Other payables

	As of 31 December		
	2010 €	2011 €	2012 €
Accrued expenses	46,124	279,663	346,952
Payroll Taxes	53,849	100,725	118,711
Other payables	—	10,883	14,945
	<u>99,973</u>	<u>391,271</u>	<u>480,608</u>

18. Acquisitions and Disposals

Year ended 31 December 2012

None

Year ended 31 December 2011

On 18 May 2011 the Group entered into an assets purchase agreement with Keywords Italia Srl, a company which had partial common ownership with Keywords International Limited.

The Group paid a consideration of €130,000 in cash in May 2011 based on the market value of the company at the time. No further contingent consideration is payable in respect of this acquisition.

Details of the identifiable assets and liabilities acquired from subsidiaries, purchase consideration and goodwill are as follows:

	Book value prior to acquisition €
Property, plant and equipment	2,407
Trade receivables	179,995
Other receivables	54,820
Tax refunds	27,277
Cash and cash equivalents	47,907
Trade payables	(161,693)
Accruals	(9,479)
Other payable	(11,234)
Net identified assets	<u>130,000</u>
Cash consideration	<u>130,000</u>
Goodwill	<u>—</u>

Year ended 31 December 2010

On 9 December 2010, the Group entered into an agreement to distribute its interest in Italicatessen Limited to P.E.Q. Holdings Limited, a company incorporated in the Republic of Ireland, as part of a group restructuring. P.E.Q. Holdings is the current majority shareholder of Keywords International Limited.

This transfer has been treated as a distribution. The total profit of €12,189 earned to the date of transfer is included in the consolidated statement of comprehensive income as profit from discontinued operations.

The Group did not receive any consideration for this transfer. No further contingent consideration is receivable in respect of this transfer.

	Book value prior to acquisition €
Property, plant and equipment	106,786
Stock	213,007
Trade receivables	464,413
Cash	138,108
Trade payables	(231,064)
Accruals	(27,090)
Other payables	(362,850)
Net identified assets	<u>301,310</u>
Loss on disposal of subsidiary	<u>(301,310)</u>

19. Related parties and shareholders

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party.

Italicatessen Limited is related by virtue of a common significant shareholder.

The following transactions arose with Italicatessen Limited, which provides canteen services to Keywords International Limited. Moreover, Italicatessen is a related party debtor at each year end because of an outstanding loan from Keywords International Limited of €238,100 and reimbursable charges paid by Keywords International Limited on behalf of Italicatessen Limited. There is no interest payable on this loan and it is of no fixed duration.

	As of 31 December		
	2010	2011	2012
	€	€	€
Operating expenses			
Canteen Charges	<u>12,798</u>	<u>15,047</u>	<u>28,522</u>
The following are year-end balances:			
Italicatessen Limited	<u>261,823</u>	<u>239,492</u>	<u>247,021</u>
Total related party debtors	<u>261,823</u>	<u>239,492</u>	<u>247,021</u>

The Directors do not owe any amounts to the Group as at 31 December 2012. Mr. Giorgio Guastalla owed the Group €1,782 at 31 December 2011 and €11,232 at 31 December 2010. Ms. Teresa Immaculata Luppino owed the Group €nil at 31 December 2011 and €126 at 31 December 2010.

Keywords International Limited paid the following amounts to Mr. Giorgio Guastalla in respect of rent on premises occupied by the employees of the Group in Dublin.

	2010	2011	2012
	€	€	€
Operating expenses			
Rental payment	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>

The Group owed its majority shareholder, P.E.Q. Holdings Limited the amount of €1,782 at 31 December 2011 and this was repaid in full during 2012.

The details of key management compensation (being the remuneration of the Directors) are set out in note 5.

A director was granted a beneficial interest of up to 24.9 per cent. of the share capital of Keywords International Limited.

20. Subsidiaries

Details of the Group's subsidiaries as at 31 December 2012 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 Co. Limited	Japan	30-11-2010	100%	Trading Company
Keywords International Corporation Inc.	Canada	22-12-2010	100%	Trading Company
Keywords Italia Srl.	Italy	18-05-2011	100%	Trading Company
Keywords International Inc.	United States	26-09-2012	100%	Trading Company

21. Financial Instruments and risk management

The Group is exposed to a variety of financial risks, which result from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and position. The Group's financial instruments are its cash, trade and other receivables, related

party debtors, accounts payable and accrued expenses. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principles. The risks arising from the Group's financial instruments are credit risks and market price risks, which include interest rate risk, currency risk and equity price risk. The risk management policies employed by the Group to manage these risks are discussed below.

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 generated a significant amount of cash, it will invest in higher earning interest deposit accounts. These deposit accounts are short term with fixed interest rates, and so 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 balance sheet date.

The Group closely monitors the activities of its counterparties and 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 balance sheet 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 other receivables that are past due but not impaired can be analysed as follows:

	Total	Not past due	1-2 months overdue	More than 2 months past due
	€	€	€	€
As at 31 December 2010	707,722	291,495	416,227	—
As at 31 December 2011	1,241,438	775,577	181,467	284,394
As at 31 December 2012	1,397,248	1,009,472	199,583	188,193

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:

	2010	2011	2012
	€	€	€
Provision at the beginning of the year	—	—	54,246
Charged to income statement	—	54,246	11,562
Utilised	—	—	—
Provision at end of the year	—	54,246	65,808

Related party receivables of €261,823, €239,492 and €247,021 were not past due at 31 December 2010, 2011 and 2012 respectively.

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 than 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. In order to monitor the Group's exposure to foreign exchange risk, the board receives a monthly analysis of the major currencies held by the Group, and of liabilities due for settlement and expected cash reserves.

The Group's policy is not to enter into any currency hedging transactions.

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 financial liabilities:

	Total €	Within 1 year €	1-2 years €	2-5 years €
Year ended 31 December 2010				
Trade payables	250,395	250,395	—	—
Other accounts payable	46,124	46,124	—	—
Year ended 31 December 2011				
Trade payables	662,722	662,722	—	—
Other accounts payable	290,546	290,546	—	—
Year ended 31 December 2012				
Trade payables	701,197	701,197	—	—
Other accounts payable	361,897	361,897	—	—

Total financial assets and liabilities

The fair value together with the carrying amount of the financial assets and liabilities shown in the balance sheet are as follows:

	2010		2011		2012	
	Fair value €'000	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair value €'000	Carrying amount €'000
Cash and cash equivalents	936,784	936,784	3,262,632	3,262,632	4,397,674	4,397,674
Trade Receivables	707,722	707,722	1,241,458	1,241,458	1,397,248	1,397,248
Other assets	469,971	469,971	495,211	495,211	637,768	637,768
Trade payables	(250,395)	(250,395)	(662,722)	(662,722)	(701,197)	(701,197)
Other payables	—	—	(10,883)	(10,883)	(14,945)	(14,945)

22. 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 two to five years and some have break clauses.

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

	2010 €	2011 €	2012 €
Not later than one year	240,000	476,928	498,784
Later than one year and not later than five years	960,000	1,695,861	1,550,529
Later than five years	1,060,000	1,114,421	788,249
	<u>2,260,000</u>	<u>3,287,210</u>	<u>2,837,562</u>

23. Post balance sheet events

In May 2013 the Group incorporated a new holding company, Keywords Studios Limited in the United Kingdom. On 8 July 2013, the shareholders of Keywords International Limited swapped their shares in Keywords International Limited for shares in Keywords Studios plc. As a result, this company is considered the ultimate parent of the Group. Prior to this share swap, Mr Andrew Day, a director of the Company and Keywords International Limited, has agreed to enter into a deed of undertaking and indemnity as described in paragraph 4.9 of the Part IV of the Admission Document.

In May 2013 the Group paid a further dividend of €124,482 in respect of 2011.

In June 2013 the Group paid a final dividend of €500,000 in respect of 2012.

24. Contingent liabilities

Management is not aware of any contingencies that may have a significant impact on the financial position of the Group.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company, (whose registered office appears on page 4 of this document) and the Directors (whose names and functions appear on page 4), accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors each of which has taken reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY AND THE GROUP

- 2.1 The Company was incorporated in England and Wales on 29 May 2013 under the 2006 Act as a private company limited by shares with the name Keywords Studios Limited and the registered number 8548351. The Company is domiciled within the United Kingdom.
- 2.2 In order to satisfy certain requirements in connection with Admission, the Company was inserted as a new parent company of the Group by way of a share for share exchange with the shareholders of Keywords International Limited on 8 July 2013.
- 2.3 The Company was re-registered as a public limited company under the 2006 Act on 8 July 2013 with the name Keywords Studios plc.
- 2.4 The liability of the members of the Company is limited to the amount paid up or to be paid up on their shares. The principal legislation under which the Company operates is the 2006 Act.
- 2.5 The registered office of the Company is at 8 Clifford Street, London, W1S 2LQ (+44 (0)207 851 6000) and will remain so on Admission. The head office of the Company is at Whelan House, South County Business Park, Leopardstown, D18, Dublin, Ireland (+353 190 22 730).
- 2.6 The Company's website address, at which the information required by Rule 26 of the AIM Rules for Companies can be found, is www.keywordsstudios.com.
- 2.7 The Company has interests held directly or indirectly in the following subsidiaries:

Company name	Country of incorporation	Percentage of issued share capital or interest held
Keywords International Limited	Republic of Ireland	100
Keywords Italia S.R.L.	Italy	100
Keywords International Company Limited	Japan	100
Keywords International Corporation, Inc.	Canada	100
Keywords International, Inc.	United States	100
KW Studios Limited	England and Wales	100

- 2.8 The principal activity of the above companies is that of the provision of outsourced services, specifically localisation, localisation testing, audio management and functional testing services to the video games market and in the case of Keywords International Company Limited (Japan), with an additional emphasis on Asian languages.
- 2.9 All the above subsidiaries and associated undertakings operate in their country of incorporation.

3. SHARE CAPITAL OF THE COMPANY

- 3.1 The issued share capital of the Company as at incorporation on 29 May 2013 was 1,000 ordinary shares of £0.01 each, which was issued to the persons and in the proportions as set out below:

Shareholder	Number of Ordinary Shares
P.E.Q. Holdings Limited ⁽¹⁾	751
Andrew Day ⁽²⁾	249

- (1) The Founders hold their respective interests in the capital of the Company through their holdings in P.E.Q. (which, in the cases of Giacomo Duranti and Marco De Sanctis are held on trust for them by Giorgio Guastalla).
- (2) Giorgio Guastalla held the legal title to these Ordinary Shares as trustee for Andrew Day pursuant to a trust deed dated 21 June 2012.

3.2 The following changes in the share capital of the Company have taken place between 29 May 2013 and the date of this document:

3.2.1 On 5 July 2013 the 249 Ordinary Shares held by Giorgio Guastalla on trust for Andrew Day were transferred to Andrew Day upon termination of the trust deed dated 21 June 2012 between Andrew Day and Giorgio Guastalla.

3.2.2 On 8 July 2013, the Company issued in aggregate 31,901,332 ordinary shares of £0.01 each to P.E.Q. and Andrew Day, the shareholders in Keywords International, in connection with the share for share exchange referred to in paragraph 2.2 above, in the proportions set out below:

Shareholder	Number of Ordinary Shares
P.E.Q. Holdings Limited ⁽¹⁾	23,956,721
Andrew Day	7,944,611

- (1) The Founders hold their respective interests in the capital of the Company through their holdings in P.E.Q. (which, in the cases of Giacomo Duranti and Marco De Sanctis are held on trust for them by Giorgio Guastalla).

3.2.3 By ordinary and special resolutions passed on 8 July 2013:

- (i) the Company adopted the Articles;
- (ii) conditional upon Admission, the Directors were authorised, for the purposes of section 551 of the 2006 Act to allot relevant securities of the Company:
- (A) up to an aggregate nominal amount of £81,300.81 in respect of the Placing;
- (B) up to an aggregate nominal amount of £20,016.21 in respect of the Share Plans;
- (C) up to an aggregate nominal amount of £4,003.24 in respect of the Warrants;
- (D) otherwise than pursuant to sub-paragraph (A) to (C) above, up to an aggregate nominal value of £81,300.81;
- such authorisation expiring on the date of the next annual general meeting of the Company;
- (iii) the Directors were authorised, conditional on Admission and subject to the passing of the resolutions summarised in paragraphs 3.2.3(i)-(ii) above ("**s.551 Resolution**"), to allot equity securities for cash up to 186,627.07 Ordinary Shares pursuant to the s.551 Resolution as if section 561(1) of the 2006 Act did not apply to such allotments, such authorisation expiring on the date of the next annual general meeting of the Company.

3.3 The number of Existing Ordinary Shares is 31,902,332. The Company will, pursuant to the Placing (and in accordance with the terms of the Placing Agreement), allot 8,130,081 Ordinary Shares at the Placing Price, conditionally upon Admission. Accordingly, immediately following Admission the issued share capital of the Company will increase to £400,324 divided into 40,032,413 Ordinary Shares.

3.4 The proposed issue of the New Shares pursuant to the Placing will be carried out by virtue of the authorities contained in paragraph 3.2.3(ii)(A) above.

3.5 The Placing Shares will, following allotment, rank *pari passu* in all respects with the Ordinary Shares including the right to receive all dividends and other distributions hereafter declared, paid or made on the Ordinary Share capital of the Company.

- 3.6 The holders of Existing Ordinary Shares will be diluted by the issue of the Placing Shares. The effect of the issue of the Placing Shares (assuming that the Placing is fully subscribed by parties who are not holders of Existing Ordinary Shares) will be that holders of Existing Ordinary Shares at the date of this document will own 43.2 per cent. of the Enlarged Share Capital following Admission.
- 3.7 Save as disclosed in this Part IV, as at the date of this document:
- 3.7.1 no share or loan capital in the Company or of any member of the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- 3.7.2 no share or loan capital of the Company has been issued, or is now proposed to be issued, otherwise than fully paid;
- 3.7.3 there are no shares in the capital of the Company which do not represent capital;
- 3.7.4 no person has any preferential subscription rights for any share capital of the Company;
- 3.7.5 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;
- 3.7.6 the Company does not hold any of its own Ordinary Shares as treasury shares and none of the Company's subsidiaries hold any Ordinary Shares;
- 3.7.7 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
- 3.7.8 there are no acquisition rights or obligations over the unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

4. DISCLOSURE OF INTERESTS

Directors' and Others' Interests

- 4.1 As at the date of this document and immediately following Admission, the interests (within the meaning of sections 820 to 855 of the 2006 Act) of the Directors (including Connected Persons) in the issued share capital of the Company (all of which are beneficial unless otherwise stated) currently and as they are expected to be immediately following the Placing (assuming that the Placing is fully subscribed) and Admission are as follows:

	As at the date of the document		Immediately following the Placing and Admission	
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Directors				
Andrew Day	7,944,860	24.9	5,296,573	13.2
David O'Connor	—	—	12,195	0.0
Giorgio Guastalla	10,780,862 ⁽¹⁾	33.8	5,390,431	13.5
Ross Graham	—	—	—	—
David Reeves	—	—	16,260	0.0

(1) This figure represents the indirect shareholding that Giorgio Guastalla holds in the Company by virtue of his 45 per cent. shareholding in P.E.Q.. P.E.Q. is a 75.1 per cent. shareholder in the Company as at the date of this document.

- 4.2 On Admission, the Company will grant to Andrew Day and David O'Connor awards under the Share Plans, as described in paragraph 11 of this Part IV. Under the LTIP, such award will comprise the grant of Options over 86,593 Ordinary Shares to Andrew Day and over 65,811 Ordinary Shares to David O'Connor, exercisable at any time between the third and the seventh anniversaries of the date of Admission (subject to the conditions referred to in paragraph 11.2 of this Part IV) at an exercise cost of nominal value per Ordinary Share. Under the Share Option Plan, such award will comprise the grant of Options over 57,152 Ordinary Shares to Andrew Day and over 13,470 Ordinary Shares to David O'Connor, exercisable at any time between the third and the seventh anniversaries of the date of Admission (subject to the conditions referred to in paragraph 11.1 of this Part IV) at an exercise price for Andrew Day of 123 pence per Ordinary Share representing the Placing Price and at an exercise price for David O'Connor of 111 pence per Ordinary Share representing a 10 per cent. discount to the Placing Price. It is intended that the Remuneration Committee will resolve to grant awards to other senior management and employees soon after Admission.

- 4.3 Save as disclosed in this paragraph 4 of this Part IV, no Director has at the date of this document (or will have at Admission) any option over any shares in the Company.
- 4.4 Save as disclosed in this paragraph 4 of this Part IV, none of the Directors nor any Connected Persons has any interest in the issued share capital of the Company or of any of its subsidiaries or will at Admission have any such interest.

Major Shareholders

- 4.5 As at the date of this document and immediately following the Placing (assuming that the Placing is fully subscribed) and Admission the following persons will be interested, directly or indirectly, jointly or severally, in 3 per cent. or more of the Company's issued share capital or exercise or could exercise control over the Company:

	As at the date of the document		Immediately following Admission	
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
P.E.Q. Holdings Ltd ⁽¹⁾	23,957,472	75.1	11,978,736	29.9
Andrew Day	7,944,860	24.9	5,296,573	13.2
Cazenove Capital Management Artemis Investment Management Limited	—	—	5,100,000	12.7
Legal & General Investment Management Ltd	—	—	3,250,000	8.1
Old Mutual Asset Management (UK) Ltd.	—	—	2,700,000	6.7
Liontrust Investment Partners LLP	—	—	2,415,000	6.0
Invesco Asset Management Limited	—	—	1,800,000	4.5
			1,700,000	4.2

(1) The Founders are shareholders in P.E.Q. (with Giacomo Duranti's and Marco De Sanctis' respective shareholdings being held on trust for them by Giorgio Guastalla).

- 4.6 The Ordinary Shares held by the Shareholders set out at paragraph 4.5 above rank *pari passu* with the Existing Ordinary Shares and, in particular, have no different voting rights than other existing Shareholders.
- 4.7 Other than as disclosed in paragraph 4.5 of Part IV of this document, the Directors are not aware of any person or persons who, directly or indirectly, have at the date of this document or will immediately following Admission have an interest in the Company which represents 3 per cent. or more of the issued share capital or voting rights, or who at the date of this document, or who directly or indirectly jointly or severally, exercise or could exercise, control over the Company.
- 4.8 Neither the Directors nor any of the Shareholders listed in paragraph 4.5 above have different voting rights to other Shareholders.

Charge to Taxation

- 4.9 In relation to the prior acquisition of shares in Keywords International Limited by Andrew Day when he became a director of that company, the restructuring of the Group described in this document (in particular involving the creation of a parent undertaking that will have a UK permanent establishment) may trigger a liability on the part of the Group and also Mr Day to additional employment related taxation and national insurance contributions (together "ERT&NI"). Andrew Day has agreed to co-operate with the Company in determining the extent of any additional ERT&NI liability, the time periods for payment of such liabilities, including taking into account any payment of tax on account which may be set off against such ERT&NI liability. In order to reaffirm his willingness to co-operate, Andrew Day has agreed to deposit with the Company £250,000 (out of the proceeds of his Sale Shares) (the "Deposit") as security for the Company in respect of and on the basis that such monies may be directed towards any such ERT&NI liability of the Company on terms agreed with the Company pursuant to a deed of undertaking and indemnity entered into on 8 July 2013 between the Company and Andrew Day, and further, Andrew Day has agreed under that agreement to indemnify and to hold harmless the Company and the Group from and against any such additional ERT&NI (other than employer's

national insurance contributions) in excess of the payment on deposit of £250,000, up to a maximum liability amount of £250,000. The Deposit or the balance thereof shall be released to Andrew Day at the expiry of the period of 30 months from 8 July 2013, with a corresponding increase in the maximum liability amount under the agreement to indemnify. It is anticipated that upon the extent of the ERT&NI liability being determined, which in any event is considered by the Directors not to be material in the context of the Group, appropriate disclosure will be made in the accounts of the Company for the relevant year at such time of determination.

5. SELLING SHAREHOLDERS

- 5.1 Subject to Admission occurring, certain Shareholders (the “Selling Shareholders”) are selling up to 14,627,023 Ordinary Shares in aggregate pursuant to the Placing.
- 5.2 The following table sets out the interests of each Selling Shareholder and Connected Persons as at the date of this document and as they are expected to be immediately following completion of the Placing (assuming that the Placing is fully subscribed) and Admission:

	As at the date of the document		Immediately following Admission	
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Directors				
P.E.Q. Holdings Ltd ⁽¹⁾	23,957,472	75.1	11,978,736	29.9
Andrew Day	7,944,860	24.9	5,296,573	13.2

(1) The Founders are shareholders in P.E.Q. (with Giacomo Duranti’s and Marco De Sanctis’ respective shareholdings being held on trust for them by Giorgio Guastalla).

6. DIRECTORS’ SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

- 6.1 Set out below are summary details of the service agreements and letters of appointment entered into between the Company and the Directors:

6.1.1 Executive Directors

Andrew Day (*Chief Executive Officer*) entered into a service agreement with the Company on 8 July 2013 to act as Chief Executive Officer. The date upon which Mr Day’s continuous employment commenced is 1 March 2009. His appointment is terminable on six months’ notice by either party.

Mr Day’s salary is €125,000 per annum. Mr Day may be paid such discretionary bonus from time to time as shall be determined by the Remuneration Committee. Mr Day is also eligible to participate in the LTIP.

David O’Connor (*Chief Financial Officer*) entered into a service agreement with the Company on 8 July 2013. The date upon which Mr O’Connor’s continuous employment commenced is 17 July 2012. His appointment is terminable on three months’ notice by either party.

Mr O’Connor’s salary is €95,000 per annum. Mr O’Connor may be paid such discretionary bonus from time to time as shall be determined by the Remuneration Committee. Mr O’Connor is also eligible to participate in the LTIP.

6.1.2 Non-Executive Directors

Ross Graham (*Non-Executive Chairman*) entered into a letter of appointment with the Company on 8 July 2013. The appointment will (subject to Admission) continue for an initial period of 12 months, although it is terminable earlier in various specified circumstances and in any event by either party on three months notice. The annual fee payable to him is £40,000.

David Reeves (*Non-Executive Director*) entered into a letter of appointment with the Company on 29 May 2013. The appointment will (subject to Admission) continue for an initial period of 12 months, although it is terminable earlier in various specified circumstances and in any event by either party on three months notice. The annual fee payable to him is £38,400 plus an additional £1,000 per day in the event that Mr Reeves works for the Company more than 3 days per calendar month.

Giorgio Guastalla (Non-Executive Director) entered into a letter of appointment with the Company on 29 May 2013. The appointment will (subject to Admission) continue until terminated by the Company. P.E.Q. has a contractual right pursuant to the Relationship Agreement (detailed in paragraph 17.5 of Part IV) to nominate and have appointed one Director to the Board. The first such Director is Giorgio Guastalla. The annual fee payable to him is £35,000.

- 6.2 As at the date of this document, the Company does not contribute to any pension nor provides any other benefits to the Directors. The Company may decide to establish and/or contribute to a pension and provide other benefits as the Remuneration Committee shall determine for the benefit of certain directors and employees of the Group.
- 6.3 There are no contracts providing for benefits upon the termination of employment of any Director.
- 6.4 Save as disclosed in paragraph 6.1 none of the Directors has a service agreement with the Company that has been entered into or varied within six months prior to the date of this document or which is a contract which expires or which is determined by the Company without payment of compensation (other than statutory compensation) after more than one year.
- 6.5 Save for any payments to the Directors on termination in lieu of notice, no benefits on termination are payable by the Company.

7. ADDITIONAL INFORMATION IN RELATION TO THE DIRECTORS

- 7.1 The Directors, in addition to their directorships of the Group, are or have been a member of the administrative, management or supervisory bodies, or directors or partners of the following companies or partnerships within the five years prior to the publication of this document:

Name	Current directorships	Former directorships
Andrew Day	None	None
David O'Connor	None	None
Giorgio Guastalla	Italicatessen Limited P.E.Q. Holdings Limited	None
Ross Graham	Coinflint Residents Association Limited Wolfson Microelectronics Plc Loch Tay Central Salmon Fishings Limited	Psion Plc Acambis Plc
David Reeves	Midgarth Residents Company Limited David Reeves Consulting Limited Sense, The National Deaf Blind and Rubella Association Autistica	Sony Computer Entertainment Europe Limited Psygnosis Holdings PLC Psygnosis Licensing Limited Psygnosis Limited Sony Computer Entertainment UK Limited Playstation.com (Europe) LTD. Sony Network Entertainment Europe Limited Bigbig Studios Limited Evolution Studios Limited Recruitment Realisations Limited MWP Realisations Limited

- 7.2 Save as disclosed at paragraphs 7.3 and 7.4, no Director has:
- 7.2.1 any unspent convictions relating to indictable offences;
- 7.2.2 ever had a bankruptcy order made against him or entered into any individual voluntary arrangements with his creditors;
- 7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration, or been subject to a company voluntary arrangement or any composition or arrangement with its creditors

- generally or any class of its creditors, whilst he was a director of that company, or within the twelve months after he ceased to be a director of that company;
- 7.2.4 been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership, or within twelve months after he ceased to be a partner in that partnership;
- 7.2.5 had any asset belonging to him made the subject of a receivership or been a partner of a partnership whose assets have been placed in receivership whilst he was a partner at the time of, or within twelve months preceding, such receivership; and
- 7.2.6 received any official public criticism and/or sanction by any statutory or regulatory authority (including any recognised professional body); or
- 7.2.7 ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 7.3 David Reeves was a director of Recruitment Realisation Limited and its associated company MWP Realisation Limited in 2010 when such companies were placed into administration. The assets (and employees) were then sold as part of a pre-pack acquisition. Both companies have subsequently been placed into creditors voluntary liquidation.
- 7.4 Ross Graham was a non-executive director of each of EXY Group PLC when it was placed into administration in 2005, and of Vecta Software Corporation Limited when it was placed into administration in 2006. Both companies were subsequently placed into liquidation.
- 7.5 Save as disclosed in this document, no Director has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Company and its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during an earlier financial year and remains in any respect outstanding or unperformed.
- 7.6 Save as disclosed in this document, none of the Directors nor members of their family holds a related financial product whose value in whole or part is determined directly or indirectly by reference to the price of the Ordinary Shares.
- 7.7 There are no outstanding loans granted by the Company to any Director nor has any guarantee been provided by the Company for the benefit of any Director.
- 7.8 Save as disclosed in this document, there are no actual or potential conflicts of interest between the duties of the Directors to the Company and their respective private interests or other duties.

8. EMPLOYEES

- 8.1 The Group employed on average 44 people during the financial year ended 31 December 2010, 143 people during the financial year ended 31 December 2011, and 217 people during the financial year ended 31 December 2012. As at the date of this document the Group had 225 employees (inclusive of temporary, contract and flexitime employees). Note that the Directors do not include freelancers within their headcount.

In the year to 31 December 2012, the Group employed on average 217 employees as follows:

Category of Activity	Number of permanent employees	Number of temporary/contract/flexitime employees	Geographic location
Testing	39	90	Dublin
Localisation (translation)	19	1	Dublin
Admin	11	4	Dublin
Testing	4	16	Montreal
Localisation (translation)	7	2	Rome
Testing	6	12	Tokyo
Localisation (translation)	2	3	Tokyo
Admin	—	1	Tokyo
Total:	<u>88</u>	<u>129</u>	

In the year to 31 December 2011, the Group employed on average 143 employees as follows:

Category of Activity	Number of permanent employees	Number of temporary/contract/ flexitime employees	Geographic location
Testing	22	66	Dublin
Localisation (translation)	14	-	Dublin
Admin	8	3	Dublin
Testing	5	1	Montreal
Localisation (translation)	5	3	Rome
Testing	6	8	Tokyo
Localisation (translation)	2	-	Tokyo
Admin	-	-	Tokyo
Total	<u>62</u>	<u>81</u>	

In the year to 31 December 2010, the Group employed on average 44 employees as follows:

Category of Activity	Number of permanent employees	Number of temporary/contract/ flexitime employees	Geographic location
Testing	15	14	Dublin
Localisation (translation)	4	1	Dublin
Admin	6	-	Dublin
Testing	4	-	Tokyo
Total:	<u>29</u>	<u>15</u>	

9. SIGNIFICANT INVESTMENTS

Save as disclosed in this document, there have been no significant investments by the Company or any of its subsidiaries in the three years covered by the historical financial information up to the date of this document.

10. SUMMARY OF THE ARTICLES AND PROTOCOL

Protocol

The Company has adopted on 21 June 2013 a protocol governing the procedure and conduct of meetings of the Board of the Company (the “**Protocol**”) and references in the Articles to ‘Protocol’ are to the Protocol. The Protocol requires the Board to use best endeavours and take all necessary steps to ensure, *inter alia*, that annual general meetings, general meetings, committee meetings, and board meetings shall be held in the Republic of Ireland.

Objects

Pursuant to section 31 of the 2006 Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

Articles

The Articles in the form which has been adopted by the Company conditional on Admission contain provisions to the following effect:

10.1 Variation of class rights and class meetings

Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class may be varied or abrogated in such manner (if any) as may be provided by those rights or (in the absence of any such provision) either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate general meeting of the holders of the shares of that class.

A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as a general meeting pursuant to these Articles, except that:

- 10.1.1 no member, other than a director, shall be entitled to notice of it or to attend such meeting unless he is a holder of shares of that class;
- 10.1.2 no vote may be given except in respect of a share of that class;
- 10.1.3 the quorum at the meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum shall be one person holding shares of that class or his proxy; and every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him;
- 10.1.4 every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and
- 10.1.5 a poll may be demanded by a member present in person or by proxy and entitled to vote at the meeting and on a poll each member shall have one vote for every share of that class of which he is the holder.

10.2 Convening general meetings

- 10.2.1 An annual general meeting shall be held in every year as the annual general meeting of the Company (and specified as such in the notice convening the meeting), at such time (within a period of not more than fifteen months after the holding of the last preceding annual general meeting) and place as may be determined by the Board.
- 10.2.2 Without prejudice to the Articles and the requirement under the 2006 Act to convene an annual general meeting in each year, the Board may convene a general meeting whenever it thinks fit. A general meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by sections 303 to 305 of the 2006 Act and no business shall be transacted at such meeting except that stated by the requisition or proposed by the Board in accordance with the Protocol.
- 10.2.3 The Company shall determine the time, being no more than 48 hours before the time fixed for the meeting, by which a person must be entered on the register of members in order to be entitled to attend or vote at a general meeting.

10.3 Ownership threshold and change of control

The Articles do not prescribe any ownership threshold above which Shareholder ownership must be disclosed. There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

10.4 Alteration of capital

The Company, by special resolution, may reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

10.5 Transfer of shares

- 10.5.1 Shares may be held in uncertificated form and uncertificated shares may be transferred in accordance with the rules, procedures and practices of the relevant system and the Uncertificated Securities Regulations. Subject to the provisions of the Uncertificated Securities Regulations, the transferor shall remain the holder of the share transferred until the name of the transferee is entered in the register of members of the Company in respect of it.
- 10.5.2 Transfers of shares in certificated form may be effected by an instrument in writing, in any usual form or in any other form approved by the directors. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

10.5.3 Subject to the Articles, the Board may, in its absolute discretion and without giving a reason, refuse to register the transfer of a certificated share or the renunciation of a renounceable letter of allotment unless it is:

- (i) in respect of a share which is fully paid;
- (ii) in respect of a share on which the Company has no lien;
- (iii) in respect of only one class of shares;
- (iv) in favour of a single transferee or renounee or not more than four joint transferees or renounees;
- (v) duly stamped or duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (if required); and
- (vi) delivered for registration to the registered office of the Company or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer of a share, for which a certificate has not been issued, by a person in respect of whom the Company is not required by the 2006 Act to complete and have ready for delivery a share certificate, and except in the case of a renunciation) and any other evidence as the Board may reasonably require to prove the title to such share of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of such person to do so.

10.5.4 If the Board refuses to register any such transfer or renunciation (relating to either certificated or uncertificated shares) the Company shall, within two months after the date on which the instruction relating to such transfer or renunciation was received by the Company, send notice of the refusal to the transferee or renounee.

10.6 Restrictions on voting, dividends and transfer of default shares

10.6.1 If a member or any person appearing to be interested in shares in the Company has been duly served with a notice under section 793 of the 2006 Act and is in default in supplying to the Company the information required in respect of the shares to which the notice relates (“**default shares**”) within fourteen days after the service of such notice, (the “**direction notice**”) the restrictions set out in articles 8.6.2 and 8.6.3 shall apply.

10.6.2 The default shares shall not confer on the member concerned any entitlement to attend or vote, either personally or by proxy, at a general meeting or class meeting of the Company.

10.6.3 Where default shares represent at least 0.25 per cent. of the class of shares concerned, the holder of the default shares shall not be entitled in respect of the default shares:

- (i) to receive any dividend or other distribution;
- (ii) the member shall not be entitled to elect, pursuant to the Articles or otherwise, to receive shares instead of a dividend; and/or
- (iii) to transfer or agree to transfer the default shares unless the transfer is an exempt transfer.

For this purpose, an “exempt transfer” is a transfer of shares pursuant to an acceptance of a takeover offer (within the meaning of section 974 of the 2006 Act); a transfer in consequence of a sale made through the London Stock Exchange or any investment exchange selected by the Company outside the United Kingdom on which any shares are normally traded; or a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale in good faith of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

The terms of a direction notice shall cease to have effect seven days following due compliance, to the satisfaction of the directors, with the notice under section 793 of

the 2006 Act, or if the transfer of any default shares is by way of an approved transfer, but only in respect of the default shares which are transferred.

10.7 Pre-emption rights

Rights of pre-emption are to be governed by the provisions of the 2006 Act and accordingly the Articles do not prescribe any rights of pre-emption in relation to offers for subscription of Ordinary Shares.

10.8 Redemption and conversion

The Ordinary Shares are not redeemable or convertible.

10.9 Participation in profits and assets

10.9.1 Subject to the superior rights of any other class or classes of shares that are, or may be, issued by the Company, the rights and restrictions attaching to the Ordinary Shares as regards participation in the profits and assets of the Company are as follows:

- (i) any profits which the Company may determine to distribute in respect of any financial year shall be distributed among the holders of the Ordinary Shares *pro rata* according to the amounts paid up or credited as paid up on such shares held by them respectively; and
- (ii) the capital and assets of the Company on a winding-up or other return of capital shall be applied in repaying to the holders of the Ordinary Shares the amounts paid up or credited as paid up on such shares and subject thereto shall belong to and be distributed according to the number of such shares held by them respectively.

10.10 Entitlement to dividends

Except as otherwise provided by the Articles or the rights attached to, or the terms of issue of shares:

- (i) a dividend shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the nominal value of the shares on which the dividend is paid; and
- (ii) dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

10.11 Voting

10.11.1 On a show of hands, every member present in person has one vote, each authorised person appointed by a corporate Shareholder has one vote and every proxy present has one vote, unless he has been appointed by more than one member and has been instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, in which case he has one vote for and one vote against the resolution.

10.11.2 In the case of a poll every member has one vote for every share held by him and his voting rights may be exercised by one or more proxies.

10.11.3 These voting rights are subject to any rights or restrictions as to entitlement to vote and to any suspension or abrogation of voting rights pursuant to the Articles.

10.12 Dividends

10.12.1 The Company may, by ordinary resolution, declare dividends but no such dividend shall exceed the amount recommended by the directors. The directors may from time to time pay such interim dividends as appear justified by the financial position of the Company.

10.12.2 The directors may deduct from any dividend or other moneys payable to any person or, in respect of a share, all such sums as may be due from him to the Company in relation to the shares of the Company.

10.12.3 All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of twelve years after having been declared or become due for payment shall be forfeited and shall revert to the Company.

10.13 Directors

10.13.1 *Number of directors*

Unless otherwise determined by the Company by ordinary resolution, the number of directors shall not be fewer than two. The Company may from time to time by ordinary resolution fix a maximum number of directors and from time to time vary that maximum number.

10.13.2 *Shareholding qualification*

A director is not required to hold any shares in the Company. A director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at all general meetings and class meetings.

10.13.3 *Directors' remuneration and expenses*

- (i) Remuneration paid to the directors (other than executive directors) for their services as officers of the Company shall not exceed in aggregate £300,000 per annum or such larger amount as the Company may by ordinary resolution determine. Any such remuneration shall be distinct from any salary, remuneration or other amounts payable to the director pursuant to any other provision of the Articles.
- (ii) A director who, at the request of the board, goes or resides abroad, makes a special journey or performs a special service on behalf of or for the Company may be paid such reasonable additional remuneration (whether by way of salary, bonus, commission, percentage of profits or otherwise) and expenses, as the board acting through a duly authorised board committee may decide.
- (iii) The Company may also pay or repay to any director all travelling, hotel and other expenses reasonably and properly incurred in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or separate meetings of the holders of any class of shares or debentures in the Company.
- (iv) The directors may establish and/or contribute to any pension, retirement or superannuation scheme or fund and may pay or agree to pay pension, retirement, superannuation benefits, annuities and other emoluments to (or to any person in respect of) any person who is or was at the time a director or officer or employee of the Company or any associated company, for his benefit or for the benefit of any member of his family. The directors may also establish and/or contribute to any death and/or disability scheme for the benefit of any person who is or was at the time a director or officer or employee of the Company or any associated company or for the benefit of any member of his family.

10.13.4 *Interests and conflicts*

- (i) The directors are empowered pursuant to section 175 of the 2006 Act to authorise any matter which would or might otherwise constitute a breach of the duty of a director to avoid a situation in which he has, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation shall be subject to such conditions or limitations as the directors may determine, whether at the time such authorisation is given or subsequently, and may be terminated by the directors at any time. Neither the director in question nor any other interested director

shall be counted in the quorum at the meeting at which the matter is considered or vote on any resolution concerning any such authorisation.

- (ii) A director, notwithstanding his office, may be or become a director or other officer of, or hold any place of profit in, or act in a professional capacity for, or otherwise be interested in, any company in which the Company may be interested.
- (iii) Where a director has, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company or his duties to the Company and the matter constituting such conflict has been authorised by the directors or by the Company or is otherwise permitted by the Articles, subject to the terms on which any authorisation has been given:
 - (a) the director in question need not disclose to, or use for, the benefit of the Company any information relating to the relevant matter which he obtains or has obtained otherwise than as a director or employee of the Company and in respect of which he owes a duty of confidentiality to a person other than the Company;
 - (b) the director in question shall not, unless otherwise agreed, be liable to account to the Company for any profit, remuneration or other benefit realised by him as a consequence and no contract, transaction or arrangement relating to the relevant matter shall be liable to be avoided on the grounds of his conflict of interests or duties; and
 - (c) the director in question need not attend meetings of the Board relating to the relevant matter.

10.13.5 *Alternate directors*

- (i) A director (other than an alternate director) may appoint any other director or any person approved for that purpose by the board and willing to act, to be his alternate by notice in writing delivered to the secretary at the registered office of the Company, or in any other manner approved by the board. Every person acting as an alternate director shall be an officer of the Company, shall alone be responsible to the Company for his own acts and defaults and shall not be deemed to be the agent of the director appointing him. The appointment of an alternate director automatically terminates: (i) if his appointor terminates the appointment; or (ii) on the happening of any event which, if he were a director, would cause him to vacate the office of director; or (iii) if his appointor ceases for any reason to be a director otherwise than by retiring and being re-appointed at the same general meeting.
- (ii) An alternate director is entitled to receive notice of meetings of the directors and committees of which his appointor is a member and to attend and, in place of his appointor, to vote and be counted for the purpose of a quorum at any such meeting at which his appointor is not personally present and generally to perform all functions as a director of his appointor in his absence.
- (iii) An alternate director may be paid or repaid by the Company such expenses as might properly have been paid or repaid to him if he had been a director but shall not in respect of his office of alternate director be entitled to receive any remuneration from the Company except such part of his appointor's remuneration as his appointor may direct by notice in writing to the Company.

10.13.6 *Vacation of office*

A director shall cease to be a director on the happening of any of the following events:

- (i) he becomes prohibited by law from acting as a director, or shall cease to be a director by virtue of any provision of the 2006 Act, the Articles or any other applicable law or regulation;
- (ii) he gives notice of his wish to resign;

- (iii) he becomes bankrupt or he makes any arrangement or composition with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement under any legislation relating to insolvency;
- (iv) a registered medical practitioner who is treating him gives a written opinion to the Company stating that he has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (v) he and his alternate (if any) are absent from meetings of the directors for the greater of six consecutive months without the consent of the directors and the directors resolve that his office be vacated;
- (vi) he is removed from office as a director by notice in writing signed by not less than three quarters of all his co-directors, (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company);
- (vii) he only held office as a director for a fixed term and such term expires; or
- (viii) in the case of a director who holds executive office, his appointment to such office is terminated or expires and the board resolves that his office be vacated.

10.13.7 Retirement by rotation

At each annual general meeting one-third of the directors or, if the number of directors is not three or a multiple of three, the number nearest to and exceeding one-third shall retire from office. If there are fewer than three directors, one director shall retire from office. Subject to the 2006 Act, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment but, as between directors who were appointed or reappointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

10.13.8 Appointment

- (i) The Company may by ordinary resolution appoint any person who is willing to act and is permitted by law to do so to be a director. Without prejudice thereto, the directors have power at any time so to do, but so that the total number of directors shall not thereby exceed any maximum number fixed by or in accordance with the Articles.
- (ii) No person, other than a director retiring (by rotation or otherwise), shall be appointed or re-appointed a director at any general meeting unless: he is recommended for appointment by the board; or not less than seven (7) nor more than forty two clear days before the date appointed for the meeting, a notice executed by a member (other than the person to be proposed) qualified to vote at the meeting has been given to the Company at the registered office of the Company of the intention to propose such person for appointment or re-appointment, stating the particulars which would, if he were so appointed or re-appointed, be required to be included in the Company's register of directors, accompanied by a notice executed by that person of his willingness to be appointed or re-appointed.

10.13.9 Proceedings of directors

- (i) The quorum necessary for the transaction of the business of the directors may be fixed from time to time by the directors and unless so fixed at any other number shall be two.
- (ii) Questions arising at any meeting of the directors shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall not have a second or casting vote.
- (iii) A resolution in writing signed by such number of the directors as are for the time being entitled to vote on that resolution shall be as effective as a resolution duly passed at a meeting of the directors.

10.13.10 *Restrictions on voting*

- (i) A director shall not vote on, or be counted in the quorum in relation to, any resolution of the board or of a committee of the board concerning any contract or arrangement or any other proposal to which the Company is or is to be a party and in which he has an interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company):
 - (a) relating to the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Group;
 - (b) relating to the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Group for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (c) relating to, or in the context of, an offer of securities by the Group in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (d) relating to another company in which he does not have to his knowledge an interest in shares (as defined in sections 820 to 825 of the 2006 Act) representing one per cent. (1 per cent.) or more of either any class of the equity share capital, or the voting rights in, such company;
 - (e) relating to an arrangement for the benefit of employees of the Group which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
 - (f) concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including Directors; or
 - (g) in respect of which the interest of the director cannot reasonably be regarded as conflicting.
- (ii) A director shall not be counted in the quorum present at a meeting in relation to any resolution on which he is not entitled to vote.

10.13.11 *Borrowing powers*

- (i) The directors may exercise all the powers of the Company to borrow or raise money and mortgage or charge all or any part of its undertaking, property and assets (present and future), and uncalled capital, and subject to the 2006 Act, to create and issue debentures, other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (ii) The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) to procure (as regards subsidiary undertakings, in so far as they are able) that the aggregate principal amount at any one time outstanding in respect of moneys borrowed by the Company and all of its subsidiary undertakings (if any) (other than intra-Group borrowing) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to two times the gross asset value of the Group (pursuant to the Articles).

10.13.12 *Indemnity and insurance*

- (i) Subject to the 2006 Act and any other provision of English law, but without prejudice to any indemnity to which he may be otherwise entitled every director, alternate director or former director (and every director, alternate director or former director of the Group) shall be entitled to be indemnified out of the assets of the Company against all costs and liabilities incurred by

him in relation to any proceedings or any regulatory investigation or action which relate to anything done or omitted or alleged to have been done or omitted by him as a director or alternate director; to have funds provided to him by the Company to meet expenditure incurred or to be incurred by him in defending himself in any proceedings (whether civil or criminal) or in connection with an application for relief (as defined in section 205(5) of the 2006 Act) or in an investigation, or against action proposed to be taken, by a regulatory authority or to receive such assistance from the Company as will enable any such person to avoid incurring such expenditure, where such proceedings, application, investigation or action are in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company of the Company, to be indemnified out of the assets of the Company against all costs and liabilities incurred by him in relation to any of the Company's activities as trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act).

- (ii) Subject to the 2006 Act, the board may purchase and maintain insurance at the expense of the Company for the benefit of any person who is or was at any time a director, alternate director or secretary or other officer or employee of any body corporate of the Group or in which the Company has or had an interest whether direct or indirect or who is or was at any time a trustee of any pension fund or employee benefits trust in which any employee of any such body corporate is or has been interested indemnifying such person against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, officer, employee or trustee.

10.14 Untraced shareholders

The Company shall be entitled to sell, at the best price reasonably obtainable at the time of sale, the shares of a member or the shares to which a person is entitled by transmission if, during a period of twelve years at least three cash dividends in respect of those shares have become payable and no dividend in respect of those shares during that period has been claimed and within a further period of three months following the date of advertisements giving notice of its intention to sell such shares placed after the expiry of the period of twelve years, the Company, so far as the directors are aware, has not received any communication from such member or person entitled by transmission to the share. If the share is listed or dealt in on any stock exchange the Company must also give notice to that exchange of their intention to sell. The Company shall account to the person entitled to the share for the net proceeds of the sale.

11. EMPLOYEE SHARE PLANS

11.1 Share Option Plan

11.1.1 *Introduction*

On or around the time of Admission the Company will adopt the Share Option Plan. The Company intends to grant options to Andrew Day and David O'Connor as well as to Giacomo Duranti and Marco De Sanctis under the Share Option Plan on Admission with an exercise price equal to the Placing Price for Andrew Day and with an exercise price equal to 111 pence (being a 10 per cent. discount to the Placing Price) for each of David O'Connor, Giacomo Duranti and Marco De Sanctis. Employees may be granted options under the Share Option Plan in the future at the discretion of the Remuneration Committee.

The principal terms of the Share Option Plan are summarised below.

11.1.2 *Eligibility*

Any employee (including an Executive Director) of a member of the Group may be selected for participation at the discretion of the Remuneration Committee, provided they are not prevented from being granted options by the AIM Rules or any other applicable code.

11.1.3 ***Dilution limit***

No options may be granted which would result in the total number of Ordinary Shares issued or required to be issued to satisfy the aggregate of any options/awards granted under the Share Plans to exceed 5 per cent. of the issued share capital of the Company at that time.

11.1.4 ***Grant of options***

Options may be granted within the period of forty-two days commencing on:

- (i) the date of adoption of the Share Option Plan;
- (ii) any day on which the Company releases its results for any financial period; or
- (iii) the date of commencement of employment of the relevant employee.

Options may also be granted at any other time when the Remuneration Committee determines that circumstances are exceptional so as to justify the grant of an option.

No option may be granted more than ten years after the adoption of the Share Option Plan.

11.1.5 ***Exercise price***

An option will be granted at a price which represents a discount to the middle market quotation of an Ordinary Share as derived from AIM on the dealing day before the option is granted of not more than 10 per cent. and where the option is to subscribe for new shares the price cannot be less than the nominal value of such a share. Any options granted within six months of Admission will be granted at a price which represents not less than the amount which equates to a 10 per cent. discount of the Company's share price at Admission.

11.1.6 ***Performance conditions and vesting***

Options will generally only be exercisable on or after the respective vesting date(s), which will be as to one third after two years from the date of grant, a further one third after the third year of the date of grant and the final one third which will be four years from the date of grant of the option except where a different date(s) is determined by the Remuneration Committee. Options will then lapse if not exercised within seven years of grant (or such shorter period as is determined by the Remuneration Committee).

Options may also be granted subject to the attainment of specified performance conditions (to be determined prior to grant by the Remuneration Committee following consultation with the Company's nominated adviser).

The Remuneration Committee may vary or waive a performance condition in circumstances in which it reasonably considers that such condition is no longer a fair measure of performance provided that any new performance condition will be no more or less difficult to satisfy than the original condition was intended to be.

Exercise of an option is conditional upon the agreement of the optionholder to put the Company (or other relevant accountable person) in funds to satisfy any liability to tax (including employee's national insurance contributions and, if so determined by the Remuneration Committee when granting the option, employer's national insurance contributions).

11.1.7 ***Early vesting on cessation of employment***

Options may be exercised where the optionholder's employment ceases because of death, injury, ill-health, disability or redundancy. Where employment is terminated for some other reason, options will lapse unless the Remuneration Committee permits the optionholder to exercise them. In such situations, the Remuneration Committee may reduce the number of shares over which the option is exercisable *pro rata* based on the proportion of the vesting period that has elapsed.

11.1.8 *Takeover, demerger and winding up*

In the event of a takeover or winding up of the Company, options shall typically become exercisable. In such case the Remuneration Committee may reduce the number of shares over which the option is exercisable *pro rata* based on the proportion of the vesting period that has elapsed and the extent to which the performance target (if any and as amended if considered necessary) has been satisfied.

The Remuneration Committee may also determine that options shall vest upon a demerger or similar event affecting the value of the Ordinary Shares to the extent permitted by the Remuneration Committee.

On a takeover the acquiring company and the Remuneration Committee may instead agree that options are “rolled over” into equivalent options over shares in the acquiring company.

11.1.9 *Variation of capital*

If the Company’s share capital is varied by way of capitalisation, rights issue, sub-division, consolidation or reduction or otherwise then the Remuneration Committee may make appropriate adjustments to the exercise price and/or the number or description of shares under option provided that (except in the case of a capitalisation issue) the Remuneration Committee has been independently advised that such adjustments are fair and reasonable.

11.1.10 *Amendment and termination*

The Board may at any time amend any of the terms of the Share Option Plan or options granted under it in any respect provided that no alteration which would materially and adversely affect the subsisting participants may be made without the prior consent of the majority of such participants (by number of shares under option) except for certain minor amendments to benefit the administration of the plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for optionholders or for the Group.

11.2 LTIP

11.2.1 *Introduction*

On or around the time of Admission the Company will also adopt the LTIP. The Company intends to grant options to Andrew Day and David O’Connor as well as to certain of the Founders being Giacomo Duranti and Marco De Sanctis under the LTIP on Admission with an exercise price equal to the nominal value of the shares subject to option. The Company intends to also grant awards under the LTIP to other senior management as will be determined by the Remuneration Committee soon after Admission.

11.2.2 *Principal terms of the LTIP*

The principal terms of the LTIP are as set out above in respect of the Share Option Plan (substituting “award” for “option”) except that, unlike in the case of an option granted under the Share Option Plan, the price payable by the employee to acquire the shares pursuant to an LTIP award once it has vested may be lower than the market value of the shares at the time of grant of the award. Such LTIP award may take the form of:

- (i) an option to acquire Ordinary Shares exercisable for nominal consideration;
- (ii) an award of Ordinary Shares, subject to restrictions, or a promise of Ordinary Shares; or
- (iii) any other form which the Remuneration Committee considers has a substantially similar economic purpose or effect.

In addition, there is a three year vesting criteria based on the total shareholder return (“TSR”) of the Company measured against the Numis Small Cap Index

ex Investment Trusts (“NSCI”) such that one third vests if TSR exceeds NSCI by 10 per cent., two thirds vest if TSR exceeds NSCI by 20 per cent. and all awards vest if TSR exceeds NSCI by 30 per cent..

12. LITIGATION

No member of the Group is or has been engaged in any governmental, legal or arbitration proceedings which may have, or have had during the Group’s twelve months preceding the date of this document, a significant effect on the Group’s financial position or profitability and the Directors are not aware of any such proceedings which are pending or threatened by or against any member of the Group.

13. WORKING CAPITAL

The Directors, having made due and careful enquiry, are of the opinion that, taking into account the estimated net proceeds of the Placing receivable by the Company, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

14. SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

- 14.1 Save as disclosed in Part I and in the post balance sheet event details set out in Section D of Part III there has been no significant change in the financial or trading position of the Group since 31 December 2012, the date to which the historical financial information of Keywords International Limited and its Subsidiaries, as set out in Section D of Part III, was prepared.
- 14.2 Save as disclosed in the post balance sheet events set out in Section B of Part III there has been no significant change in the financial or trading position of Keywords Studios since 31 May 2013, its date of incorporation.

15. TAXATION

15.1 Introduction

The following paragraphs are intended as a general guide based on current legislation, HMRC practice and Irish Revenue Commissioners’ practice as at the date of this document regarding the tax position of Shareholders who are resident or ordinarily resident in the UK for tax purposes and who beneficially hold their shares as investments (otherwise than under an individual savings account (“ISA”)).

The following paragraphs do not constitute tax advice and are intended only as a general summary. The information applies only to Ordinary Shares held as capital assets and does not apply to all categories of Shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes and Shareholders who have, or who are deemed to have, acquired their Ordinary Shares in connection with an employment contract with the Company or as an office holder. Any Shareholder who is in doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom or Ireland, is strongly recommended to consult their professional advisers.

The Company

15.2 Tax Residence

Whilst the Company has been incorporated in the UK, its policy is to conduct its affairs in such a way as to be regarded as resident for tax purposes in the Republic of Ireland. It is the intention of the Directors to continue to conduct the Group’s affairs in a way that ensures that the Company is resident in Ireland.

15.3 Dividend Withholding Tax

Dividends paid by the Company are generally subject to dividend withholding tax (“DWT”) at the standard rate of income tax (currently 20 per cent.) unless the Shareholder is within one of the categories of exempt Shareholders referred to below. Where DWT applies, the Company is responsible for withholding DWT at source and forwarding the relevant payment to the Irish Revenue. For DWT purposes, a dividend includes any distribution made by the

Company to its Shareholders, including cash dividends, non-cash dividends and additional shares taken in lieu of a cash dividend.

DWT is not payable where an exemption applies provided that the Company or a relevant qualifying intermediary (the qualifying intermediary from whom the dividend is received (“**Relevant Qualifying Intermediary**”)) has received all necessary documentation required by the relevant legislation from the Shareholder prior to payment of the dividend.

Provided certain procedural matters are complied with, certain non-Irish resident Shareholders (both individual and corporate) are entitled to an exemption from DWT. In particular, a non-Irish resident Shareholder is not subject to DWT on dividends received from the Company if the Shareholder is: (i) an individual Shareholder resident for tax purposes in either a member state of the European Union or in a country with which Ireland has a double tax treaty that is either signed or in force, and the individual is neither resident nor ordinary resident in Ireland; or (ii) a corporate Shareholder that is not resident for tax purposes in Ireland and which is ultimately controlled, directly or indirectly, by persons resident in either a member state of the European Union (apart from Ireland) or in a country with which Ireland has a double tax treaty that is either signed or in force and that entity is not under the control, whether directly or indirectly, of persons that are not so resident; or (iii) a corporate Shareholder resident for tax purposes in either a member state of the European Union (apart from Ireland) or a country with which Ireland has a double tax treaty that is either signed or in force provided that the corporate Shareholder is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland; or (iv) a corporate Shareholder that is not resident for tax purposes in Ireland and whose principal class of shares (or those of its 75 per cent. parent) is substantially and regularly traded on a recognised stock exchange in Ireland, a member state of the European Union (apart from Ireland) or in a country with which Ireland has a double tax treaty that is either signed or in force or on such other stock exchange approved by the Minister for Finance; or (v) a corporate Shareholder that is not resident for tax purposes in Ireland and is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each is substantially and regularly traded on a recognised stock exchange in Ireland, a member state of the European Union (apart from Ireland) or in a country with which Ireland has a double tax treaty that is either signed or in force or on such other stock exchange approved by the Minister for Finance, and provided that, in all cases noted above, the Shareholder has made the appropriate declaration to the Company or the Relevant Qualifying Intermediary prior to payment of the dividend.

UK Tax Resident Shareholders

15.4 UK Taxation of Dividends

An individual Shareholder who is resident (for tax purposes) in the UK and who receives a dividend paid by the Company will currently be entitled to receive a tax credit equal to 1/9th of the cash dividend. The individual will be taxable upon the total of the dividend and the related tax credit (the “**gross dividend**”) which will be regarded as the top slice of the individual’s income. An individual Shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will pay tax on the gross dividend at the dividend ordinary rate (currently 10 per cent.). Accordingly, the tax credit will be treated as satisfying the individual’s liability to income tax in respect of the dividend and there will be no further tax to pay. It should be noted however that there is no right to claim any repayment of the tax credit from HMRC.

To the extent that the gross dividend (taken together with other taxable income) exceeds the individual’s threshold for the higher rate of income tax the individual will, to that extent, pay tax on the gross dividend at the dividend upper rate (currently 32.5 per cent.). A UK resident individual Shareholder who is liable to tax at the additional rate will be liable to tax on the gross dividend at the rate of 37.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate tax payer will have further income tax to pay at the rate of 22.5 per cent. on the gross dividend (equivalent to 25 per cent. of the dividend received). An additional rate taxpayer will have further income tax to pay at the rate of 27.5 per cent. on the gross dividend (equivalent to 30.55 per cent. of the dividend received).

A Shareholder which is a company resident (for tax purposes) in the United Kingdom and which receives a dividend paid by the Company will not in most circumstances be liable to corporation tax or income tax on the dividend.

Trustees of discretionary trusts are liable to account for income tax at the dividend trust rate, currently 37.5 per cent. of the gross dividend (equivalent to 30.55 per cent. of the dividend received).

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but are not entitled to claim repayment of the tax credit.

As stated above, under current Irish taxation legislation, dividends paid by the Company may be subject to DWT, although, provided the relevant procedural matters are complied with, an exemption from DWT may be available in respect of dividends paid to Shareholders that are tax resident in the UK.

If dividends should be paid after deduction of DWT, then UK tax resident individual Shareholders may be able to claim a tax credit for all or part of such DWT withheld in computing their liability to UK income tax on the dividends.

15.5 UK Taxation of Capital Gains

To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will generally constitute the base cost of a Shareholder's holding.

A disposal or deemed disposal of Ordinary Shares by a UK resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax ("CGT") (where the Shareholder is an individual or a trustee of a settlement) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

As regards an individual Shareholder or trustees of settlements, the principal factors that will determine the extent to which a gain will be subject to CGT are: (i) the extent to which he realises any other capital gains in the tax year of assessment in which the gain arises; (ii) the extent to which he was incurred capital losses in that or any earlier tax year or assessment and (iii) the level of annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place.

Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by UK resident (or ordinarily resident) individuals, trustees and personal representatives will generally be subject to CGT at the rate of 28 per cent. Individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band are subject to CGT at the rate of 18 per cent., except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to CGT at the rate of 28 per cent.

Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the prevailing rate of up to 23 per cent. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a chargeable loss.

15.6 UK Stamp duty and stamp duty reserve tax ("SDRT")

No stamp duty or SDRT will arise on the allotment and issue of New Shares.

Currently dealings in Ordinary Shares will normally be subject to stamp duty or SDRT. The transfer on sale of Ordinary Shares will usually be liable to ad valorem stamp duty, at the rate of 0.5 per cent. (rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration paid. Stamp duty will normally be paid by the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the

consideration payable for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the Ordinary Shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate as mentioned above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Agreements to transfer shares to charities will not give rise to a liability to stamp duty or SDRT.

The Government has announced its intention to abolish stamp duty on shares quoted on growth markets such as the Alternative Investment Market and the ISDX Growth Market. It is expected (subject to the outcome of consultations) that this will be in force from April 2014.

16. MANDATORY BIDS, SQUEEZE-OUT AND SELL OUT RULES RELATING TO ORDINARY SHARES

16.1 Mandatory bid

16.1.1 With effect from 30 September 2013 (when certain amendments are implemented within the Takeover Code) the Company shall become subject to the Takeover Code due to being a public company with its registered office in the United Kingdom. Under the Takeover Code, if an acquisition of Ordinary Share were to increase the aggregate holding of the acquirer and any parties acting in concert with it to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the Ordinary Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties (if any) during the previous twelve months.

16.1.2 A similar obligation to make such mandatory cash offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying at least 30 per cent. but not more than 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

16.2 Squeeze-out rules

Under the 2006 Act, if a person who has made a general offer to acquire Ordinary Shares (the "offeror") were to acquire, or contract to acquire, 90 per cent. of the Ordinary Shares which are the subject of such offer within four months of making its offer, the offeror could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding Shareholders telling them that the offeror will compulsorily acquire their Ordinary Shares and then, six weeks later, executing a transfer of the outstanding Ordinary Shares in the offeror's favour and paying the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to those Shareholders whose Ordinary Shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the general offer.

16.3 Sell-out rules

16.3.1 The 2006 Act gives minority Shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 16.2 above. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's Ordinary Shares.

16.3.2 The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

17. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding the date of this document or which are expected to be entered into shortly after Admission and which are, or may be, material or contain a provision under which any member of the Group has an obligation or entitlement which is material in the context of the Group as at the date of this document.

17.1 The Placing Agreement

The Placing Agreement contains, *inter alia*, the following terms:

- the Company and each of the Selling Shareholders appoints Numis as its or his agent and Numis agrees to use its reasonable endeavours to procure subscribers for the New Shares and purchasers for the Sale Shares at the Placing Price;
- the obligations of Numis are conditional, *inter alia*, upon: (i) the VCT Placing Shares having been credited to the relevant CREST accounts by 7.00 a.m. on the date of Admission; and (ii) Admission occurring on or before 8.00 a.m. on 12 July 2013 or such later time and/or date, not being later than 8.00 a.m. on 26 July 2013, as the Company and Numis may agree;
- subject to Admission:
 - (i) the Company shall pay Numis: (A) a corporate finance fee of £235,000; and (B) a commission at the rate of 4.0 per cent. of the value of the New Shares at the Placing Price; and
 - (ii) each Selling Shareholder shall pay Numis a commission at the rate of 4.0 per cent. of the value of that Selling Shareholder's Sale Shares at the Placing Price;
- the Company has agreed to grant Numis a warrant to subscribe for Ordinary Shares representing 1 per cent. of the Enlarged Share Capital in accordance with the terms of the Warrant Instrument;
- subject to certain restrictions the Company shall pay all the costs and expenses (including any applicable VAT) of and incidental to the Placing including the fees and costs of legal advisers incurred by Numis and printing, filing and distribution charges;
- the Company, the Directors, the Selling Shareholders and the Founders have each given warranties in favour of Numis. The liability of the Directors, the Selling Shareholders and Founders is limited in terms of the amount of the liability save in certain circumstances;
- In addition, the Company and, subject to certain limitations, the Selling Shareholders have given Numis, its affiliates, associates and connected persons and their respective directors, officers, partners, members, agents and employees a commercial indemnity on a several basis relating to certain losses and liabilities which may be incurred by

such persons in the performance by Numis of its obligations and services rendered pursuant to the Placing;

- Numis has the right to terminate the Placing Agreement prior to Admission in certain circumstances, including:
 - (i) in the event of certain *force majeure* events or other events involving certain material adverse changes relating to the Company; and
 - (ii) in the event of a material breach of the warranties or undertakings in the Placing Agreement.

The Selling Shareholders have agreed to pay any stamp duty and/or stamp duty reserve tax arising on the sale of their respective Sale Shares.

17.2 The Nominated Adviser and Broker Agreement

On 8 July 2013 the Company, the Directors and Numis entered into an agreement pursuant to which Numis has agreed to act as nominated adviser and broker to the Company following Admission as required by the AIM Rules. Numis shall provide, *inter alia*, such independent advice and guidance to the Directors of the Company and the Company as they may require from time to time as to the nature of their responsibilities and obligations to ensure compliance by the Company on a continuing basis with the AIM Rules for Companies. The Company has agreed to pay Numis a retainer fee as well as payment of any disbursements and expenses reasonably incurred by Numis in the course of carrying out its duties as nominated advisor and broker. The agreement is terminable on one month's notice given by either Numis or the Company. The agreement also contains provisions for early termination in certain circumstances and an indemnity given by the Company to Numis in relation to the provision by Numis of its services under the agreement.

17.3 Lock-in Agreements

Selling Shareholders

The Selling Shareholders and Founders have undertaken with the Company (subject to certain exceptions) not to dispose of any interest in any of their Ordinary Shares until the first anniversary of Admission (the "**Relevant Date**").

The parties have further undertaken to observe certain orderly market restrictions with respect to the disposal of such Ordinary Shares in the period of 12 months following the Relevant Date.

Management

The Directors have undertaken with the Company (subject to certain exceptions) not to dispose of any interest in any of their Ordinary Shares until the Relevant Date. The parties have further undertaken to observe certain orderly market restrictions with respect to the disposal of such Ordinary Shares in the period of 12 months following the Relevant Date.

17.4 Warrant Instrument

By deed poll dated 8 July 2013 the Company has created the Warrants. The Warrants are exercisable as to: (i) 200,162 Warrants at a price per Ordinary Share equal to the Placing Price and (ii) as to 200,162 Warrants at a price per Ordinary Share equal to 154p (representing 1.25 x the Placing Price), and shall be valid for a period of five years.

17.5 Relationship Agreement

P.E.Q. and the Founders have entered into a relationship agreement with the Company on 8 July 2013 (the "**Relationship Agreement**"). Pursuant to the Relationship Agreement P.E.Q. has agreed, for as long as it holds not less than 15 per cent. of the entire issued share capital of the Company, to exercise its rights as a Shareholder at all times, and to procure that its connected parties who may also be Shareholders exercise their rights at all times, so as to ensure that the Company is capable of carrying on its business independently of P.E.Q. or any control P.E.Q. or its connected parties may otherwise be able to exercise on the Company. In particular, P.E.Q. has undertaken, and has agreed to procure that its connected parties

undertake, that it will not do or omit to do anything which would render the Company unsuitable for admission to listing on AIM including, *inter alia*, voting on any resolution to cancel the admission to trading on AIM of the Ordinary Shares. Moreover, P.E.Q. has undertaken to ensure, so far as it is able to, that all transactions, relationships and agreements entered into between P.E.Q. or its connected parties and the Company or any of its subsidiaries, following Admission are on arms' length terms and on a normal commercial basis. In addition, P.E.Q. and the Company have agreed, amongst other things, that it will not and will procure that Giorgio Guastalla, its first nominated representative Director on the Board, will not participate in the deliberations of the Board in relation to any proposal to enter into any commercial arrangements with P.E.Q. or its connected parties. P.E.Q. and the Founders have given non-compete undertakings to the Company whilst P.E.Q. is a Shareholder and for a period of five years from the date P.E.Q. or its connected parties cease to be a Shareholder and for a period of one year in the case of Marco De Sanctis and Giacomo Durantis (notwithstanding the termination of the Relationship Agreement).

17.6 Share Exchange Agreement

Keywords Studios was inserted as the holding company of the Group pursuant to the terms of a share for share exchange agreement dated 8 July 2013 entered into by and between: (i) P.E.Q.; (ii) Giorgio Guastalla (in his capacity as trustee for Andrew Day) (together with P.E.Q., the "Subsidiary Shareholders"); and (iii) the Company (the "Share Exchange Agreement").

Pursuant to the Share Exchange Agreement, the Subsidiary Shareholders exchanged their shares in Keywords International Limited in consideration for Ordinary Shares in the Company. The percentage holdings of the Subsidiary Shareholders in each of Keywords International Limited and the Company was maintained (24.9 per cent. and 75.1 per cent. for Giorgio Guastalla (in his capacity as trustee for Andrew Day) and P.E.Q. respectively). Stamp duty exemption has been applied for in relation to the Share Exchange Agreement from the Irish Stamp Duty Office.

17.7 Shareholders' Agreement and related deed of Termination

Keywords, P.E.Q., Andrew Day and the shareholders of P.E.Q. (the "SA Parties") entered into a shareholders agreement on 21 June 2012 to regulate aspects of the relationship between Keywords and the SA Parties (the "Shareholders' Agreement"). The SA Parties have entered into a deed of termination dated 8 July 2013, pursuant to which the Shareholders' Agreement will terminate automatically upon Admission. The Shareholders' Agreement related to the usual rights of pre-emption, drag and tag-along rights and a ratchet mechanism for Andrew Day.

17.8 Deed of Undertaking and Indemnity granted by Andrew Day in favour of the Company entered into on 8 July 2013, referred to and more particularly described in paragraph 4.9 of this Part IV of this document.

18. RELATED PARTY TRANSACTIONS

Save as set out in: (i) note 4 to the Financial Information on Keywords Studios PLC in Section B of Part III of this document; (ii) note 19 to the Financial Information on Keywords International Limited and its Subsidiaries in Section D of Part III of this document; (iii) paragraph 17.5 (Relationship Agreement) of Part IV of this document; and (iv) paragraph 17.8 (Deed of Undertaking and Indemnity granted by Andrew Day to the Company) of Part IV of this document; as far as the Directors are aware there have been and currently there are no agreements or arrangements between the Group and individuals or entities that may be deemed to be related parties during the financial periods ended 31 December 2010, 31 December 2011 and 31 December 2012 and the period 1 January to 8 July 2013 (being the latest practicable date prior to the publication of this document).

19. SOURCES OF INFORMATION

The Directors confirm that, where information in this document has been sourced from a third party, this information has been accurately reproduced and that, so far as the Directors are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20. OTHER INFORMATION

- 20.1 The financial information relating to Keywords Studios plc and Keywords International Limited, set out in Sections B and D of Part III of this document, do not comprise statutory accounts within the respective meanings under the relevant Irish Companies Act and of section 434(3) of the Companies Act 2006.
- 20.2 The auditor of Keywords International Limited for the financial years ended 31 December 2010 and 2011 was Cooney Carey Accounting Limited, of The Courtyard, Carmanhall Road, Sandyford, Dublin 18, Ireland (a member firm of the Institute of Chartered Accountants in Ireland). Cooney Carey Accounting Limited have made reports on such statutory accounts of the Company for such period which were unqualified.
- 20.3 The auditor of Keywords International Limited for the financial year ended 31 December 2012 was BDO (a member firm of the Institute of Chartered Accountants in Ireland), of Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland. The auditor of Keywords Studios for the period from the date of incorporation to the date of this document was BDO LLP of 55 Baker Street, London W1U 7EU (a member firm of the Institute of Chartered Accountants in England and Wales).
- 20.4 The Company's accounting reference date is 31 December.
- 20.5 Numis has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 20.6 BDO LLP, as the reporting accountant, has given and not withdrawn its written consent to the inclusion of its reports in sections A and C of Part III of this document in the form and context in which they are included.
- 20.7 Other than contractual arrangements with employees and consultants and payments in the ordinary course of business, and save as set out in this document, no person (excluding those professional advisers disclosed in this document and trade suppliers) has:
- 20.7.1 received, directly or indirectly, from the Company within the twelve months preceding the date of this document;
- 20.7.2 entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, any of the following:
- (i) fees, totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 20.8 The total costs and expenses of, and incidental to, the Placing and Admission payable by the Company are estimated to amount to £2.1 million (excluding Value Added Tax).
- 20.9 The Ordinary Shares are in registered form and, following Admission, will be capable of being held in uncertificated form through CREST as permitted by the Articles. Settlement of the Placing will, at the option of Placees, be within CREST and Ordinary Shares will be delivered into the CREST account of the VCT Placees at 7.00 a.m. on 12 July 2013 and for all other Placees of the New Shares (excluding the VCT Placing Shares) at 8.00 a.m. on the 12 July 2013. No temporary documents of title will be issued. Definitive share certificates for Placees not settling through CREST will be despatched by the Registrars on or before 19 July 2013. Prior to the despatch of such certificates, transfers will be certified against the register of members of the Company held by the Registrar.
- 20.10 So far as the Directors are aware, there have not, in relation to any member of the Group, been:
- (a) any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or

- (b) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year; or
 - (c) any exceptional factors which have influenced the Company's activities.
- 20.11 There have been no public takeover bids made by third parties in respect of the Company's issued share capital which have occurred during the last financial year or the current financial year.
- 20.12 Numis is arranging for the Placing Shares to be placed with institutional and other investors. The arrangements for the payment for the Placing Shares to Numis and during the period prior to completion of the Placing relating to monies received by Numis from such investors are set out in the placing letters sent to such investors.
- 20.13 Numis is registered in England and Wales as a private limited company under the Companies Act 1985 with number 02285918 and is a subsidiary of Numis Corporation Plc which is a member of the London Stock Exchange and is authorised and regulated by the Prudential Regulation Authority and Financial Conduct Authority. Its registered office is at 10 Paternoster Square, London EC4M 7LT.
- 20.14 The Placing Price of 123 pence per Ordinary Share represents a premium of 122 pence over the nominal value of £0.01 per Ordinary Share.
- 20.15 There are no investments to be made by the Company or any member of the Group in the future in respect of which firm commitments have been made.
- 20.16 There has been no significant change in the trading of financial position of the Group since 31 December 2012 (being the date to which the last audited accounts of the Group were prepared).
- 20.17 There are no restrictions on the free transferability of the securities.
- 20.18 There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 20.19 There are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 20.20 The Company is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes in anyway which may materially affect the Company's business or profitability.

21. AVAILABILITY OF THIS DOCUMENT

A copy of this document is available free of charge during normal business hours on any week day (excluding Saturdays, Sundays and public holidays) at the offices of Numis Securities Limited, at The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, and shall remain available for at least one (1) month after the date of Admission. A copy of this document is also available for download at the Company's website, www.keywordsstudios.com.

Dated: 9 July 2013

APPENDIX

TERMS AND CONDITIONS OF THE PLACING

1. INTRODUCTION

These terms and conditions apply to persons making an offer to acquire Placing Shares under the Placing. Each person to whom these conditions apply, as described above, who confirms his agreement to Numis and the Company to acquire Placing Shares under the Placing (an “Investor”) hereby agrees with Numis and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be sold (in the case of the Sale Shares) or issued (in the case of the New Shares) under the Placing. An Investor shall, without limitation, become so bound if Numis confirms to such Investor: (i) the Placing Price; and (ii) its allocation of Placing Shares under the Placing.

Upon being notified of the Placing Price and its allocation of Placing Shares in the Placing, an Investor shall be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

The Selling Shareholders have undertaken that the Sale Shares will be sold fully paid and with full title guarantee. The Company has undertaken that the New Shares will, when issued, be fully paid up, free from all encumbrances, and rank *pari passu* with all other Ordinary Shares. An Investor’s allocation (excluding a VCT Placee) may consist solely of Sale Shares or solely of New Shares or a combination of both Sale Shares and New Shares. A VCT Placee allocation will only consist of New Shares to comply with the VCT Scheme.

The Company acknowledges that the law regarding the VCT Scheme states that no more than £5 million can be raised in total from VCTs, investments under the Enterprise Investment Scheme or the Corporate Venturing Scheme and investments that count as state aid in any 12 month period ending with the issue of the relevant holding and recognises that the consequence of a breach is a potential loss of VCT status. The Company confirms that the amount raised in the 12 month period up to and including the date of Admission in total from VCTs (including, for the avoidance of doubt, VCT Placees), investments under the Enterprise Investment Scheme or the Corporate Venturing Scheme and state aid sources (including, but not limited to, those sources of funding listed in Annex 3 of the AIC technical guidance on Investment Limits Condition dated July 2012) does not exceed £5 million. The Company undertakes to notify all VCT Placees should it subsequently become aware that it did receive any non-disclosed state aided risk capital investment or grant in the 12 month period up to and including the date of Admission.

2. AGREEMENT TO ACQUIRE PLACING SHARES

Conditional on Admission occurring and becoming effective by 8.00 a.m. (London time) on 12 July 2013 (or such later time and/or date (being not later than 8.00 a.m. (London time) on 26 July 2013) as the Company and Numis may agree) and on the Placing Agreement not previously being terminated in accordance with its terms; and (ii) the confirmation mentioned under paragraph 1 above, an Investor agrees to become a member of the Company and agrees to acquire Placing Shares at the Placing Price. The number of Placing Shares acquired by such Investor under the Placing shall be in accordance with the arrangements described above.

3. PAYMENT FOR PLACING SHARES

Each Investor undertakes to pay the Placing Price for the Placing Shares acquired by such Investor in such manner as shall be directed by Numis. In the event of any failure by an Investor to pay as so directed by Numis, the relevant Investor shall be deemed hereby to have appointed Numis or any nominee of Numis to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as so directed and to have agreed to indemnify on demand Numis in respect of any liability for UK stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales.

4. REPRESENTATIONS AND WARRANTIES

By receiving this document, each Investor and, to the extent applicable, any person confirming his agreement to acquire Placing Shares on behalf of an Investor or authorising Numis to notify an Investor's name to the Registrars, is deemed to acknowledge, agree, undertake, represent and warrant to each of Numis, the Registrars and the Company that:

- 4.1 the Investor has read this document in its entirety and acknowledges that its participation in the Placing shall be made solely on the terms and subject to the conditions set out in this Appendix, the Placing Agreement and the Articles. Such Investor agrees that these terms and conditions and the contract note issued by Numis to such Investor represent the whole and only agreement between the Investor, Numis and the Company in relation to the Investor's participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Investor agrees that none of the Company, Numis nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- 4.2 if the Investor is a natural person, such Investor is not under the age of majority (18 years of age in the UK) on the date of such Investor's agreement to acquire Placing Shares under the Placing and will not be any such person on the date any such offer is accepted;
- 4.3 neither Numis nor any person affiliated with Numis or acting on its behalf is responsible for or shall have any liability for any information, representation or statement contained in this admission document or any supplementary admission document (as the case may be) or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an Investor to participate in the Placing based on any information, representation or statement contained in this admission document or otherwise;
- 4.4 the Investor has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this document or their investment decision;
- 4.5 in agreeing to acquire Placing Shares under the Placing, the Investor is relying on this admission document or any supplementary admission document (as the case may be) and not on any other information or representation concerning the Group, the Placing or the Placing Shares. Such Investor agrees that neither the Company nor Numis nor their respective officers, directors or employees will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- 4.6 save in the event of fraud on its part (and to the extent permitted by the rules of the FCA), neither Numis nor any of its directors or employees shall be liable to an Investor for any matter arising out of the role of Numis as the Company's nominated adviser and broker or otherwise, and that where any such liability nevertheless arises as a matter of law each Investor will immediately waive any claim against Numis and any of its directors and employees which an Investor may have in respect thereof;
- 4.7 the Investor has complied with all applicable laws and such Investor will not infringe any applicable law as a result of such Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or any actions arising from such Investor's rights and obligations under the Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or under the Articles;
- 4.8 all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) in order: (i) to enable the Investor lawfully to enter into, and exercise its rights and perform and comply with its obligations to acquire the Placing Shares under, the Placing; and (ii) to ensure that those obligations are legally binding and enforceable, have been taken, fulfilled and done. The Investor's entry into, exercise of its rights and/or performance under, or compliance with its obligations under this Placing, does

- not and will not violate: (i) its constitutive documents; or (ii) any agreement to which the Investor is a party or which is binding on the Investor or its assets;
- 4.9 that it understands that no action has been or will be taken in any jurisdiction by the Company or Numis or any other person that would permit a public offering of the Placing Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required; and that, if the Investor is in a member state of the European Economic Area which has implemented the Prospectus Directive (“**Relevant Member State**”), it is: (i) a legal entity which is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, its corporate purpose is solely to invest in securities; (ii) a legal entity which has two or more of: (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000; and (c) an annual net turnover of more than €50,000,000, in each case as shown in its last annual or consolidated accounts; (iii) otherwise permitted by law to be offered and sold Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Rules or other applicable laws; or (iv) in the case of any Placing Shares acquired by an Investor as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Rules, either:
- 4.9.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their placing or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Rules, or in circumstances in which the prior consent of Numis has been given to the placing or resale; or
- 4.9.2 where Placing Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the placing of those Placing Shares to it is not treated under the Prospectus Rules as having been made to such persons;
- 4.10 to the fullest extent permitted by law, the Investor acknowledges and agrees to the disclaimers contained in this document and acknowledges and agrees to comply with the selling restrictions set out in this document;
- 4.11 the Ordinary Shares have not been and will not be registered under the US Securities Act, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa or where to do so may contravene local securities laws or regulations;
- 4.12 except as provided in paragraph 4.13 below, the Investor is not a person located in the United States and is eligible to participate in an “offshore transaction” as defined in and in accordance with Regulation S and the Placing Shares were not offered to such Investor by means of “directed selling efforts” as defined in Regulation S;
- 4.13 where the Investor is a US person as defined in Regulation S, it is an “accredited investor”, as defined in Rule 501(a) under Regulation D, and is acquiring the Placing Shares either for: (i) its own account; (ii) for the account of one or more “accredited investors” for which it is acting as duly authorised agent; or (iii) a discretionary account or accounts as to which it has complete investment discretion and the authority to make, and does make, the statements contained herein;
- 4.14 it is acquiring the Placing Shares for investment purposes only and not with a view to any resale, distribution or other disposition of the Placing Shares in violation of the US Securities Act or any other U.S. federal or applicable state securities laws;
- 4.15 the Placing Shares may not be offered, resold, pledged or otherwise transferred except (a)(i) in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S; (ii) pursuant to an effective registration statement under the US Securities Act; or (iii) pursuant to an available exemption from the registration requirements of the US Securities Act; and (b) in accordance with all applicable securities laws of the states of the United States and any other jurisdictions. Each Investor agrees to, and each subsequent holder is required to, comply with, and notify any purchaser of the Placing Shares from it of, the resale restrictions referred to in this Appendix, if then applicable;

- 4.16 upon the issuance of the Placing Shares, and until such time as the same is no longer required under applicable requirements of the US Securities Act or applicable state securities laws, all certificates representing Placing Shares, if any, and all certificates issued in exchange therefor or in substitution thereof, shall bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “ACT”) OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES, FOR THE BENEFIT OF THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY: (I) TO THE COMPANY; (II) OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE ACT, IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS; (III) WITHIN THE UNITED STATES PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT, IN COMPLIANCE WITH ALL APPLICABLE STATE SECURITIES LAWS; OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, AND IN COMPLIANCE WITH ALL APPLICABLE STATE AND OTHER SECURITIES LAWS AND, IN ANY CASE, UPON THE SUBMISSION TO THE COMPANY OF SUCH EVIDENCE AS MAY BE SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY SUCH TRANSFER WILL NOT BE IN VIOLATION OF THE ACT AND APPLICABLE STATE AND OTHER SECURITIES LAWS AND, IN THE CASE OF SECURITIES BEING SOLD UNDER (III) OR (IV) ABOVE, UPON THE DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL OF RECOGNIZED STANDING, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER”;

provided that, if securities are being sold under (II) above, and provided that the Company is a “foreign issuer” within the meaning of Regulation S under the US Securities Act at the time of sale, any such legend may be removed by providing a declaration to the Company in such form as the Company may prescribe from time to time; and provided further, that, if any such securities are being sold under (III) or (IV) above, such transfer of securities will be recognised by the Company only upon the submission to the Company of such evidence as may be satisfactory to the Company to the effect that any such transfer will not be in violation of the US Securities Act and applicable state and other securities laws and, the legend may be removed upon delivery to the Company of an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Company, to the effect that such legend is no longer required under applicable requirements of the US Securities Act or state securities laws;

- 4.17 the Placing Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and the Investor undertakes to notify any transferee to whom it subsequently offers, reoffers, resells, pledges or otherwise transfers the Placing Shares of the foregoing restrictions on transfer;
- 4.18 the Company is not obliged to file any registration statement in respect of resales of the Placing Shares in the United States with the U.S. Securities and Exchange Commission or with any state securities administrator;
- 4.19 the Company, and any registrar or transfer agent or other agent of the Company, will not be required to accept the registration of transfer of any Placing Shares acquired by the Investor, except upon presentation of evidence satisfactory to the Company that the foregoing restrictions on transfer have been complied with;
- 4.20 the Investor has not been solicited by any form of “general solicitation” or “general advertising” (as those terms are used in Regulation D) including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or in connection with any seminar or meeting to which the Investor was invited by any such general solicitation or general advertising, and the Investor has not become aware of any advertisement in printed media of general and regular paid circulation or on radio, television or other form of telecommunication or any other form of advertisement (including electronic display or the Internet) or sales literature with respect to the acquisition of the Placing Shares;
- 4.21 the Investor invests in or purchases securities similar to the Placing Shares in the normal course of its business and it has such knowledge and experience in financial and business

- matters as to be capable of evaluating the merits and risks of an investment in the Placing Shares;
- 4.22 the Investor has conducted its own investigation with respect to the Company and the Placing Shares and has had access to such financial and other information concerning the Company and the Placing Shares as the Investor deemed necessary to evaluate the merits and risks of an investment in the Placing Shares, and the Investor has concluded that an investment in the Placing Shares is suitable for it or, where the Investor is not acting as principal, for any beneficial owner of the Placing Shares, based upon each such person's investment objectives and financial requirements;
 - 4.23 the Investor or, where the Investor is not acting as principal, any beneficial owner of the Placing Shares, is able to bear the economic risk of an investment in the Placing Shares for an indefinite period and the loss of its entire investment in the Placing Shares;
 - 4.24 there may be adverse consequences to the Investor under United States and other tax laws resulting from an investment in the Placing Shares and the Investor has made such investigation and has consulted such tax and other advisors with respect thereto as it deems necessary or appropriate;
 - 4.25 the Investor is not a resident of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be prepared in respect of the Placing Shares under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and, subject to certain exceptions, the Placing Shares may not be offered or sold, directly or indirectly, in or into those jurisdictions;
 - 4.26 the Investor is liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;
 - 4.27 in the case of a person who confirms to Numis on behalf of an Investor an agreement to acquire Placing Shares under the Placing and/or who authorises Numis to notify such Investor's name to the Registrars, that person represents and warrants that he has authority to do so on behalf of the Investor;
 - 4.28 the Investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Money Laundering Regulations 2007 and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Placing Shares comprising the Investor's allocation may be retained at Numis' discretion;
 - 4.29 the Investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
 - 4.30 the Investor has complied with and will comply with all applicable provisions of FSMA with respect to anything done by the Investor in relation to the Placing in, from or otherwise involving the UK;
 - 4.31 if the Investor is in the UK, the Investor is a person: (i) who has professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended or replaced) (the "Order"); or (ii) a high net worth entity falling within article 49(2)(a) to (d) of the Order, and in all cases is capable of being categorised as a Professional Client or Eligible Counterparty for the purposes of the FCA Conduct of Business Rules (all such persons together being referred to as "relevant persons");
 - 4.32 if the Investor is in the European Economic Area ("EEA"), the person is a "Professional Client/Eligible Counterparty" within the meaning of Annex II/Article 24 (2) of MiFID and is not

participating in the Placing on behalf of persons in the EEA other than Professional Clients or persons in the UK and other member states (where equivalent legislation exists) for whom the Investor has authority to make decisions on a wholly discretionary basis;

- 4.33 in the case of a person who confirms to Numis on behalf of an Investor an agreement to acquire Placing Shares under the Placing and who is acting on behalf of a third party, that the terms on which the Investor (or any person acting on its behalf) are engaged enable it to make investment decisions in relation to securities on that third party's behalf without reference to that third party;
- 4.34 Numis is not making any recommendation to the Investor or advising the Investor regarding the suitability or merits of participation in the Placing or any transaction the Investor may enter into in connection with the Placing or otherwise. The Investor is not Numis' client in connection with the Placing and Numis will not be responsible to any Investor for providing the protections afforded to Numis' clients or providing advice in relation to the Placing and Numis will not have any duties or responsibilities to any Investor similar or comparable to "best execution" and "suitability" imposed by the Conduct of Business Sourcebook contained in the Rules of the FCA;
- 4.35 the exercise by Numis of any rights or discretions under the Placing Agreement shall be within its absolute discretion and Numis need not have any reference to any Investor and shall have no liability to any Investor whatsoever in connection with any decision to exercise or not to exercise or to waive any such right and each Investor agrees that it shall have no rights against Numis or its directors or employees under the Placing Agreement;
- 4.36 it irrevocably appoints any director of Numis as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing and otherwise to do all acts, matters and things as may be necessary for, or incidental to, its acquisition of any Placing Shares in the event of its failure so to do; and
- 4.37 it will indemnify and hold the Company and Numis and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix will survive after completion of the Placing.

The Company and Numis will rely upon the truth and accuracy of each of the foregoing representations, warranties and undertakings.

5. SUPPLY AND DISCLOSURE OF INFORMATION

If any of Numis, the Registrars or the Company or any of their respective agents request any information about an Investor's agreement to acquire Placing Shares, such Investor must promptly disclose it to them.

6. MISCELLANEOUS

The rights and remedies of Numis, the Registrars and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Investor may be asked to disclose, in writing or orally to Numis:

- 6.1 if he is an individual, his nationality; or
- 6.2 if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Numis.

Each Investor agrees to be bound by the Articles (as amended from time to time) once the Placing Shares which such Investor has agreed to acquire have been acquired by such Investor.

The provisions of this Appendix may be waived, varied or modified as regards specific Investors or on a general basis by Numis.

The contract to acquire Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Numis, the Company and the Registrars, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to acquire Placing Shares, references to an “Investor” in these terms and conditions are to each of such Investors and such joint Investors’ liability is joint and several.

Numis and the Company each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Placing Shares under the Placing are determined.

Keywords Studios Plc

An international technical services provider to the video games industry

