



Keane Limited

Directors' Report and Financial Statements

Registered number 1641088

31 December 2009



Contents

Directors' Report	1
Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements	5
Independent auditors' report to the members of Keane Limited	6
Profit and Loss Account	8
Balance Sheet	9
Statement of Total Recognised Gains and Losses	10
Notes	11

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

Principal activity

The principal activity of the company during the year was the supply of IT solution services. The company partners with its clients to optimise their IT investments by delivering exceptional operation, maintenance, and evolution of systems and business processes. Keane's ShoreWise Adaptive DeliverySM model optimises local accountability and global delivery to bring the right skills at the right cost to create a solution that's exactly right for each client.

Business review

Building on the changes in the Management Team in 2008, the company has strengthened both the operations and sales teams as part of a global focus on sales growth.

The results for the year are shown on page 8. The directors are satisfied with the progress made by the company and expect the business to grow in the future.

Profit on ordinary activities before taxation of £2.8m (2008 loss of £1.6m) includes net foreign exchange gains, relating almost entirely to unrealised foreign exchange gains on the parent company loan, of £1.0m (2008 losses of £3.0m).

Net liabilities increased by £0.7m from £13.0m as at 31 December 2008 to £13.7m as at 31 December 2009. This increase was largely due to the £1.1m increase in the pension fund liability from £11.3m to £12.4m.

On 14 May 2009 Fast Track Holdings Limited (a non-trading subsidiary) was dissolved and its investment in Fast Track Consulting Limited of £nil was transferred to the company.

During the third quarter of 2009, the director initiated the dissolution of Parallax Holdings Limited (a non-trading subsidiary) and Keane Europe Limited (the company's former parent company). These companies were dissolved on 12th January 2010 and 16th March 2010 respectively.

Subsequent to the balance sheet date, the assets, liabilities and trade of a trading subsidiary, Fast Track Consulting Limited, were transferred to the company for a nominal payment of £1.

Key performance indicators

Performance during the year, together with historical trend data, is set out below.

Revenue and growth in revenue

	2009	2008
Revenue (£)	10,778,464	15,543,962
Decline in revenue (£)	(4,765,498)	(5,593,937)
Decline in revenue (%)	(30.66%)	(26.46%)

The decline in revenue (year-on-year) and the decline in revenue percentage (decline in revenue expressed as a percentage) reflect the impact of the global financial crisis that began in the third quarter of 2009. It also reflects the directors' desire to retain the more profitable contracts as a number of development projects were completed during the year and options to extend them were not taken up.

Directors' Report *(continued)*

Gross profit percentage

	2009	2008
Gross profit (£)	4,192,948	5,075,695
Gross profit (%)	38.90%	32.65%

The gross profit percentage is the ratio of gross profit to revenue expressed as a percentage. Despite the reduction in revenue, gross profit percentage has improved during 2009. This is the result of operational improvement initiatives and the more profitable contracts being retained by the company.

Operating profit percentage

	2009	2008
Operating profit (£)	2,433,464	1,871,376
Operating profit (%)	22.58%	12.04%

The operating profit percentage is the ratio of operating profit to revenue expressed as a percentage. Despite the reduction in revenue, both operating profit and operating profit percentage have improved from 2008. The improvement is largely due to the company's cost reduction program and operational improvement initiatives.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below. The directors review the risks and appropriate processes are put in place to monitor and mitigate them. The principal risks identified are:

Economic environment

Uncertainty in the economic outlook may slow down our rate of business growth in the short term as companies consider alternative strategies for retaining their profitability in a more difficult market. However, it is expected that most companies will continue to include outsourced computer services as an integral part of that strategy.

Competitive environment

The company operates in a highly competitive market in which it competes with other large IT solutions services companies and smaller local or regional IT solutions services companies. A decrease in the number of projects undertaken or fees charged due to competition with other IT solutions services companies or service providers could have a material adverse effect on the business, financial condition and results of the company. The company manages this risk by providing high quality, value added services to its customers and by maintaining strong relationships with its existing customers, whilst continuing to build a pipeline of new customers.

Loss of a key customer

The company has three customers that accounted for 64.0% (2008: 45.0%) of the company's revenue in 2009. The loss of a key customer might have a material adverse effect on the business, financial condition and results of operations of the company.

Directors' Report *(continued)*

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, debt market prices, credit risk, liquidity risk, and interest rate risk. The policies set by the directors are implemented by the company's finance department which has been strengthened through recruitment in the past year.

Exchange rates

The majority of the company's costs and revenue are based in pounds sterling. However, the loan in place from the parent company, Keane Inc, is denominated in US dollars and this exposes the company to foreign exchange gains and losses. These foreign exchange fluctuations could materially affect the financial results of the company.

Credit risk

The company has implemented policies that require appropriate checks on potential customers before services are provided.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and liabilities. Interest bearing assets comprise cash balances which earn interest at variable rates. Where possible, the company maintains debt at fixed interest rates to ensure certainty of future interest cash flow. The company has a Global Treasury department in the US who determine cash management policies in line with parent company requirements.

The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Going concern

Since 31 December 2009 the company has financed its day to day activities from its operating cash flows and has accumulated additional cash reserves. Although the current economic conditions do create some level of uncertainty over the demand for the company's services, based on current financial forecasts, the directors expect continued cash inflows from operations in the foreseeable future.

The company had net liabilities of £13,664,233 as at 31 December 2009 (2008 £13,014,411). The company's principal long term liabilities were the deficit on the defined benefit pension fund and the intercompany loan with Keane Inc.

As part of the routine review required under UK pension legislation, the company's management concluded an agreement with the Trustees of this defined benefit pension fund to agree a new funding schedule. The new funding schedule covers the period to May 2021 and the key elements of the schedule are a one off payment of £2.5m (made in June 2009), an increase in the regular monthly contributions to £75,000 per month from July 2009, and an annual RPI increase in the regular monthly contributions from July 2010. Having reviewed the company's financial forecasts, the directors consider that these payments will be made from the company's operating cash flows for the foreseeable future.

The intercompany loan is not required to be repaid except on the winding up of the company.

Taking into consideration all of the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

Directors' Report *(continued)*

Dividends

No dividends were paid during the year (2008 £nil)

Directors

The directors who held office during the year were as follows

C M D Setterington	(resigned 5 th January 2010)
I Miller	(appointed 8 th December 2009)
C E Webster	(appointed 8 th December 2009)
J Downing	(appointed 8 th December 2009)

Directors' indemnities

The company's ultimate parent company, Keane International Inc, maintains liability insurance for the company's directors and officers. The liability insurance includes an indemnity for the company's directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Auditors and disclosure of information to auditors

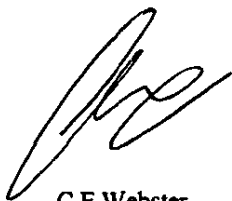
The directors who held office at the date of approval of this directors' report confirms that

- So far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



C E Webster
Director

Date 8th July 2010

65 Leadenhall Street
London
EC3A 2AD

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing the company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditors' report to the members of Keane Limited

We have audited the financial statements of Keane Limited for the year ended 31 December 2009 set out on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Keane Limited *(continued)*

Matters on which we are required to report by exception

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

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



Simon Baxter

For and on behalf of KPMG LLP, Statutory Auditor

KPMG LLP
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

15 July 2010

Profit and Loss Account
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Turnover	2	10,778,464	15,543,962
Cost of sales		(6,585,516)	(10,468,267)
Gross profit		4,192,948	5,075,695
Administrative expenses		(1,759,972)	(3,208,781)
Other operating income		488	4,462
Operating profit	3	2,433,464	1,871,376
Interest receivable and similar income	6	17,917	160,963
Net foreign exchange gains / (losses)	7	992,251	(3,041,666)
Interest payable and similar charges	8	(693,526)	(597,693)
Profit / (loss) on ordinary activities before taxation		2,750,106	(1,607,020)
Tax on profit / (loss) on ordinary activities	9	292,919	-
Profit / (loss) for the financial year		3,043,025	(1,607,020)

All figures relate to continuing operations

There are no material differences between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the years stated above and their historical cost equivalents

Balance Sheet
at 31 December 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible fixed assets	10		32,686		53,905
Fixed asset investments	11		-		-
			<hr/>		<hr/>
			32,686		53,905
Current assets					
Debtors amounts falling due within one year	12	7,387,958		23,177,812	
Cash at bank and in hand		5,017,044		4,624,153	
		<hr/>		<hr/>	
		12,405,002		27,801,965	
Creditors: amounts falling due within one year	13	(3,966,710)		(18,890,911)	
		<hr/>		<hr/>	
Net current assets			8,438,292		8,911,054
			<hr/>		<hr/>
Total assets less current liabilities			8,470,978		8,964,959
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	14		(9,696,207)		(10,715,897)
			<hr/>		<hr/>
Net liabilities excluding pension deficit			(1,225,229)		(1,750,938)
			<hr/>		<hr/>
Pension deficit	15		(12,439,004)		(11,263,473)
			<hr/>		<hr/>
Net liabilities including pension deficit			(13,664,233)		(13,014,411)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		2,129,536		2,129,536
Share premium account			11,406,048		11,406,048
Profit and loss account	18		(27,199,817)		(26,549,995)
			<hr/>		<hr/>
Shareholder's deficit	19		(13,664,233)		(13,014,411)
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 8th July 2010 and were signed on its behalf by


C.E. Webster
Director

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2009

	2009 £	2008 £
Profit / (loss) for the financial year	3,043,025	(1,607,020)
Actuarial loss recognised in the pension scheme	(3,735,387)	(28,387)
Total recognised gains and losses relating to the financial year	692,362	(1,635,407)
Total gains and losses recognised since last financial statements	692,362	

Notes

(forming part of the financial statements)

1 Accounting policies

General information

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by Keane UK Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Keane UK Limited, within which this company is included, can be obtained from the address given in note 22.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the company's activities. Revenue is shown net of value-added tax, rebates and discounts.

The company recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the company's activities described below. The company bases its estimates on historical results, taking into consideration the type of client, the type of transaction, and the specifics of each arrangement.

Revenue in respect of time and material contracts is recognised as services are rendered and as direct expenses are incurred.

Revenue in respect of fixed price contracts is recognised as services are rendered under the percentage of completion method and as direct expenses are incurred. Under the percentage of completion method, revenue is generally recognised based on the estimate of services performed to date as a percentage of the total services to be performed. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management. The company regularly reviews profitability and underlying estimates for fixed price contracts. Losses, if any, on fixed price contracts are recorded in the period in which the loss is identified.

Deferred revenue represents the estimated unearned portion of fees received or receivable to the extent they are considered recoverable.

Notes (continued)

1 Accounting policies (continued)

Other income

Income that cannot be classified as revenue, interest receivable and similar income, or income from shares in group undertakings is classified as other income

Foreign currencies

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency") These financial statements are presented in Sterling, which is the company's functional and presentation currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within the profit and loss account

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation Historical cost comprises the purchase price together with all expenses directly incurred in bringing the asset to its location and condition ready for use Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably When an item is replaced, the carrying amount of the replaced item is derecognised All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred

Depreciation is provided on all tangible fixed assets in order to write down the cost, less the estimated residual value, of each asset over their estimated economic lives on a straight line basis at the following rates

Computer equipment and fixtures and fittings	-	2 – 10 years
--	---	--------------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account

Investments

Investments held as fixed assets are stated at cost less any impairment

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised to the extent that the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use Non-financial assets other than goodwill that suffered an impairment loss are reviewed for possible reversal of the impairment at each reporting date

Notes (continued)

1 Accounting policies (continued)

Amounts recoverable on contracts

Amounts recoverable on contracts are stated at the proportion of the anticipated revenue earned to date less amounts billed on account. To the extent that fees paid on account exceed the value of work performed, they are included in creditors as payments on account.

Classification of financial instruments issued by the company

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not discounted.

Leases and hire purchase commitments

Leases of tangible fixed assets where substantially all the risks and rewards of ownership have been transferred to the company are classified as finance leases. Finance leases and hire purchase contracts are recorded on the inception of the lease or contract at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in creditors. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The tangible fixed assets acquired under finance leases or hire purchase contracts are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Employee benefits

Pension obligations

The company operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The company has both defined benefit and defined contribution plans.

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation, employee benefit costs, and contributions are calculated by independent, qualified actuaries on the basis of triennial valuations using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. The assets of the scheme are held separately from those of the company. The assets of the scheme are measured using market values. For quoted securities the bid price is taken as market value. Contributions to defined benefit plans are charged to the profit and loss account so as to spread the cost over the average remaining service lives of the employees.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of recognised gains and losses in the period in which they arise.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus plans

The company recognises a liability and an expense for bonuses based on individual performance and on formulae that take into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes (continued)

1 Accounting policies (continued)

Share based payments

The share option programmes allow employees to acquire shares of the ultimate parent company, Keane International Inc. For equity settled grants granted after 7 November 2002, but not vested on 1 January 2006, a charge is recognised in the profit and loss account as an employee expense with a corresponding increase in equity. The fair value of the share option is measured at the grant date and is spread over the period during which the employees become unconditionally entitled to the share options. The fair value of the share options granted is measured using an option pricing model which takes into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Where the Company's parent grants rights to its equity instruments to the Company's employees and these are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as equity-settled.

In December 2009, as part of a series of related transactions aimed at providing liquidity to certain holders of vested stock options and to realign equity-based incentives, Keane International Inc. offered to reprice and redeem at a price of \$8.00 per share all fully vested and non-vested outstanding stock options with exercise prices ranging from \$10.90 to \$26.95 per share. Following conclusion of the offer, 28,000 qualifying options held by 4 employees were repriced to \$8.00 per share. This restructure is accounted for as a modification under which the expense relating to any increase in fair value of the options has been accelerated over the remaining vesting period. The additional expense for the year was £22,480.

2 Analysis of turnover

The turnover for the year was derived from the company's principal activity and is attributable to geographical markets as follows:

	2009 £	2008 £
United Kingdom	9,492,214	13,884,696
Rest of Europe	863,066	119,054
North America	423,184	1,030,358
Rest of the world	-	509,854
	<hr/> 10,778,464 <hr/>	<hr/> 15,543,962 <hr/>

Notes (continued)

3 Operating profit

	2009 £	2008 £
<i>Operating profit is stated after charging.</i>		
Depreciation of owned fixed assets	17,545	47,879
Loss on disposal of owned fixed assets	9,279	-
Share based payment charge	42,540	10,543
Hire of other assets – operating leases	22,500	497,517
	<u> </u>	<u> </u>

	2009 £	2008 £
<i>Auditors' remuneration</i>		
Audit of these financial statements	62,000	107,480
Adjustment to audit fee in respect of previous periods	51,781	54,612
Other services relating to taxation	-	700
	<u> </u>	<u> </u>

4 Staff numbers and costs

The aggregate payroll costs of persons employed by the Company were as follows

	2009 £	2008 £
Wages and salaries	3,828,090	5,175,268
Social security costs	321,024	551,061
Other pension costs	527,008	746,227
	<u> </u>	<u> </u>
	4,676,122	6,472,556
	<u> </u>	<u> </u>
Other pension costs comprise		
Defined benefit scheme current service costs (see note 15)	268,000	434,937
Defined contribution and defined benefit scheme contributions	259,008	311,290
	<u> </u>	<u> </u>
	527,008	746,227
	<u> </u>	<u> </u>

Notes (continued)

4 Staff numbers and costs (continued)

The average number of persons employed by the Company (including directors) during the year was as follows

	Number of employees	
	2009	2008
Distribution	-	1
Administration	7	5
Production	73	91
	<u>80</u>	<u>97</u>

5 Directors' emoluments

	2009 £	2008 £
Aggregate emoluments	27,938	-
Company contributions to money purchase pension schemes	2,358	-
	<u>30,296</u>	<u>-</u>

	Number of directors	
	2009	2008
Retirement benefits are accruing to the following number of directors under		
Money purchase pension scheme	<u>3</u>	<u>-</u>

C M D Settrington was a director of fellow Keane International Inc subsidiaries during the year to 31 December 2009. He received no emoluments in respect of qualifying services to Keane Limited, but received remuneration from Keane International (UK) Limited, on whose business he spent the majority of his time. Details of his remuneration are disclosed in the Keane International (UK) Limited directors' report and financial statements.

Three new directors were appointed by the company during December 2009. Their emoluments and pension contributions were borne by Keane Limited and no recharges were made to other Keane International Inc subsidiaries to which they were appointed as directors at the same time. Had a recharge been made on the basis of the directors' time spent, the company's directors' emoluments would have decreased by £13,969 and the contributions to money purchase pension schemes by £1,179.

Notes (continued)

6 Interest receivable and similar income

	2009 £	2008 £
Interest receivable on cash and cash equivalents	7,186	158,923
Interest from HMRC	706	2,040
Group undertaking receivables written back	10,025	-
	<u>17,917</u>	<u>160,963</u>

7 Net foreign exchange gain / (loss)

	2009 £	2008 £
Net foreign exchange gain / (loss)	<u>992,251</u>	<u>(3,041,666)</u>

8 Interest payable and similar charges

	2009 £	2008 £
Interest payable on loan from parent company (see note 14)	213,382	334,827
Net finance expense in respect of defined benefit pension scheme (see note 15)	480,144	262,866
	<u>693,526</u>	<u>597,693</u>

9 Tax on profit / (loss) on ordinary activities

Analysis of charge in year

	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on income for the year	43,407	-
<i>Deferred tax</i>		
Originating and reversal of timing differences	187,652	-
Adjustments in respect of previous periods	(523,978)	-
	<u>(336,326)</u>	<u>-</u>
	<u>(292,919)</u>	<u>-</u>

Notes (continued)

9 Tax on profit / (loss) on ordinary activities (continued)

The tax charge for the period is lower (2008 higher) than the standard rate of corporation tax in the United Kingdom. The differences are explained below.

	2009 £	2008 £
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	2,750,106	(1,607,020)
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	770,030	(458,001)
<i>Effects of</i>		
Expenses not deductible for tax purposes	526	565
Capital allowances in excess of depreciation	(83,009)	12,374
Other timing differences	(613,319)	(114,914)
Group relief (received) / surrendered for nil payment	(17,454)	50,133
Unrelieved tax losses carried forward	-	509,843
Utilisation of brought forward losses	(13,367)	-
Total current tax charge (see above)	43,407	-
 Deferred tax asset		
	2009 £	2008 £
Decelerated capital allowances	346,648	-
Other timing differences	24,678	-
	371,326	-
 Unrecognised deferred tax asset		
	2009 £	2008 £
Accelerated capital allowances	-	433,324
Tax losses	192,518	3,397,583
Other timing differences	3,819,166	243,998
	4,011,684	4,942,641

At 31 December 2009 a deferred asset of £4,011,684 (2008 £4,942,641) has not been recognised on the grounds that there is insufficient evidence that the asset will be recovered in the foreseeable future.

Notes (continued)

10 Tangible fixed assets

	Computer equipment and fixtures & fittings £
Cost	
At beginning of year	128,067
Additions	5,605
Disposals	(48,169)
	<hr/>
At end of year	85,503
	<hr/>
Depreciation	
At beginning of year	(74,162)
Charge for year	(17,545)
On disposals	38,890
	<hr/>
At end of year	(52,817)
	<hr/>
Net book value	
At 31 December 2009	32,686
	<hr/>
At 31 December 2008	53,905
	<hr/>

11 Fixed asset investments

	Shares in group undertakings £
Cost	
At beginning and end of year	14,024,517
	<hr/>
Provision	
At beginning and end of year	(14,024,517)
	<hr/>
Net book value	
At 31 December 2009 and 31 December 2008	-
	<hr/>

On 14 May 2009 Fast Track Holdings Limited (a non-trading subsidiary) was dissolved and its investment in Fast Track Consulting Limited of £nil was transferred to the company

Notes (continued)

11 Fixed asset investments (continued)

At 31 December 2009, the company owned the entire issued share capital of Parallax Holdings Limited, a company incorporated in England and Wales, and Fast Track Consulting Limited

12 Debtors

	2009 £	2008 £
<i>Amounts falling due within one year</i>		
Trade debtors	1,236,758	2,030,269
Amounts owed by fellow Keane International Inc group companies	4,558,144	10,802,035
Amounts owed by subsidiaries of Keane Ltd	508,863	9,406,177
Amounts recoverable on contracts	454,885	644,006
Other debtors	533,081	166,001
Prepayments and accrued income	96,227	129,324
	<hr/> 7,387,958 <hr/>	<hr/> 23,177,812 <hr/>

Amounts owed by fellow Keane International Inc group companies and Keane Limited subsidiaries falling due within one year are unsecured, bear no interest, and are repayable on demand

13 Creditors: amounts falling due within one year

	2009 £	2008 £
8% cumulative redeemable preference shares of £1 each	500,000	500,000
Trade creditors	73,025	122,312
Amounts due to fellow Keane International Inc group companies	1,584,093	7,596,225
Amounts due to subsidiaries of Keane Ltd	4,189	8,380,776
Taxation and social security	1,112,595	1,077,935
Accruals and deferred income	692,808	1,213,663
	<hr/> 3,966,710 <hr/>	<hr/> 18,890,911 <hr/>

The 8% cumulative redeemable preference shares of £1 each have the following rights

Dividends

The preference shares originally carried a cumulative dividend of 8% payable annually in arrears. In 2007 the shareholder signed an agreement waiving all accrued and future dividends until such time as notice is given that the shareholder wishes to reverse the waiver. In such case, dividends will accrue from the half year following notice of such a change.

Notes (continued)

13 Creditors: amounts falling due within one year (continued)

Voting

The preference shares carry no votes at general meetings

Redemption

The preference shares are redeemable upon either the admission of ordinary shares to the official list of the London Stock Exchange, Alternative Investment Market of the London Stock Exchange or any other recognised exchange or upon three months notice of the shareholders being served on the company, together with any preference dividend due up to the date of redemption and any interest thereon

Winding up

On winding up the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend

Amounts due to fellow Keane International Inc group companies and Keane Limited subsidiaries falling due within one year are unsecured, bear no interest, and are repayable on demand

14 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to parent company	9,696,207	10,715,897

This loan is denominated in US dollars, is unsecured, bears interest at a rate of 2.06% (2008 4.15%) per annum, and is repayable upon the winding up of the company

15 Pension scheme

Retirement and death benefits are provided for eligible employees in the United Kingdom principally by the Keane Limited Pension Scheme. The defined benefit pension scheme was closed to new entrants on 1 April 2004. At the same time, the company established a defined contribution scheme to provide benefits to new employees. The assets of the schemes are held in self-administered trust funds separately from the company's assets.

Defined benefit scheme

In the year to 31 December 2009, the company paid regular contributions to the defined benefit pension scheme of £540,000, net of pension levy.

As part of the regular Defined Benefit Pension Scheme valuation and funding cycle, the company concluded a funding plan with the scheme's Trustees covering the period to May 2021. This involved a payment of £2.5m, made in June 2009, an increase in the regular monthly contributions to £75,000 from July 2009, and an annual RPI increase on the total monthly contributions from July 2010.

An actuarial valuation of the Keane Limited Pension Scheme using the projected unit method was carried out for the period ended 31 December 2009 by Capita Hartshead Solutions Ltd, independent consulting actuaries.

Notes (continued)

15 Pension scheme (continued)

	2009 £000	2008 £000
Fair value of plan assets before deduction of illiquidity discount	20,095	15,670
Illiquidity discount	-	(1,150)
Fair value of plan assets including illiquidity discount	20,095	14,520
Present value of funded defined benefit obligations	(32,534)	(25,783)
Deficit	(12,439)	(11,263)
Related deferred tax asset	-	-
Net liability	(12,439)	(11,263)

Movements in present value of defined benefit obligation

	2009 £000	2008 £000
At 1 January	25,783	30,165
Current service cost	268	435
Interest cost	1,531	1,684
Actuarial losses / (gains)	5,749	(5,866)
Benefits and other payments	(797)	(635)
At 31 December	32,534	25,783

Due to the uncertainty in the financial markets at the time of valuation of certain of the pension scheme's assets as at 31 December 2008, a 20% illiquidity discount was applied to the valuation of some of the investments in the GLG Multi-Strategy Fund. The need for this was reassessed in 2009. Due to improved Fund liquidity, the discount has been reversed.

Movements in fair value of plan assets

	2009 £000	2008 £000
At 1 January	14,520	18,067
Expected return on plan assets	1,051	1,421
Actuarial gains/(losses)	2,013	(4,744)
Contributions by employer	3,308	1,561
Benefits and other payments	(797)	(635)
At 31 December	20,095	15,670
Illiquidity discount	-	(1,150)
Value of plan assets including illiquidity discount	20,095	14,520

Notes (continued)

15 Pension scheme (continued)

Expense recognised in the profit and loss account

	2009 £000	2008 £000
Current service cost	(268)	(435)
Interest on defined benefit pension plan obligation	(1,531)	(1,684)
Expected return on defined benefit pension plan assets	1,051	1,421
	<hr/>	<hr/>
Total	(748)	(698)
	<hr/>	<hr/>

The expense is recognised in the following line items in the profit and loss account

	2009 £000	2008 £000
Administrative expenses	(268)	(435)
Interest payable and similar charges	(480)	(263)
	<hr/>	<hr/>
	(748)	(698)
	<hr/>	<hr/>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £3,735,387 (2008 £28,387)

Cumulative actuarial gains / (losses) reported in the statement of total recognised gains and losses for accounting periods after December 2004 are

2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
(3,735)	(28)	(3,708)	258	(1,838)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

15 Pension scheme (continued)

The fair value of the plan assets and the return on those assets were as follows

	<i>Expected rate of return</i>	<i>2009 Fair value £000</i>	<i>Expected rate of return</i>	<i>2008 Fair value £000</i>
Hedge fund net of illiquidity discount	6.2%	6,656	6.75%	4,604
Total return fund	6.2%	12,416	6.75%	7,879
Bonds	6.2%	601	6.00%	547
Property	6.2%	410	5.75%	395
Cash/other	6.2%	12	6.75%	1,095
Total		20,095		14,520
Actual return on plan assets before allowing for illiquidity discount		19.5%		(18.17%)
Actual return on plan assets after allowing for illiquidity discount		19.5%		(24.49%)

The assets of the Scheme were invested with BlackRock, GLG and Legal & General Investment Management. The Trustees of the Scheme have decided to transfer the Scheme's assets to two new main fund managers, Standard Life and Newton, with a small proportion of the assets remaining with GLG in the short term. The above expected return of 6.2% has been calculated by allowing for the expected change in the investment strategy. The fair value of the investments shown in the table above corresponds to the actual investment strategy as at 31 December 2009.

The fair value of plan assets does not include any amount for Keane Limited's own financial instruments and property occupied, or other assets used.

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

As the cash holding at valuation date is temporary and does not represent the long term investment strategy, the expected rate of return on cash has been set equal to that on the Scheme's main assets.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2009 %	2008 %
Discount rate	5.50%	6.00%
Expected rate of return on plan assets	6.20%	6.70%
Expected return on plan assets at beginning of the period	6.70%	7.86%
Future salary increases	N/A	N/A
Pension increases in payment at the 5% LPI rate	3.45%	2.88%
RPI	3.70%	3.00%

Post retirement mortality assumption

PxA92, year of birth,
medium cohort projections

Notes (continued)

15 Pension scheme (continued)

In valuing the liabilities of the pension fund at 31 December 2009, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2009 would have increased by £464,089 before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22 years (male), 25 years (female)
- Future retiree upon reaching 65 (based on retiring in 13 years): 23 years (male), 26 years (female)

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of scheme liabilities	(32,534)	(25,783)	(30,165)	(25,403)	(23,954)
Fair value of scheme assets	20,095	14,520	18,067	16,914	15,085
Deficit	<u>(12,439)</u>	<u>(11,263)</u>	<u>(12,098)</u>	<u>(8,489)</u>	<u>(8,869)</u>

Experience adjustments

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Experience adjustments on scheme liabilities	(5,749)	5,866	(3,554)	(379)	(3,503)
Experience adjustments on scheme assets	2,013	(4,744)	(154)	637	1,665

The Company expects to contribute approximately £900,000 to its defined benefit plans in the next financial year.

Monthly contributions	2009 £000
January to December	<u>900</u>

The company also operates a defined contribution pension scheme. At 31 December 2009 there were outstanding contributions of £23,445 (2008: £nil). The costs of the scheme are charged to the profit and loss account in the period in which they are incurred. Costs for the year amounted to £188,083 (2008: £511,727).

Notes (continued)

16 Employee share Schemes

Amended and restated 2007 Global Employee Stock Incentive plan

In October 2007, Keane International Inc, the parent company, amended and restated its 2006 Global Employee Stock Option Plan into an equity based incentive compensation plan called the Keane International Inc Amended and Restated 2007 Global Employee Stock Incentive Plan (2007 Plan). A committee of the Keane International Inc's Board of Directors administers the 2007 Plan and determines the terms of the options granted under the 2007 Plan, including the exercise price, number of shares subject to each option and the exercisability thereof. Options generally vest ratably over 4-6 years. The contractual life of each option is 10 years after the date of grant.

In December 2009, as part of a series of related transactions aimed at providing liquidity to certain holders of vested stock options and to realign equity-based incentives, Keane International Inc offered to reprice and redeem at a price of \$8.00 per share all fully vested and non-vested outstanding stock options with exercise prices ranging from \$10.90 to \$26.95 per share. Following conclusion of the offer, 28,000 qualifying options held by 4 employees were repriced to \$8.00 per share. This restructure is accounted for as a modification under which the expense relating to any increase in fair value of the options has been accelerated over the remaining vesting period. The additional expense for the year was £22,480.

The movement in the options during the year ended 31 December 2009 under the above plan is set out below. Figures presented in the tables below are the dollar denominated exercise price of the options, restated at the year-end exchange rate.

Particulars	2009		2008	
	<u>Shares arising out of Options</u>	<u>Weighted Average Exercise Price \$</u>	<u>Shares arising out of Options</u>	<u>Weighted Average Exercise Price \$</u>
Outstanding options at the beginning of the year	35,000	14.53	40,000	13.34
Add Options on account of employee transfer from Group Company	500	14.53	-	-
Granted during the year	125,000	5.11	20,000	14.53
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Forfeited during the year	7,500	17.22	25,000	14.53
Outstanding options at the end of the year	153,000	5.11	35,000	14.53
Options exercisable at the end of the year	4,000	5.11	-	-

The following table summarizes information relating to stock options outstanding under the above plan as of 31 December 2009.

Exercise Price (£)	Options outstanding	Weighted average remaining contractual life
5.11	153,000	9.59

Notes (continued)

16 Employee share Schemes (continued)

Share based payment expenses included in the company's results are as follows

	2009 £	2008 £
Total expense recognised	<u>42,540</u>	<u>10,543</u>

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes Merton option model with the following assumptions

	2009	2008
Dividend yield %	0%	0%
Expected life	6.26	6.23 to 6.38
Risk free interest rate	3.06	2.64 to 3.48
Volatility	45%	40-43%

17 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
4,260,000 Ordinary shares of £0.50 each	<u>2,130,000</u>	<u>2,130,000</u>
<i>Allotted, called up and fully paid</i>		
4,259,072 Ordinary shares of £0.50 each	<u>2,129,536</u>	<u>2,129,536</u>

18 Reserves

	Share premium account £	Profit and loss account £	Total £
At beginning of year	11,406,048	(26,549,995)	(15,143,947)
Profit for the year	-	3,043,025	3,043,025
Share option charge	-	42,540	42,540
Actuarial loss on pension scheme	-	(3,735,387)	(3,735,387)
At end of year	<u>11,406,048</u>	<u>(27,199,817)</u>	<u>(15,793,769)</u>

Notes (continued)

19 Reconciliation of movements in shareholder's deficit

	2009 £	2008 £
Profit / (loss) for the financial year	3,043,025	(1,607,020)
Share option charge	42,540	22,153
Actuarial loss on pension scheme	(3,735,387)	(28,387)
Net increase in shareholder's deficit	(649,822)	(1,613,254)
Opening shareholder's deficit	(13,014,411)	(11,401,157)
Closing shareholder's deficit	(13,664,233)	(13,014,411)

20 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2009 Land and buildings £	2008 Land and buildings £
Operating leases which expire Within one year	-	45,200

21 Post balance sheet events

Subsequent to the balance sheet date, the assets, liabilities and trade of a trading subsidiary, Fast Track Consulting Limited, were transferred to the company for a nominal payment of £1

22 Ultimate parent company undertaking

The company's immediate parent undertaking is Keane UK Limited, a company registered in England and Wales

The parent company of the smallest group for which consolidated financial statements are prepared and into which the results of the company are consolidated is Keane UK Limited. The financial statements of Keane UK Limited are publicly available and may be obtained from its registered office at 65 Leadenhall Street, London, EC3A 2AD

The parent company of the largest group for which consolidated financial statements are prepared is Keane International Inc, a company registered in the United States of America. The financial statements of Keane International Inc are not publicly available

The ultimate controlling shareholder of the company is Citigroup venture Capital International Technology Holdings, LLC, a corporation registered in the United States of America