QUIXANT PLC
INTERIM REPORT 2016

Quixant

HIGHLIGHTS

Financial highlights

- Group revenue of $41.3m
  - Quixant core Gaming division revenue up 56% to $21.2m (1H 2015: $13.6m)
  - Densitron division revenue of $20.1m
- Group gross margin 35%
  - Quixant core Gaming division gross margin 42% (1H 2015: 44%)
  - Densitron division gross margin 28%
- Group adjusted EBITDA[1] of $6.0m (1H 2015: $3.1m)
  - Quixant core Gaming division up 52% to $4.7m (1H 2015: $3.1m)
  - Densitron division $1.3m
- Group pre-tax profit of $4.4m (1H 2015: $2.6m)
- Group adjusted pre-tax profit[1] of $4.5m (1H 2015: $2.7m)
  - Quixant core Gaming division up 27% to $3.4m (1H 2015: $2.7m)
  - Densitron division $1.1m
- Fully diluted EPS of $0.052/share (1H 2015: $0.031/share)
- Adjusted fully diluted EPS[2] of $0.052/share (1H 2015: $0.032/share)
- Net cash from operating activities of $6.1m (1H 2015: $5.1m)
- Net debt at 30 June 2016 of $3.3m (31 December 2015: $7.9m)

1. Adjusted by adding back $0.150m in respect of share based payments (1H 2015: $0.097m)
2. Adjusted by adding back $0.150m in respect of share based payments and subtracting the associated tax effect of $0.030m (1H 2015: $0.097m adjustment less tax effect of $0.019m).

Operational highlights

- Commenced volume shipments of gaming platforms to a Tier 1 side project won in 2015
- Secured side project business with another new Tier 1 for gaming platforms
- Strong growth in gaming monitor business with several customers now in mass production, including a Tier 1 customer
- Delivered strong performance from Densitron division and made strategic enhancements to the business to improve long term revenue growth and profitability

CHAIRMAN'S STATEMENT

I am pleased to report on a strong first half performance by the Group, with both the core Gaming division and recently acquired Densitron division performing well. We have delivered growth in both turnover and profits over the first six months of the year, with total turnover of $41.33m, adjusted EBITDA of $5.96m and pre-tax profit of $4.40m. The first full six month contribution from Densitron has made a significant contribution to the results. Quixant's core Gaming division continues to grow strongly both in turnover and profit as we successfully execute our strategy of converting major gaming machine manufacturers to outsourcing the supply and development of their gaming computer platforms to Quixant.

Pleasingly, we have also seen significant interest in Quixant's gaming monitor product range from both new and existing customers. Quixant made a strategic investment in 2015 in the monitor business, bringing on board a specialist team dedicated to business development and product innovation. We have already seen this translate into sales revenue in the first half of the year and a healthy pipeline of new business.

We have initiated several strategies since the acquisition of Densitron which we believe will enhance the division's growth, improve operational efficiency and profitability. Densitron's business has delivered strong performance for the first six months of the year and is well positioned entering the second half.

Quixant is a global business with a diverse international customer base and principally US dollar denominated sales and purchasing. As we also report in US dollars the Group is therefore largely unaffected by the turbulence in currency markets and the long term changes of the UK leaving the European Union.

We have continued to strengthen our balance sheet in the first half of the year and our strong cash generation has enabled us to reduce our net borrowings to $3.3m.

We enter the second half of the year on track to meet market expectations for the full year and with a wealth of opportunities for growth in 2017 and beyond in both gaming and Densitron divisions.

Michael Peagram
Chairman

Quixant

CHIEF EXECUTIVE'S STATEMENT

The first half of 2016 has seen the Group continue to make excellent progress, achieving strong financial growth, creating increasing opportunities in the gaming market and making strategic enhancements in the Densitron division which we believe will deliver considerable benefits in the future.

Our turnover for the half was $41.33m (2015 1H: $13.59m), comprising Gaming division revenue of $21.20m, an increase of 56%, and Densitron division revenue of $20.13m. Adjusted pre-tax profit of $4.55m (Gaming division $3.43m, an increase of 27%, and Densitron division $1.12m) compares to adjusted pre-tax profit to June 2015 of $2.70m.

The Gaming division gross margin was 42% and Densitron division was 28%. Gaming division gross margin in percentage terms was slightly lower than the comparable period due to the significant increase in sales of monitor products which operate on a structurally lower margin.

Gaming division

Sales in Quixant's Gaming division have been strong in the first half as we continue to grow our market share in both gaming platforms and gaming monitors. In May 2016 we announced the signing of a new contract with Ainsworth Game Technology, confirming Quixant as the exclusive supplier of the gaming platforms which power their machines until 2021, consolidating our position with a key customer. Although Ainsworth remains our largest customer, we have continued to diversify our customer base and revenues.

Our progress with Tier 1 customers continues, demonstrated by our success in winning a side project with a new customer during the first half of the year. We expect this project to generate volume sales in the first half of 2017. We also made volume shipments of gaming platforms to another Tier 1 customer for a project related to betting shops.

Following the commencement of volume production of gaming monitor products in the first half of 2015, we have seen continued growth in this business line, mainly from customers who were introduced in the second half of 2015. Going into 2016, we shipped significant volumes to two major customers. The gaming monitor business has a shorter gestation period than we typically see for gaming platform customers. Our belief that gaming customers would see benefit in being able to select a single trusted supplier for both monitor and computer platform solutions has been confirmed.

Densitron division

In November 2015, Quixant achieved a significant milestone in our first acquisition of Densitron Technologies. This business has progressed in 2016 contributing significant turnover and profit to our results. Several projects that commenced mass production during 2015 have continued during 2016 and significant re-orders have been received from existing customers. We have seen benefits in the first half of the year and expect them to continue into the future.

Since the acquisition, we have focused on strengthening Densitron operations through integration with Quixant personnel in Taiwan and the implementation of Quixant standards across the Group. We continue to refine the Densitron products and sales strategy into the future. It is pleasing to see the Densitron division performing well since the acquisition and we are confident that the improvements we have introduced will lead to further growth and profitability.

Infrastructure for growth

We have taken steps at a group level to create a scalable infrastructure which can support our long term growth objectives. These include establishing a central shared services team which will have responsibility for functions such as IT, HR and legal services.

We have also invested in the team in Taiwan, particularly in the area of gaming monitor and Densitron display solutions, and brought on board several experienced senior hires.

In July 2016 we made our first employee appointment in Australia. Traditionally this market has been serviced out of the UK and US, but given the importance of this market for Quixant's business and the major opportunities presented to us, we believe it is appropriate to have local presence. We identified a candidate who had previously worked as a hardware engineering manager at one of our customers and was responsible for the selection and integration of Quixant's platforms into their machines. This experience and ability makes him a valuable asset to develop our continued growth with our customers in this important region.

Financial review

Revenue for the six months ended 30 June 2016 was $41.33m (1H 2015: $13.59m), comprising Gaming division revenue of $21.20m and Densitron division revenue of $20.13m. Adjusted profit before tax of $4.55m (Gaming division $3.43m and Densitron division $1.12m) compares to first half 2015 adjusted pre-tax profits of $2.70m. Adjusted EBITDA increased 95% to $5.96m (1H 2015: $3.05m). Profit before tax and EBITDA are adjusted to add back share based payments of $0.150m (1H 2015: $0.097m).

Adjusted fully diluted earnings per share (EPS) for the period were $0.052 (1H 2015: $0.032). The adjustment for fully diluted EPS incorporates the tax effect $0.030m of adding back share based payments of $0.150m (1H 2015: $0.097m adjustment for share based payments less tax effect of $0.019m).

The Group continues to maintain a strong balance sheet with net assets at 30 June 2016 of $28.78m (31 December 2015: $25.65m). Intangible assets of $14.79m represent our investment in internally generated R&D together with the goodwill in respect of the acquisitions in 2H 2015. Full details of these acquisitions are provided in our published accounts as at 31 December 2015. Driven by net cash from operating activities of $6.07m (1H 2015: $5.12m) the Group has a cash balance of $8.51m, which compares to $3.86m at the end of December 2015. As a consequence, net debt has fallen to $3.36m, from its year-end level of $7.88m. We have reduced our debtors to $12.58m (31 December 2015: $19.48m), which is in part a reflection of the weighting of our sales in 2015.

The Group maintained a progressive dividend policy in making a payment at 1.5p per share, totaling $1.40m, in May 2016. This was in respect of full year 2015 and represents the third dividend payment made by the Group.

Outlook

Quixant's business is in excellent shape. Within the Gaming division, we have several opportunities to win major business with the largest gaming machine manufacturers and we have continued to invest in the business to ensure we maximise our chances of success. Our decision to aggressively market our gaming monitor line has also yielded success in addressing our customers' desire to have a smaller number of trusted suppliers for the components in their machine. Consequentially, the impact is an increased spend with Quixant.

The Densitron division has also demonstrated growth. We believe that the benefit of the enhancements will lead to improvements in profitability and growth over time in the division.

Following a strong first half, we enter the second half of the year with confidence in achieving market expectations for the full year. Our positioning in several major opportunities also gives us strong confidence for continued growth in 2017 and beyond.

Nick Jarmany
Chief Executive

Quixant

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015 AND YEAR ENDED 31 DECEMBER 2015

	Note	**30 June 2016 $000**	30 June 2015 $000	31 December 2015 $000
Revenue		**41,330**	13,587	41,829
Cost of sales		**(26,971)**	(7,579)	(24,503)
Gross profit		**14,359**	6,008	17,326
Operating expenses		**(9,747)**	(3,395)	(9,464)
Operating profit		**4,612**	2,613	7,862
Financial expenses		**(217)**	(11)	(74)
Profit before tax		**4,395**	2,602	7,788
Taxation	3	**(929)**	(549)	(1,368)
Profit for the period		**3,466**	2,053	6,420
Minority interest		**(3)**	(–)	(–)
Net profit attributable to equity shareholders		**3,463**	2,053	6,420
Basic earnings per share	5	**$0.0535**	$0.0318	$0.0993
Fully diluted earnings per share	5	**$0.0520**	$0.0309	$0.0967

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015 AND YEAR ENDED 31 DECEMBER 2015

	30 June 2016 $000	30 June 2015 $000	31 December 2015 $000
Profit attributable to equity shareholders	**3,463**	2,053	6,420
Foreign currency translation differences	**473**	(24)	(268)
Total comprehensive income for the period	**3,936**	2,029	6,152

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 AND 2015 AND AT 31 DECEMBER 2015

	Note	**30 June 2016 $000**	30 June 2015 $000	31 December 2015 $000
Non-current assets				
Property, plant and equipment		**5,939**	5,220	5,996
Intangible assets		**14,791**	2,451	15,395
Investment property		**676**	–	740
Deferred tax assets		**593**	63	620
Total non-current assets		**21,999**	7,734	22,751
Current assets				
Inventories		**10,535**	5,215	9,285
Trade and other receivables		**12,584**	6,579	19,484
Cash and cash equivalents		**8,512**	8,029	3,861
Total current assets		**31,631**	19,823	32,630
Total assets		**53,630**	27,557	55,381
Current liabilities				
Other interest-bearing loans and borrowings		**(3,686)**	(94)	(2,994)
Trade and other payables		**(10,019)**	(4,323)	(15,274)
Tax payable		**(597)**	(83)	(301)
Total current liabilities		**(14,302)**	(4,500)	(18,569)
Non-current liabilities				
Other interest-bearing loans and borrowings		**(8,183)**	(1,171)	(8,744)
Provisions		**(750)**	–	(750)
Deferred tax liabilities		**(1,615)**	(463)	(1,667)
Total non-current liabilities		**(10,548)**	(1,634)	(11,161)
Total liabilities		**(24,850)**	(6,134)	(29,730)
Net assets		**28,780**	21,423	25,651
Equity attributable to equity holders of the parent				
Share capital	4	**105**	104	104
Share premium		**5,623**	5,181	5,181
Share based payments reserve		**620**	370	470
Retained earnings		**22,365**	15,932	20,299
Translation reserve		**65**	(164)	(408)
		28,778	21,423	25,646
Non-controlling interest		**2**	–	5
Total equity		**28,780**	21,423	25,651

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016, 31 DECEMBER 2015 AND 30 JUNE 2015

	Share capital $000	Share premium $000	Translation reserve $000	Share based payments $000	Retained earnings $000	Total parent equity $000	Non-controlling interest $000	Total equity $000
At 1 January 2015	104	5,181	(140)	273	15,061	20,479	–	20,479
Profit for the six months	–	–	–	–	2,053	2,053	–	2,053
Other comprehensive loss	–	–	(24)	–	–	(24)	–	(24)
Total comprehensive income for the period	–	–	(24)	–	2,053	2,029	–	2,029
Transactions with owners, recorded directly in equity								
Dividends paid	–	–	–	–	(1,182)	(1,182)	–	(1,182)
Share based payments	–	–	–	97	–	97	–	97
Total contributions by and distributions to owners	–	–	–	97	(1,182)	(1,085)	–	(1,085)
At 30 June 2015	104	5,181	(164)	370	15,932	21,423	–	21,423
Profit for the six months	–	–	–	–	4,367	4,367	–	4,367
Other comprehensive loss	–	–	(244)	–	–	(244)	–	(244)
Total comprehensive income for the period	–	–	(244)	–	4,367	4,123	–	4,123
Transactions with owners, recorded directly in equity								
Dividends paid	–	–	–	–	–	–	–	–
Share based payments	–	–	–	100	–	100	–	100
Total contributions by and distributions to owners	–	–	–	100	–	100	–	100
Transactions with owners								
Acquisition of subsidiary with a non-controlling interest	–	–	–	–	–	–	5	5
Total transactions with owners	–	–	–	–	–	–	5	5

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	Share capital $000	Share premium $000	Translation reserve $000	Share based payments $000	Retained earnings $000	Total parent equity $000	Non-controlling interest $000	Total equity $000
At 31 December 2015	104	5,181	(408)	470	20,299	25,646	5	25,651
Profit for the six months	–	–	–	–	3,466	3,466	(3)	3,463
Other comprehensive surplus	–	–	473	–	–	473	–	473
Total comprehensive income for the period	–	–	473	–	3,466	3,939	(3)	3,936
Transactions with owners, recorded directly in equity								
Dividends paid	–	–	–	–	(1,400)	(1,400)	–	(1,400)
Issue of shares	1	442	–	–	–	443	–	443
Share based payments	–	–	–	150	–	150	–	150
Total contributions by and distributions to owners	1	442	–	150	(1,400)	(807)	–	(807)
At 30 June 2016	105	5,623	65	620	22,365	28,778	2	28,780

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 2015 AND YEAR ENDED 31 DECEMBER 2015

	30 June 2016 $000	30 June 2015 $000	31 December 2015 $000
Cash flows from operating activities			
Profit for the period	**3,466**	2,053	6,420
Adjustments for:			
Depreciation, amortisation and impairment	**1,197**	343	871
Taxation expense	**929**	549	1,368
Financial expense	**217**	11	74
Equity settled share based payment expenses	**150**	97	197
	5,959	3,053	8,930
Decrease/(increase) in trade and other receivables	**6,900**	3,470	(2,140)
(Increase)/decrease in inventories	**(1,250)**	290	(1,490)
(Decrease)/increase in trade and other payables	**(4,665)**	(1,085)	2,166
	6,944	5,728	7,466
Interest paid	**(217)**	(11)	(74)
Tax paid	**(658)**	(602)	(1,112)
Net cash from operating activities	**6,069**	5,115	6,280
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	**–**	–	(10,593)
Acquisition of property, plant and equipment	**(128)**	(164)	(1,101)
Acquisition of intangible assets	**(464)**	(428)	(1,151)
Net cash used in investing activities	**(592)**	(592)	(12,845)
Cash flows from financing activities			
Proceeds from new loan	**539**	–	7,754
Proceeds from issue of shares	**443**	–	–
Dividends paid	**(1,400)**	(1,182)	(1,182)
Repayment of borrowings	**(408)**	(34)	(868)
Net cash (used in)/from financing activities	**(826)**	(1,216)	5,704
Net increase/(decrease) in cash and cash equivalents	**4,651**	3,307	(861)
Cash and cash equivalents at 1 January	**3,861**	4,722	4,722
Cash and cash equivalents at period end	**8,512**	8,029	3,861

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GENERAL INFORMATION AND REPORTING ENTITY

Quixant Plc ("Quixant") is a Public Limited Company incorporated and domiciled in England and Wales, whose shares are publically traded on the Alternative Investment Market (AIM) of the London Stock Exchange. The address of the Company's registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP. Quixant is a leading provider of innovative, highly engineered technology products principally for the global gaming industry. The Group designs and manufactures highly optimised computing solutions and monitors. In November 2015 Quixant acquired Densitron Technologies, which has a strong heritage in the sale of electronic display solutions to global industrial markets. This condensed consolidated interim financial information for the Quixant Group comprises the Company, its branch in Taiwan and its subsidiaries (the "Group").

The condensed consolidated interim financial information is neither audited nor reviewed and the results of operations for the six months ended 30 June 2016 are not necessarily indicative of the operating results for future operating periods. The condensed consolidated interim financial information has not been reviewed under IRSE 2410.

The financial information shown for the year ended 31 December 2015 in the interim financial information does not constitute full statutory financial statements as defined in Section 434 of the Companies Act 2006 and has been extracted from the Company's annual report and accounts. The Auditor's Report on the annual report and accounts was unqualified.

The value of intangible assets has increased significantly following the acquisitions made in 2015. Full details of these acquisitions were included in notes 2 and 12 to the Company's annual report and accounts for the year ended 31 December 2015.

1. Principal accounting policies

Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2015. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency adopted by the Quixant Group is the US dollar as this is the trading currency of the Group.

This condensed consolidated interim financial report was approved by the Board of Directors on 13 September 2016.

Judgements and estimates

Preparing the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Quixant Group accounting policies. The areas involving a higher degree of judgement and estimation continue to relate to determining the point at which the criteria for development cost capitalisation have been met and inventory and bad debt provisions respectively. In addition, management considers the recoverable amount of goodwill and the assessment of the contingent consideration payable to be judgemental areas. Goodwill is reviewed for impairment at each reporting date or when indicators of impairment arise.

The Group is in the process of evaluating the goodwill on the acquisition of Quixant Deutschland GmbH which was estimated at 31 December 2015. The results of the evaluation will be incorporated into the Group accounts at 31 December 2016.

Segmental analysis

The Quixant Group determines and presents operating segments based on the information that internally is provided to the executive management team, the body which is considered to be the Quixant Group's Chief Operating Decision Maker ("CODM"). An operating segment is a component of the Quixant Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Quixant Group's other components. The operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment, to assess its performance and for which discrete financial information is available. The financial information of the operating segments is set out in Note 2.

Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

EBITDA reconciliation

EBITDA for the current and prior periods has been derived as follows:

	6 months ended 30 June 2016 $000	6 months ended 30 June 2015 $000	12 months ended 31 December 2015 $000
Profit for the period	**3,466**	2,053	6,420
Adding back:			
Taxation expense	**929**	549	1,368
Financial expenses	**217**	11	74
Depreciation and amortisation	**583**	343	871
Amortisation of customer related goodwill	**614**	–	–
EBITDA	**5,809**	2,956	8,733
Share based payments expense	**150**	97	197
Costs arising on the acquisition of subsidiaries	**–**	–	1,168
Adjusted EBITDA	**5,959**	3,053	10,098

2. Business and geographical segments

The Chief Operating Decision Maker in the organisation is an executive management committee comprising the Board of Directors. They have determined the operating segments detailed within this report, on which the business is managed. The Group assesses the performance of the segments based on a measure of revenue and EBITDA. The principal divisions are the Quixant Gaming division, which is the core gaming business, and the Densitron division, which comprises the Densitron operating segments in Europe, America, France and Japan. No single customer accounted for more than 20% of total revenue for the six months to 30 June 2016. The operating segments applicable to the Group are as follows:

- Quixant Gaming division
- Densitron Europe
- Densitron America
- Densitron France
- Densitron Japan

	Quixant Gaming division $000	Densitron Europe $000	Densitron America $000	Densitron France $000	Densitron Japan $000	Total $000
Six months to 30 June 2016						
Revenue	21,203	6,373	8,330	2,483	2,941	41,330
Profit/(loss) before tax	3,273	(125)	709	270	268	4,395
As at 30 June 2016						
Assets	39,870	5,807	3,760	2,094	2,099	53,630
Liabilities	(14,417)	(6,612)	(2,015)	(1,268)	(538)	(24,850)
Net assets/(liabilities)	25,453	(805)	1,745	826	1,561	28,780
Twelve months to 31 December 2015						
Revenue	36,650	1,977	2,106	411	685	41,829
Profit/(loss) before tax	7,607	104	189	(87)	(25)	7,788
As at 31 December 2015						
Assets	42,215	5,265	4,572	1,676	1,653	55,381
Liabilities	(18,642)	(6,835)	(2,629)	(1,154)	(470)	(29,730)
Net assets/(liabilities)	23,573	(1,570)	1,943	522	1,183	25,651

The Densitron results are included for the period since acquisition on 10 November 2015 to 31 December 2015.

For periods up to 10 November 2015, the Group had determined that it had only one operating and reportable segment. All significant assets and liabilities were located within the UK, Taiwan and USA.

3. Taxation

	6 months ended 30 June 2016 $000	6 months ended 30 June 2015 $000	12 months ended 31 December 2015 $000
Analysis of charge in periods			
Current tax			
UK corporation tax	**557**	413	764
Foreign tax	**398**	61	550
Deferred tax	**(26)**	75	175
Prior periods			
UK corporation tax	**–**	–	(121)
Tax expense	**929**	549	1,368

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4. Share capital

	Number	**6 months ended 30 June 2016 $000**	6 months ended 30 June 2015 $000	12 months ended 31 December 2015 $000
Allocated, called up and fully paid				
At beginning of period	*64,634,782*	**104**	104	104
Issue of new shares as a result of exercise of employee share options	*640,400*	**1**	–	–
At end of period	*65,275,182*	**105**	104	104

The Company paid a full year dividend of 1.5p per share for the year ended 31 December 2015 on 19 May 2016.

5. Earnings per ordinary share (EPS)

	6 months ended 30 June 2016 $000	6 months ended 30 June 2015 $000	12 months ended 31 December 2015 $000
Earnings			
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity shareholders	**3,463**	2,053	6,420
Number of shares			
Weighted average number of ordinary shares for the purpose of basic EPS	**64,691,392**	64,634,782	64,634,782
Effect of dilutive potential ordinary shares: — Share options	**1,852,249**	1,770,000	1,810,578
Weighted number of ordinary shares for the purpose of diluted EPS	**66,543,641**	66,404,782	66,445,360

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

6. Related party transactions

In June 2016 two Directors entered into a related party transaction. The wife of G P Mullins rented a house to a subsidiary company. The rent payable is determined on an arm's length basis. This subsidiary company provides the house rent free to J F Jayal.

There were no other related party transactions, other than the operation of standard service agreements with key management personnel.

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