QUIXANT PLC

INTERIM REPORT 2017

Quixant

Highlights

Financial highlights

- Group revenue up 38% to $56.9m (1H 2016: $41.3m)
  - Quixant Gaming division revenue $37.8m (1H 2016: $21.2m) comprising:
    - Gaming platforms revenue of $30.2m (1H 2016: $17.4m)
    - Gaming monitors revenue of $7.6m (1H 2016: $3.8m)
    - Densitron division revenue of $19.1m (1H 2016: $20.1m)
- Group gross margin 34% (1H 2016: 35%)
  - Quixant Gaming division gross margin of 38% (1H 2016: 42%)
  - Densitron division gross margin of 28% (1H 2016: 28%)
- Group EBITDA up 74% to $10.1m (1H 2016: $5.8m)
- Group adjusted EBITDA[1] up 70% to $10.2m (1H 2016: $6.0m)
  - Quixant Gaming division up 89% to $8.9m (1H 2016: $4.7m)
  - Densitron division $1.3m (1H 2016: $1.3m)
- Group pre-tax profit up 98% to $8.7m (1H 2016: $4.4m)
- Group adjusted pre-tax profit[2] up 77% to $9.2m (1H 2016: $5.2m)
  - Quixant Gaming division up 98% to 8.1m (1H 2016: $4.1m)
  - Densitron division $1.1m (1H 2016: $1.1m)
- Fully diluted EPS of $0.1105/share (1H 2016: $0.052/share)
- Net cash from operating activities of $4.3m (1H 2016: $6.1m)
- Net cash at 30 June 2017 of $1.7m (31 December 2016: Net debt $0.1m)

1. Adjusted by adding back share based payments totalling $0.069m (1H 2016: $0.150m).
2. Adjusted by adding back amortization of intangibles arising from acquisitions and share based payments totalling $0.513m (1H 2016: $0.764m).

Operational highlights

- Elevated demand for core gaming platform business, including commenced volume shipments to new Tier 1 customer and awarded another project with the same customer in early 2H 2017
- Continued investment in business infrastructure, including appointment of Duncan Johns as Managing Director of Densitron division
- Three new patents granted for gaming technology innovations
- Commenced industry specific targeting initiative in Densitron and developed first bespoke products for broadcast market

Chairman's Statement

I am, of course, very pleased with the performance of the Group in the first 6 months of the year. The Quixant Gaming division has performed particularly well with our core gaming platforms business growing revenues strongly. Our decision in 2015 to make a strategic investment in building a business supplying optimised monitors for the gaming industry as a means of increasing our revenue share per machine is proving to be a success. Revenues of $7.6m in the first half of 2017 for a business launched less than 3 years ago, is an outstanding performance.

Densitron, which we acquired in the Autumn of 2015, continues to perform well with good, profitable revenues in line with our expectations. We have been working at strengthening several areas of the organisation, including the appointment of Duncan Johns as the new Managing Director to drive the business forward and progress the initiatives Quixant has put in place. We continue to identify new opportunities, especially with more focused products for specific vertical markets. I am pleased with the progress achieved and confident that the business is well positioned for future growth.

We announced in March this year that our CEO, Nick Jarmany, had passed his executive duties to COO Jon Jayal whilst he undergoes medical treatment. Nick remains on the Board, where he is continuing to play an active role. I am very pleased with the structure we have in place and that the quality of our senior management team has ensured the seamless performance of the Group during Nick's absence.

As we maintain our track record of strong growth it is important we continue to invest in our people and systems. As well as the appointment of a Managing Director for Densitron we continue to strengthen our technology and manufacturing divisions. I am also very pleased that in March 2017 we appointed Gaye Hudson to the Board as a non-executive director. Her extensive background in corporate communications for esteemed corporations such as Oracle injects high-calibre expertise to the Board in this area and will help us to evolve our communications and marketing strategy as the Group expands.

This has been a very good first half of the year for the Group and I am confident that we are well positioned to continue to perform well for the rest of the year and beyond.

M Peagram

Michael Peagram,
Chairman

Chief Operating Officer's Statement

Quixant's performance has been very strong in the first six months of the year with all parts of the business performing well. Total revenue grew 38% to $56.9m, up from $41.3m in the first half of 2016. Adjusted pre-tax profit jumped 77% to $9.2m (H1 2016: $5.2m) driven largely by the core gaming division.

Gaming Division

Our strong first half growth was principally driven by robust performance from our core gaming platform business, ahead of expectations. This is primarily due to elevated demand from some of our key customers who placed higher than forecasted orders in the period. In the past our gaming platform business has been second half weighted. Due to the unexpectedly high volume of shipments made in the first half we do not currently expect this to be the case this year. We are pleased to be entering the second half of the year well-positioned to deliver strong year on year growth.

We commenced our business in gaming monitors in 2014 as a means of providing customers with a gaming-optimised product that complements our gaming platforms. There is at least one, but often multiple monitors in every gaming machine in which our platforms are installed, so it is an area of considerable opportunity to increase our revenue within our existing customer base. We have years of credibility as a supplier that understands the strict regulatory and technical requirements of the gaming industry and this has enabled us to cross-sell monitors to many of our platform customers. Revenue doubled in the period to $7.6m and we continue to see significant further growth opportunities. Furthermore, we are working on enhancing our gaming monitor product offering to introduce more innovation and tie the solutions more closely into our Gaming Ecosystem®.

Our expansion into the largest gaming machine manufacturers continued in the first half with volume shipments commencing as expected to a new Tier 1 customer in the first half of the year. It is pleasing that Quixant's strong delivery on this project has resulted in us subsequently being awarded another project with this customer. We have also attracted several gaming monitor opportunities from the largest manufacturers in the industry who are recognising Quixant as a credible supplier of gaming monitor products.

Quixant's Gaming Ecosystem® has continued to evolve and we are increasing our emphasis of marketing this essential, differentiating component of our proposition. We secured several new patents in the first half of the year and have filed applications for a number of new innovations which will feature in future products.

There continue to be longer term opportunities in new markets. In May, Japan passed a bill which paves the way for further legislation to enable the legalisation of casinos. The timescale and nature of this opportunity remain unclear at present but overall such moves towards regulated gaming are positive for the industry. Brazil remains a possible long term opportunity for market expansion but the situation remains politically sensitive.

Densitron Division

The Densitron business is performing well, in line with our expectations and we continue to invest in the business to identify and target new growth opportunities. Revenues of $19.1m, slightly lower than the same period last year, were in line with our expectations following the cessation of non-performing products and the rationalisation of the product portfolio.

In April, we appointed Duncan Johns as Managing Director of Densitron. Duncan has considerable experience in instigating organisational change working in senior management roles in a variety of businesses in the UK, Europe and the Far East. This is a key appointment as we position Densitron for future growth. Post period end, we have also appointed a Technology Director to the Densitron Division who is responsible for driving the enrichment of our product offering with higher value solutions.

Earlier this year we exhibited at the broadcast show, BVE 2017 in London and following this we have commenced the development of new products specifically designed for this market. We will be exhibiting at IBC in Amsterdam in September 2017 where samples of these new products will be showcased. Whilst we do not expect revenue contribution from these new products in 2017, we are excited by the opportunities to bring our technology, design and manufacturing skills to products targeted at the broadcast market.

Financial review

Revenue for the six months ended 30 June 2017 was $56.9m (1H 2016: $41.3m) comprising Gaming Division revenue of $37.8m (1H 2016: $21.2m) and Densitron division revenue of $19.1m (1H 2016: $20.1m). The Group gross margin of 34% fell slightly from 35% during the first half of 2016, mainly due to a decline in the Gaming Division margin from 42% to 38%. This is partly explained by a faster rate of growth in gaming monitors than gaming platforms (the latter of which operate on a structurally higher margin) but also due to a provision we made in the first half of the year. One of the components incorporated into several of our products required substitution for an alternative. These substitutions were largely undertaken during the start of the second half of this year but we have made a provision in the first half of 2017 in anticipation of the expected costs.

Adjusted EBITDA was $10.2m up 70% (1H 2016: $6m). Adjusted profit before tax for the 6 months of $9.2m was 77% ahead of the same period last year (1H 2016: $5.2m). Both measures are adjusted for share based payments and adjusted PBT for amortisation of intangibles arising from aquisitions. EBITDA was $10.1m up 74% (1H 2016: $5.8m). Profit before tax for the 6 months of $8.7m was 98% ahead of the same period last year (1H 2016: $4.4m). Fully diluted earnings per share (EPS) for the period were $0.1105 per share (1H 2016: $0.052 per share).

The Group continues to maintain a strong balance sheet and this has strengthened further in the 6 months of the year. Net assets at 30 June 2017 of $41.2m compared with $34.3m at 31 December 2016 and $28.8m at 30 June 2016. The Group has increased its level of investment in new products spending approximately $0.8m in internally generated research and development during the period compared with $0.5m in the same period of 2016 and $1.0m for the full year in 2016.

Net cash at 30 June 2017 was $1.7m compared with net debt of $0.1m at 31 December 2016. Net cash from operating activities was $4.3m (H1 2016: $6.1m). In the same period, inventory has increased by $8.5m following a decision to invest to meet near term demand and ensure that sufficient levels of long lead time parts are maintained. Other working capital balances have increased in line with the increased level of business undertaken in the first half of 2017.

The Group continued with its progressive dividend policy making a payment of 2.0p per share, totalling $1.7m in May 2017. This was in respect of the full year 2016 and represented the fourth dividend payment made by the Group.

Outlook

We have had a great start to the year, underpinned by a strong performance across all parts of the business. As we continue to grow the business, we remain committed to the ongoing investment in our people, infrastructure and products. Our core gaming market remains strong over the long term and we are confident that the Company is well positioned to continue our track record of growth. Demand for our platforms in the first six months was exceptionally strong and higher than our expectations. Whilst the nature of our core global gaming market is always changing and uncertain, the demand for our gaming platforms and monitors remains strong and we are very confident in achieving market expectations for the full year. We are also encouraged by the opportunities identified in new markets as part of the Densitron rationalisation programme.

Jon Jayal,
Chief Operating Officer

Condensed Consolidated Statement of Profit and Loss

For the six months ended 30 June 2017 and 2016 and year ended 31 December 2016

	Note	30 June 2017 $000	30 June 2016 $000	31 December 2016 $000
Revenue	2	**56,903**	41,330	90,365
Cost of sales		**(37,405)**	(26,971)	(58,267)
Gross profit		**19,498**	14,359	32,098
Operating expenses		**(10,609)**	(9,747)	(20,064)
Operating profit		**8,889**	4,612	12,034
Financial expenses		**(156)**	(217)	(371)
Profit before tax	2	**8,733**	4,395	11,663
Taxation	3	**(1,359)**	(929)	(2,370)
Profit for the period		**7,374**	3,466	9,293
Attributable to				
Equity shareholders		**7,368**	3,463	9,294
Non-controlling interests		**6**	3	(1)
Profit for the period		**7,374**	3,466	9,293
Basic earnings per share	5	**$0.1124**	$0.0535	$0.1430
Fully diluted earnings per share	5	**$0.1105**	$0.0520	$0.1395

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017 and 2016 and year ended 31 December 2016

	30 June 2017 $000	30 June 2016 $000	31 December 2016 $000
Profit for the period	**7,374**	3,466	9,293
Other comprehensive income/(expense)			
Items that are or may be reclassified subsequently to profit and loss			
Foreign currency translation differences	**775**	473	(47)
Total comprehensive income for the period	**8,149**	3,939	9,246
Total comprehensive income attributable to:			
Equity shareholders	**8,143**	3,936	9,247
Non-controlling interests	**6**	3	(1)
Total comprehensive income for the period	**8,149**	3,939	9,246

Balance Sheet

As at 30 June 2017 and 2016 and at 31 December 2016

	Note	30 June 2017 $000	30 June 2016 $000	31 December 2016 $000
Non-current assets				
Property, plant and equipment		**6,143**	5,939	5,977
Intangible assets		**14,102**	14,791	14,045
Investment property		**648**	676	617
Deferred tax assets		**291**	593	257
Total non-current assets		**21,184**	21,999	20,896
Current assets				
Inventories		**19,041**	10,535	12,900
Trade and other receivables		**23,342**	12,584	21,003
Cash and cash equivalents		**10,079**	8,512	8,853
Total current assets		**52,462**	31,631	42,756
Total assets		**73,646**	53,630	63,652
Current liabilities				
Other interest-bearing loans and borrowings		**(2,210)**	(3,686)	(2,774)
Trade and other payables		**(20,627)**	(10,019)	(17,199)
Tax payable		**(1,335)**	(597)	(1,033)
Total current liabilities		**(24,172)**	(14,302)	(21,006)
Non-current liabilities				
Other interest-bearing loans and borrowings		**(6,153)**	(8,183)	(6,148)
Provisions		**(750)**	(750)	(750)
Deferred tax liabilities		**(1,385)**	(1,615)	(1,442)
Total non-current liabilities		**(8,288)**	(10,548)	(8,340)
Total liabilities		**(32,460)**	(24,850)	(29,346)
Net assets		**41,186**	28,780	34,306
Equity attributable to equity holders of the parent				
Share capital	4	**106**	105	105
Share premium		**6,034**	5,623	5,676
Share based payments reserve		**851**	620	782
Retained earnings		**33,875**	22,365	28,192
Translation reserve		**320**	65	(455)
		41,186	28,778	34,300
Non-controlling interest		**–**	2	6
Total equity		**41,186**	28,780	34,306

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2017, 31 December 2016 and 30 June 2016

	Share capital $000	Share premium $000	Translation reserve $000	Share based payments $000	Retained earnings $000	Total parent equity $000	Non-controlling interests $000	Total equity $000
Balance at 1 January 2016	104	5,181	(408)	470	20,299	25,646	5	25,651
Total comprehensive income for the period								
Profit	–	–	–	–	3,466	3,466	(3)	3,463
Other comprehensive income	–	–	473	–	–	473	–	473
Total comprehensive income for the period	–	–	473	–	3,466	3,939	(3)	3,936
Transactions with owners, recorded directly in equity								
Share based payments	–	–	–	150	–	150	–	150
Dividend paid	–	–	–	–	(1,400)	(1,400)	–	(1,400)
Exercise of options	1	442	–	–	–	443	–	443
Total contributions by and distributions to owners	1	442	–	150	(1,400)	(807)	–	(807)
Balance at 30 June 2016	105	5,623	65	620	22,365	28,778	2	28,780
Balance at 1 July 2016	105	5,623	65	620	22,365	28,778	2	28,780
Total comprehensive income for the period								
Profit	–	–	–	–	5,827	5,827	4	5,831
Other comprehensive income	–	–	(520)	–	–	(520)	–	(520)
Total comprehensive income for the period	–	–	(520)	–	5,827	5,307	4	5,311
Transactions with owners, recorded directly in equity								
Share based payments	–	–	–	162	–	162	–	162
Dividend paid	–	–	–	–	–	–	–	–
Exercise of options	–	53	–	–	–	53	–	53
Total contributions by and distributions to owners	–	53	–	162	–	215	–	215
Balance at 31 December 2016	105	5,676	(455)	782	28,192	34,300	6	34,306

Condensed Consolidated Statement of Changes in Shareholders' Equity continued

For the six months ended 30 June 2017, 31 December 2016 and 30 June 2016

	Share capital $000	Share premium $000	Translation reserve $000	Share based payments $000	Retained earnings $000	Total parent equity $000	Non-controlling interests $000	Total equity $000
Balance at 1 January 2017	**105**	**5,676**	**(455)**	**782**	**28,192**	**34,300**	**6**	**34,306**
Total comprehensive income for the period								
Profit	–	–	–	–	7,374	7,374	(6)	7,368
Other comprehensive income	–	–	775	–	–	775	–	775
Total comprehensive income for the period	–	–	775	–	7,374	8,149	(6)	8,143
Transactions with owners, recorded directly in equity								
Share based payments	–	–	–	69	–	69	–	69
Dividend paid	–	–	–	–	(1,691)	(1,691)	–	(1,691)
Exercise of options	1	358	–	–	–	359	–	359
Total contributions by and distributions to owners	1	358	–	69	(1,691)	(1,263)	–	(1,263)
Balance at 30 June 2017	**106**	**6,034**	**320**	**851**	**33,875**	**41,186**	**–**	**41,186**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2017 and 2016 and year ended 31 December 2016

	Note	30 June 2017 $000	30 June 2016 $000	31 December 2016 $000
Cash flows from operating activities				
Profit for the period		**7,374**	3,466	9,293
Adjustments for:				
Depreciation, amortisation and impairment		**1,214**	1,197	2,694
Taxation expense		**1,359**	929	2,370
Financial expense		**156**	217	371
Equity settled share based payment expenses		**69**	150	312
		10,172	5,959	15,040
(Increase)/decrease in trade and other receivables		**(2,339)**	6,900	(1,292)
(Increase)/decrease in inventories		**(6,141)**	(1,250)	(3,436)
Increase/(decrease) in trade and other payables		**3,981**	(4,665)	1,644
		5,673	6,944	11,956
Interest paid		**(156)**	(217)	(371)
Tax paid		**(1,196)**	(658)	(1,489)
Net cash from operating activities		**4,321**	6,069	10,096
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired		**–**	–	58
Acquisition of property, plant and equipment		**(253)**	(128)	(425)
Acquisition of intangible assets		**(951)**	(464)	(1,017)
Net cash used in investing activities		**(1,204)**	(592)	(1,384)
Cash flows from financing activities				
Proceeds from new loan		**–**	539	–
Repayment of borrowings		**(559)**	(408)	(2,816)
Dividends paid		**(1,691)**	(1,400)	(1,400)
Exercise of options		**359**	443	496
Net cash used in financing activities		**(1,891)**	(826)	(3,720)
Net increase in cash and cash equivalents		**1,226**	4,651	4,992
Cash and cash equivalents at 1 January		**8,853**	3,861	3,861
Cash and cash equivalents at period end		**10,079**	8,512	8,853

General information and reporting entity

Quixant Plc ("Quixant") is a Public Limited Company incorporated and domiciled in England and Wales, whose shares are publicly 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 2017 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 2016 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.

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 2016. 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 21 September 2017.

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.

General information and reporting entity continued

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 2016.

Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA) and profit before tax (PBT)

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

	EBITDA			PBT		
	6 months ended 30 June 2017 $000	**6 months ended 30 June 2016** $000	**12 months ended 31 December 2016** $000	**6 months ended 30 June 2017** $000	**6 months ended 30 June 2016** $000	**12 months ended 31 December 2016** $000
Profit for the period	**7,374**	3,466	9,293	**7,374**	3,466	9,293
Adding back:						
Taxation expense	**1,359**	929	2,370	**1,359**	929	2,370
Financial expenses	**156**	217	371	**–**	–	–
Depreciation	**293**	164	465	**–**	–	–
Amortisation of intangible assets	**477**	419	1,001	**–**	–	–
Amortisation of customer relationships and order backlog	**444**	614	1,228	**–**	–	–
EBITDA/PBT	**10,103**	5,809	14,728	**8,733**	4,395	11,663
Amortisation of customer relationships and order backlog	**–**	–	–	**444**	614	1,228
Share based payments expense	**69**	150	312	**69**	150	312
Settlement of claim	**–**	–	(377)	**–**	–	(377)
Termination payment and discontinued products	**–**	–	987	**–**	–	987
Adjusted EBITDA/PBT	**10,172**	5,959	15,650	**9,246**	5,159	13,813

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 PBT. 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 2017. The operating segments applicable to the Group are as follows:

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

	Quixant Gaming $000	Densitron Europe $000	Densitron America $000	Densitron France $000	Densitron Japan $000	Total $000
6 months to 30 June 2017						
Revenue	**37,811**	**5,652**	**7,390**	**3,302**	**2,748**	**56,903**
Profit/(loss) before tax	**7,584**	**(333)**	**806**	**449**	**227**	**8,733**
As at 30 June 2017						
Assets	**58,900**	**5,343**	**4,310**	**2,772**	**2,321**	**73,646**
Liabilities	**(22,168)**	**(6,350)**	**(1,920)**	**(1,438)**	**(584)**	**(32,460)**
Net assets/(liabilities)	**36,732**	**(1,007)**	**2,390**	**1,334**	**1,737**	**41,186**
6 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
12 months to 31 December 2016						
Revenue	53,003	11,174	15,212	5,429	5,547	90,365
Profit/(loss) before tax	9,594	(601)	1,272	984	414	11,663
As at 31 December 2016						
Assets	49,692	4,576	4,419	2,944	2,021	63,652
Liabilities	(18,655)	(6,252)	(2,014)	(1,853)	(572)	(29,346)
Net assets/(liabilities)	31,037	(1,676)	2,405	1,091	1,449	34,306

3. Taxation

	6 months ended 30 June 2017 $000	6 months ended 30 June 2016 $000	12 months ended 31 December 2016 $000
Analysis of charge in periods			
Current tax			
UK corporation tax	**708**	557	1,401
Foreign tax	**749**	398	1,012
Adjustments for prior periods	**–**	–	(175)
Current tax	**1,457**	955	2,238
Deferred tax (credit)			
Origination and reversal of temporary differences	**(98)**	(26)	132
Deferred tax (credit)	**(98)**	(26)	132
Total tax expense	**1,359**	929	2,370

4. Share capital

	6 months ended 30 June 2017		6 months ended 30 June 2016		Year ended 31 December 2016	
	Number	$000	Number	$000	Number	$000
Allocated, called up and fully paid						
Balance at 1 January 2017	**65,364,782**	**105**	64,634,782	104	64,634,782	104
Issue of new shares as a result of exercise of employee share options	**565,200**	**1**	640,400	1	730,000	1
Balance at 30 June 2017	**65,929,982**	**106**	65,275,182	105	65,364,782	105

The Company paid a dividend of 2.0p per share for the year ended 31 December 2016 on 18 May 2017.

5. Earnings per share

	6 months ended 30 June 2017 $000	6 months ended 30 June 2016 $000	12 months ended 31 December 2016 $000
Earnings			
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity shareholders	**7,368**	3,463	9,294
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS	**65,542,773**	64,691,392	65,004,414
Effect of dilutive potential ordinary shares:			
Share options	**1,123,407**	1,852,249	1,614,766
Weighted number of ordinary shares for the purposes of diluted EPS	**66,666,180**	66,543,641	66,619,180

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 at a rent of £2,500 per calendar month. The rent payable is determined on an arm's length basis. The subsidiary company provides the house rent free for the use of J F Jayal.

There were no other related party transactions, other than transactions with key management personnel, who are the Directors of the Company.

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