ANNUAL REPORT & ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Quixant

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Corporate Headquarters UK

HIGHLIGHTS

- Revenue growth of 31% to $41.8 million (2014: $31.9 million)
- Adjusted EBITDA[1] increased 28% to $10.1 million (2014: $7.9 million)
- Adjusted profit before tax[1] increased 28% to $9.2 million (2014: $7.2 million)
- Adjusted fully diluted EPS[2] of $0.113 per share (2014: $0.0941 per share)
- Proposed full year dividend of 1.5p per share (2014: 1.2p)
- Net cash from operating activities of $6.3 million (2014: $2.1 million)

1 Adjusted by adding back $0.20 million in respect of share based payments (2014: $0.16 million) and $1.17 million in respect of acquisition costs (2014: $nil).

2 Adjusted by adding back $1.37 million in respect of share based payments and acquisition costs and subtracting the associated tax effect of $0.27 million (2014: $0.16 million adjustment less tax effect of $0.032 million).

OPERATIONAL HIGHLIGHTS

- Achieved broad based growth in revenue with reduced customer concentration.
- Commenced volume shipments of gaming monitors.
- Completed the earnings enhancing acquisition of Densitron Technologies plc for £7.66m financed by cash and debt which provides strong sales force with experience selling into markets outside gaming.

CHAIRMAN'S STATEMENT

I am pleased to report on another strong year of growth and business success for Quixant in 2015, delivering record results. Through continued execution of our corporate strategy, we have achieved significant growth in both revenue and profits and have also invested to ensure a robust foundation for growth into 2016 and beyond.

We have seen growth across a range of size of customer in 2015 and reduced customer concentration. We also have a healthy pipeline of "design-ins" which we believe sets us in good stead for future growth. The "design-in" step represents a lengthy period of collaboration between the engineering teams of Quixant and the customer in order to develop the customer's game and integrate Quixant's products into their machines.

As well as continuing to grow our market share in our core business of computer gaming platforms in 2015, we have also started to reap the benefits from our decision to establish a business in gaming monitors. We have the opportunity to sell typically two or more monitors for every one computer board we sell per gaming machine. We have grown our resources to build our gaming monitors business and have already seen further success in securing new business in early 2016 for monitors.

In September 2015 we announced an offer to purchase Densitron Technologies plc for £7.66m, financed through a combination of the Company's cash reserves and new banking facilities. We completed the acquisition on 10 November 2015. Densitron supplies standard and custom electronic display solutions to industrial markets globally and has around 60 staff located in North America, Europe and Asia. We believe there are significant opportunities for Quixant's products to be sold into other vertical markets outside gaming and have already seen some evidence of this. Densitron has an established and experienced global sales force which has long term trusted relationships with companies in a wide range of industrial markets. Through leveraging these relationships, Quixant has a significant opportunity to sell products into these other markets, as all display solutions require some type of computer or electronics to drive them. We expect the acquisition to be earnings enhancing in the first full year of ownership.

We paid a full year dividend of 1.2p per share in May 2015 and, aligned to our progressive dividend policy and continued strengthening in the balance sheet, the Board is pleased to propose a 2016 full year dividend of 1.5p per share, a growth of 25% on the prior period.

Quixant has significant headroom to grow its market share in the gaming industry and we are confident of our prospects for continued strong growth in this area. The acquisition of Densitron brings further opportunities for diversification into other markets and possible enhancement of this growth. We have had a strong start to 2016 and are well positioned to achieve our growth targets for the year.

M Peagram

Michael Peagram **Chairman**

CHIEF EXECUTIVE'S REPORT

I am delighted to report on another year of robust growth in 2015. Adjusted pre-tax profits for the year were $9.2 million, growth of 28% on the prior period, on the back of revenues of $41.8 million (2014: $31.9 million). We have achieved this strong growth alongside investment into the business to position us well for continued success in 2016 and beyond. During the year, which marked the tenth anniversary since foundation of the Company, we reached several important milestones in the development of Quixant business.

Broad based revenue growth

Our growth in 2015 was broad based. We saw increased sales to Tier 1 customers which was the primary engine to growth. Pleasingly, we also saw strong performance from several Tier 3 customers which we have been working with for several years. They have launched new products which have been well received by the market and as a result their rate of consumption of computer platforms has grown. This underlines the benefits Quixant brings in enabling customers' R&D teams to focus on game development.

We have continued to consolidate our position in several Tier 1 customer projects where we are designed in but have yet to deliver volume. We expect to see continued strengthened sales to Tier 1 customers in 2016.

Our customer concentration diminished in 2015, with Ainsworth falling to 43% of total revenue over the year (2014: 58%). In total, we shipped just under 34,000 units in 2015 (2014: 28,500). Based on a 2015 independent industry survey conducted by G3 Magazine, which suggests that the annual new/replacement cycle for machines is 475,000 per annum, this would imply Quixant occupied a 7% market share in new/replacement machines.

New product development

We launched QMax-1, a new flagship computer platform, and several new monitor products to the gaming market in 2015. QMax-1 represents a new tier of performance for all-in-one gaming platforms. By utilising an innovative design, we have harnessed the power of games console level graphics into a compact package which combines all of Quixant's benefits, including optimised gaming features, longevity of supply and high reliability. We had a product ready to demonstrate before AMD had publically announced the chipset on which it was based and formally launched QMax-1 on the same day as AMD's public announcement. So far reception from customers has been positive towards QMax-1 as a solution for their high end casino products.

In February 2016 at the ICE Exhibition in London, we launched the QXi-6000 as successor to the mid-range QXi-4000. The QXi-6000 is well suited to customers who need a compact, fan-less solution, high performance graphics and the capability to drive up to three screens. Both QMax-1 and the QXi-6000 are optimised for 4K Ultra HD graphics and video.

During the year, we were granted two new patents in the UK and US. The technology described by these patents is incorporated into the majority of Quixant's current product range and therefore the UK patent helpfully enables us to take advantage of the UK Patent Box regime.

Monitor products

Quixant was founded to design, manufacture and supply computer platforms to the manufacturers of electronic gaming machines. In doing so, we created a strong culture of innovation and exceptional engineering design capabilities which, combined with our Taiwanese manufacturing capabilities and understanding of the gaming market, enabled us to create computer products which lead the market. We have become a trusted technology partner with many customers who see us not only as a supplier of computer products but also as an innovative technology solutions provider. Some of these customers have publically communicated this message.

As a result, we have identified opportunities to supply our customers with other components which are connected with the computer platform. In particular we have developed our own range of gaming monitors which are also high value components in gaming machines. We developed our monitor products range with the underpinning principle that customers faced the same constraints in terms of regulation, reliability and quality for monitor products as for computer platforms. By moving into this area, Quixant has been able to extend its advantages to customers for another component in their machines and has been able to introduce combined technology benefits. We commenced volume shipments of monitors to our first customer around the middle of the year and have a strong order book into 2016.

Based on this earlier success, in 2015 we invested in an expert sales team based in Germany to lead our global gaming monitors business. We believe there are substantial opportunities for growth in this area, both into Quixant’s existing customers and into new customers. We believe there are also opportunities for us to innovate in gaming monitors in conjunction with our computer products.

Quixant

QUIXANT GROUP OFFICE LOCATIONS

Los Angeles, USA

Las Vegas, USA

Cambridge, UK

London, UK

Newcastle, UK

Helsinki, Finland

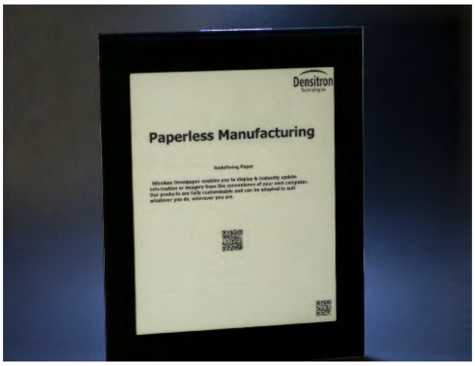
Munich, Germany

Nantes, France

Rome, Italy

Taipei, Taiwan

Tokyo, Japan



Acquisition of Densitron

Over the last few years we have been approached by a number of customers outside gaming who have identified the strengths Quixant can bring to their business in their markets. In the past, we have elected not to pursue these opportunities in order to focus on our core business. However, we have always believed that at the appropriate time we would seek to expand our business into other markets.

The acquisition of Densitron brings a global sales team with strong business and a broad base of customers who operate in a range of industrial markets. The team has proven expertise in the sale of complex electronic display solutions to these markets and has built a significant and stable business in doing so. We believe the acquisition provides a strong platform from which to develop our business in industrial markets outside gaming.

Prior to the acquisition, Densitron was an AIM listed company with over 40 years' experience in the electronic technology sector. Densitron provides a range of solutions to its customers, many of which are bespoke comprising a range of complex technologies. We believe the sales team have the skills to consult and identify customer requirements and expertise in the solutions available in the market to guide the customer in making the correct choice, which has earned them the reputation of being a trusted partner.

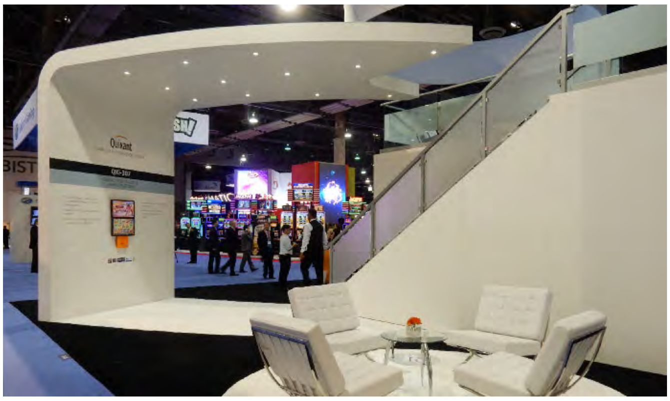
Quixant's skills and strengths, particularly in its Taiwanese procurement, quality control and manufacturing management capabilities complements Densitron's strength in sales. We believe this has the potential to enhance profitability, product quality, engineering design capability and purchasing power.

Densitron's business in 2015 saw growth in revenue and operating profit in line with its budgets and following completion made a small positive contribution to Quixant's 2015 financial performance.

We have been working hard since completion of the acquisition to globally harmonise Densitron's systems and policies. In 2016 we will continue efforts in this area to create an enhanced global infrastructure on which to grow the business.

Quixant

ICE Totally Gaming ExCeL London February 2016



G2E Las Vegas October 2015

Investing for the future

Excluding Densitron, our headcount increased by 13% from 70 to 79 in 2015. 46% of our staff at 31 December 2015 were directly responsible for product development. 32% of our overheads were directly attributable to R&D activities, representing reinvestment of 6% of revenue and 14% of gross profit into R&D.

When combined with Densitron, total Group headcount at 31 December 2015 was 139.

In a business with operations which span three continents, good communication and collaboration tools are essential to success. Quixant invested in this area in 2015 by rolling out a global video conferencing system and a collaborative digital whiteboard solution. The latter enables participants in two or more locations to engage in a common shared electronic whiteboard space to brainstorm and collaborate on ideas. Users can also present, annotate and modify a range of content interactively which enhances the product development process across the Group by enabling remotely located colleagues to work as if they are in one location.

Outlook

Quixant's opportunity in its core gaming platforms business continues to strengthen as the trend for the largest of the gaming machine manufacturers to outsource gathers momentum. Combined with a buoyant start in the gaming monitors business and the potential growth that Densitron brings into other markets, the Group is well aligned to deliver strong growth in line with our expectations for 2016 and beyond.

Nicholas Jarmany **Chief Executive**

FINANCIAL REVIEW

Revenue

Quixant delivered record revenues of $41.8 million, up 31% from 2014 ($31.9 million). The acquisition of Densitron made a contribution of $5.2 million to revenue following completion.

Within Quixant's gaming business, revenue growth was driven by the continuing development of our commercial relationships, particularly in the Tier 1 and Tier 3 space, with Europe proving in aggregate to be a strong region for growth. In addition to our established range of computer platforms, we commenced volume shipments of our gaming monitors in 2015. We have broadened our customer base both in number to 126 (2014: 89) and across geographies.

As a supplier of key components in gaming machines which are subject to heavy regulation, we are required by customers to supply a consistent product over a period of several years. As a result, we typically hold multi-year supply contracts with our larger customers. This provides us with a degree of repeatability and security to our revenue stream.

Profit

Our gross profit for the year was $17.3 million (2014: $14.1 million), representing a gross margin of 41% (2014: 44%). This reduction reflects the lower margins which can be earned on gaming monitors and Densitron's display solutions.

Adjusted EBITDA increased 28% to $10.1 million (2014: $7.9 million). Adjusted profit before tax increased 28% to $9.2 million (2014: $7.2 million). Adjustments to EBITDA and profit before tax are to add back share based payments and acquisition costs of $1.4 million (2014: $0.16 million).

We continue to re-invest in the business to ensure our product offering remains a market leading proposition. Excluding Densitron, gross expenditure on R&D was $2.3 million, (2014: $2.1 million) or 14% of gross profit (2014: 15%). These costs relate to our development activities undertaken in Taiwan and Italy. $1.1 million of these development costs were capitalised (2014: $1.0 million), with amortisation for the year on total capitalised development costs $0.4 million (2014: $0.4 million).

Balancing the investment requirements of the business to support future growth with careful management of increases resulted in an overhead spend of $9.5 million, including exceptional costs of $1.4m (2014: $7.0 million). Following completion, Densitron contributed $1.0 million to overheads. Our headcount increase to 79 people (2014: 70) was the biggest contributor to our increased spend.

Taxation

There is a tax charge for the year of $1.4 million (2014: $0.9 million). This constitutes a corporation tax charge, which includes prior period adjustments, of $0.121 million (2014: $0.271 million) and a deferred tax charge of $0.175 million (2014: $0.044 million). The Group continues to benefit from enhanced tax reliefs available in respect of qualifying R&D expenditure.

Foreign Exchange

To minimise foreign currency exposure the Group transacts and reports in US Dollars as far as is practicable. With effect from 1 January 2016 Densitron have converted to accounting in US Dollars. Where significant non-US Dollar expenses can be forecast with respect to timing and value, the Board may take the decision to hedge against unfavourable exchange rate movements.

Earnings Per Share

Basic earnings per share increased 5% to $0.0993 (2014: $0.0946).

Fully diluted earnings per share increased 5% to $0.0967 (2014: $0.0922).

Adjusted fully diluted earnings per share increased 20% to $0.113 (2014: $0.0941).

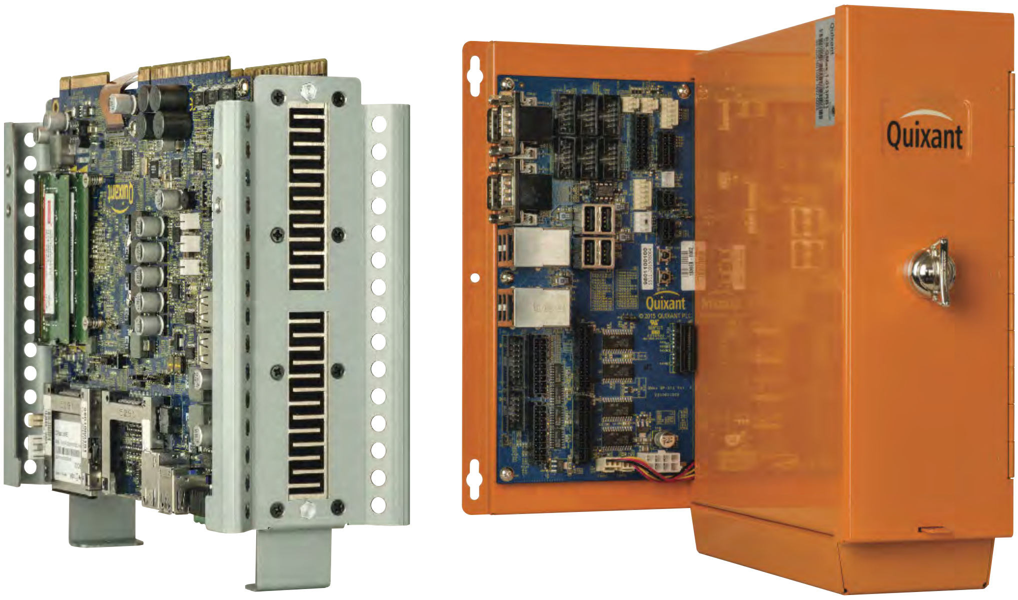
The calculations of earnings per share are included at Note 10.

Balance Sheet

The Group maintains a strong balance sheet with net assets of $25.7 million (2014: $20.5 million).

Tangible non-current assets have grown primarily because of the acquisition of our new office in Italy and the inclusion of investment land owned by Densitron, which is valued at $0.7 million. Intangible non-current assets increased by $13.2 million to $15.4 million, mainly due to goodwill arising on the acquisition together with the recognition of intangibles acquired with Densitron.

Current assets mainly comprise inventory and trade receivables. Excluding the impact of the acquisition, we held inventory of $6.3 million (2014: $5.5 million). This is consistent with our inventory strategy, which is structured such as to hold buffer inventory of key product lines. This is a competitive advantage Quixant can offer over other suppliers. Trade receivables of $16.7 million (2014: $9.2 million) reflect the fact that our revenues are typically weighted towards the second half of the year.



Non-current liabilities now include the banking facilities of $7.4 million required to support the Densitron acquisition as well as the long-term borrowings acquired.

All liabilities are within the Group's payment profile.

Cash Flow

The Group continued to generate high levels of operating cash over the year. The cash generated amounted to $6.3 million (2014: $2.1 million). Investment in our inventory strategy previously mentioned was first implemented in 2014 which is a key reason current period operating cash is significantly higher than that of the prior period.

To support our growth aspirations the Group spent $12.8 million (2014: $2.4 million) on investing activities. This is primarily accounted for by $10.6 million (2014: $nil) of costs relating to acquisitions.

New financing cash flows for the period under review principally relate to an inflow of $7.4 million in respect of new banking facilities and an outflow in respect of repayments on borrowings.

Our overall cash outflow during the period was $0.8 million (2014: $2.3 million) which gave a cash and cash equivalents balance at the year-end of $3.9 million (2014: $4.7 million). We are in the process of reviewing Group treasury strategy following the acquisition.

Dividend

The Board intends to maintain a progressive dividend policy whilst continuing to invest in and to develop the Group's businesses. As such the Board proposes a dividend in respect of the year of 1.5p per share (2014: 1.2p per share) payable on 19 May 2016 to all shareholders on the register at the close of business on 13 May 2016. The corresponding ex-dividend date is 12 May 2016.

Outlook

The 2016 financial year has started well and we are confident of another year of strong growth in line with our expectations.

Cresten Preddy **Finance Director**

FINANCIAL STATEMENTS

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Quixant Gaming Platforms


QMax-1

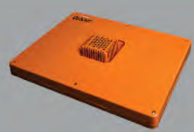
QX-50


QX-40


QXi-6000

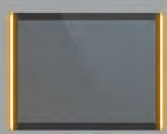

QXi-4000


QXi-300


QXi-307


QXi-306

Quixant Gaming Monitors


PCAP Touchscreen Monitors


General Monitors


Button Decks


Curved Screen Monitors

CORPORATE GOVERNANCE

The Directors recognise the value and importance of high standards of corporate governance.

Since admission to AIM in May 2013, the Board has been designed to voluntarily comply, where applicable, with selected key provisions of the UK Corporate Governance Code. The Company does not currently claim full compliance with the requirements of the code.

The Company also follows the recommendations on corporate governance from the Quoted Companies Alliance for companies with shares traded on AIM.

Given the size of the Company and the constitution of the Board, the following is a brief summary of the main aspects of corporate governance currently in place.

With effect from the admission to the AIM market, the Board has established an Audit Committee and a Remuneration Committee with formally delegated responsibilities.

The Remuneration Committee is chaired by Michael Peagram. Its other member is Guy van Zwanenberg. This committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment.

The Audit Committee is chaired by Guy van Zwanenberg. Its other member is Michael Peagram. The Committee determines the terms of engagement of the Group's auditors and, in consultation with them, the scope of the audit. It receives and reviews reports from management and the Group's auditors relating to the interim and annual financial statements and the accounting and internal control systems in use by the Group. The Audit Committee has unrestricted access to the Group's auditors. Under its terms of reference, the Audit Committee monitors, amongst other matters, the integrity of the Group's financial statements. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the re-appointment of the external auditors. It is responsible for ensuring that an appropriate business relationship is maintained between the Group and the external auditors, including reviewing non-audit services and fees. The Committee meets with Executive Directors and management as well as meeting privately with the external auditors.

As the Board is small, there is not a separate Nominations Committee and the Board as a whole considers recommendations for appointments to the Board.

The Directors follow the guidance set out by Rule 21 of the AIM Rules relating to dealings by Directors in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

Going concern

Under Company Law, the Company's Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Group and Company are a going concern. The Directors have prepared trading and cash flow forecasts for the Group covering the period to 31 December 2017. After making enquiries and considering the impact of risks and opportunities on expected cash flows, the Directors have a reasonable expectation that the Group has adequate cash to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

STRATEGIC REPORT

The Directors present their Annual Report and accounts for the year ended 31 December 2015.

Principal activities and results

The principal activity of the Group is the development and supply of computer systems. During the year, the Group acquired Densitron Technologies plc whose principal business is the design, development and delivery of electronic displays into the industrial marketplace and Alpha Display Europe GmbH whose principal activity is the distribution and delivery of monitors.

The profits for the year after taxation amounted to $6,420,000 (2014: $6,116,000) and the Directors continue to be satisfied with the overall performance of the Group.

Further comments on the development of the business are included in the Chairman's Statement, Chief Executive's Report and Financial Review on pages 4 to 14.

Key Performance Indicators

The primary financial key performance indicators of the Group are adjusted EDITDA and profit before tax, on which it reports monthly. Adjusted EDITDA (Note 1) for the year was $10,098,000 (2014: $7,894,000) and profit before tax was $7,788,000 (2014: $7,059,000).

The Group also monitors its order pipeline and cash balances.

Principal risks relating to the business of the Group

The Group faces competitive and strategic risks that are inherent in rapidly growing and changing markets. The Board of the Company and its management review future strategy and risks to the business regularly. Where possible, processes are in place to monitor and mitigate the identified risks.

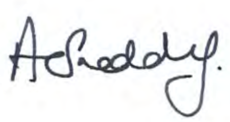
Financial and trading risks are discussed in Note 24 of the consolidated financial statements.

The key business risks set out below are not an exhaustive list of the risks faced by the Group and are not intended to be presented in any order of priority.

RISK	DESCRIPTION	MITIGATION	COMMENT
Commercial	The marketplace for the Group's display products is highly competitive.	The Group continues to work on identifying areas in which it can add value and differentiate its products.	The Group has the capabilities and skills to create highly engineered, optimised products.
	Gaming customers may decide to design their computer platforms and/or monitors in house or source from another supplier.	Quixant works closely with its customers to ensure its product roadmap is robust, technologically advanced and ahead of the competition.	
Geographical and environmental	The Group operates across a range of countries, all of which carry a degree of risk, whether it is political risk or environmental issues.	The majority of the Group's operations are in OECD countries. Despite not being an OECD member, Taiwan has a highly developed legal and political system.	The Group continues to operate in those countries that provide the best opportunity for growth whilst avoiding identified country risk.
		A large proportion of the revenue is generated from customers in OECD countries.	

RISK	DESCRIPTION	MITIGATION	COMMENT
Regulation risk	Additional laws and regulations may be enacted covering issues such as law enforcement, pricing, taxation and quality of products and services.	The Group monitors prospective changes in regulation which may impact its business.	The Group is a member of professional bodies where applicable.
Technological risk	The Group's business is dependent upon technology which could be superseded by superior technology, more competitively priced technology or a shift in working practices, which could affect both potential profitability and saleability of the Group's products.	The Group works closely with its technology partners to provide products which incorporate the most advanced technology available to our market. The Group also develops its own innovations to incorporate into new products.	The Group recognises the technology requirements of our customers and works with them to provide the products they need for their business.
Key customer dependency.	The Group generates a significant but declining portion of its revenue from a key customer.	As the Group continues to grow, the portion of revenue from key customers has declined.	The Board expects the Group's organic growth, combined with the acquisitions in 2015 to further reduce the dependency on key customers.
Key persons	The Group is reliant on the experience of the executive officers.	The executive officers are subject to long term contracts and the Board is developing a succession plan. The Directors have put in place contractual arrangements designed to develop and incentivise key staff.	Staff turnover of key persons continues to be low.
Intellectual property protection	The Group may be unable to successfully establish and protect its intellectual property. The intellectual property rights may or may not have priority over other parties' claims to the same intellectual property.	The Group seeks to establish and protect its intellectual property rights by patents and other protection mechanisms.	The Group works with professional external patent attorneys.

By order of the Board on 22 March 2016



Miss A C Preddy Director
Aisle Barn 100 High Street Balsham Cambridge CB21 4EP

DIRECTORS' REPORT

Statutory information

Quixant plc ('The Company') is a Public Limited Company incorporated in the United Kingdom (Registration number: 04316977). On 15 May 2013, the Company issued an admission document and from 21 May 2013 the Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange (AIM).

The Company has a branch, located in Taiwan, whose operations and results are included in the standalone financial statements of the Company.

Details of the share capital of the Company are set out in Note 23 of the consolidated financial statements.

Annual General Meeting

The date and other details of the next Annual General Meeting of the Company are contained within the notice of this meeting, which accompanies this report.

The Directors propose a dividend of 1.5p per share (2014: 1.2p), to be approved at the Annual General Meeting. During the year the Company paid a dividend of 1.2p per share amounting to $1,182,000.

Substantial shareholdings

On 22 March 2016 the Company had been notified of the following significant interests in its share capital:

	Shares held Ordinary shares of £0.001 each	% of issued share capital
N C L Jarmany and his wife	16,752,923	25.92%
C-T Lin and his wife	4,589,842	7.10%
G P Mullins and his wife	4,058,641	6.28%
Schroders Plc	7,152,211	11.07%
Octopus Investments Nominees Limited	4,152,059	6.42%
Hargreave Hale	3,321,160	5.14%
River and Mercantile Asset Management LLP	3,128,000	4.84%
Alexander Taylor	2,622,767	4.06%
Mark Mullins	2,484,981	3.84%
John Mullins	2,432,707	3.76%
Susan Mullins	2,432,707	3.76%
Amati Global Investors	2,022,219	3.13%

Directors

The Directors who served during the year and their interests in the share capital of the Company were as follows:

	Shares held Ordinary shares of £0.001 each	Options granted £0.001 each	Exercise price
	2015 and 2014	2015 and 2014	
N C L Jarmany	16,752,923	-	-
C-T Lin	4,589,842	-	-
G P Mullins	4,058,641	-	-
A C Preddy	-	79,000	£0.49
M J Peagram	152,174	-	-
G van Zwanenberg	26,087	-	-

There has been no change in the interests set out above between 31st December 2015 and 22nd March 2016.

Directors' indemnity arrangements

The Group has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report. The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Research and development (R&D)

The Group continues to invest in R&D, spending $2,304,777 in its R&D and customer support programmes in the year, of which $1,071,139 was capitalised. The Group undertakes R&D to develop and enhance its products and the Group will continue to commit a significant level of resource and expenditure as appropriate to R&D.

Use of financial instruments

Information on both the Group's financial risk management objectives and the Group's policies on exposure to relevant risks in respect of financial instruments are set out in Note 24 of the consolidated financial statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board on 22 March 2016

Miss A C Preddy Director
Aisle Barn 100 High Street Balsham Cambridge CB21 4EP

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1AR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUIXANT PLC

We have audited the financial statements of Quixant plc for the year ended 31 December 2015 set out on pages 25 to 62. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 22, 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and applied in accordance with the provisions of the Companies Act 2006;
- the financial statements 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Charles le Strange Meakin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

22 March 2016

Quixant

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

	Note	2015 $000	2014 $000
Revenue	3,4	41,829	31,919
Cost of sales		(24,503)	(17,857)
Gross profit		17,326	14,062
Administrative expenses		(3,995)	(2,351)
Other operating expenses	5	(5,469)	(4,622)
Operating profit		7,862	7,089
Financial expenses	8	(74)	(30)
Profit before tax		7,788	7,059
Taxation	9	(1,368)	(943)
Profit for the year		6,420	6,116
Other comprehensive income for the year, net of income tax			
Foreign currency translation differences		(268)	(183)
Total comprehensive income for the year		6,152	5,933
Basic earnings per share	10	$0.0993	$0.0946
Fully diluted earnings per share	10	$0.0967	$0.0922

BALANCE SHEETS

AS AT 31 DECEMBER 2015

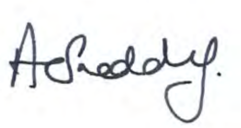
	Note	Group		Company		
		2015	2014	2015	2014	1 January 2014*
		$000	$000	$000	$000	$000
Non-current assets						
Property, plant and equipment	11	5,996	5,218	3,580	3,684	3,582
Intangible assets	12	15,395	2,231	2,905	2,231	1,375
Investment property	13	740	-	-	-	-
Investments in group companies and associated undertakings	14	-	-	11,875	196	109
Deferred tax assets	15	620	63	70	47	-
		22,751	7,512	18,430	6,158	5,066
Current assets						
Inventories	16	9,285	5,505	5,495	4,008	2,041
Tax receivable		-	-	325	322	-
Trade and other receivables	17	19,484	10,049	10,002	8,596	3,422
Cash and cash equivalents	18	3,861	4,722	1,401	1,070	6,870
		32,630	20,276	17,223	13,996	12,333
Total assets		55,381	27,788	35,653	20,154	17,399
Current liabilities						
Other interest-bearing loans and borrowings	19	(2,994)	(100)	(605)	(100)	(173)
Trade and other payables	20	(15,274)	(5,410)	(10,881)	(4,614)	(2,177)
Tax payable		(301)	(211)	-	-	-
		(18,569)	(5,721)	(11,486)	(4,714)	(2,350)
Non-current liabilities						
Other interest-bearing loans and borrowings	19	(8,744)	(1,200)	(8,448)	(1,200)	(1,986)
Provisions	22	(750)	-	-	-	-
Deferred tax liabilities	15	(1,667)	(388)	(671)	(388)	(281)
		(11,161)	(1,588)	(9,119)	(1,588)	(2,267)
Total liabilities		(29,730)	(7,309)	(20,605)	(6,302)	(4,617)
Net assets		25,651	20,479	15,048	13,852	12,782

Quixant

	Note	Group		Company		
		2015	2014	2015	2014	1 January 2014
		$000	$000	$000	$000	$000
Equity attributable to equity holders of the parent						
Share capital	23	104	104	104	104	104
Share premium		5,181	5,181	5,181	5,181	5,181
Share based payments reserve		470	273	470	273	113
Retained earnings		20,299	15,061	9,613	8,431	7,339
Translation reserve	23	(408)	(140)	(320)	(137)	45
		25,646	20,479	15,048	13,852	12,782
Non-controlling interest		5	-	-	-	-
Total equity		25,651	20,479	15,048	13,852	12,782

* The Company balance sheet at 1 January 2014 has been presented in accordance with IFRS 1, as a result of the parent company's transition to IFRS. See Note 30.

These financial statements were approved and authorised for issue by the Board of Directors on 22 March 2016 and were signed on behalf of the Board by:



Miss A C Preddy Director

Company registered number: 04316977

STATEMENT OF CHANGES IN EQUITY

GROUP

	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
Balance at 1 January 2014	104	5,181	43	113	10,035	15,476	-	15,476
Total comprehensive income for the period								
Profit	-	-	-	-	6,116	6,116	-	6,116
Other comprehensive loss	-	-	(183)	-	-	(183)	-	(183)
Total comprehensive income for the period	-	-	(183)	-	6,116	5,933	-	5,933
Transactions with owners, recorded directly in equity								
Share based payments	-	-	-	160	-	160	-	160
Dividend paid	-	-	-	-	(1,090)	(1,090)	-	(1,090)
Total transactions with owners	-	-	-	160	(1,090)	(930)	-	(930)
Balance at 31 December 2014	104	5,181	(140)	273	15,061	20,479	-	20,479

	Share capital	Share premium	Translation reserve	Share based payments	Retained earnings	Total parent equity	Non-controlling interest	Total equity
	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 January 2015	104	5,181	(140)	273	15,061	20,479	-	20,479
Total comprehensive income for the period								
Profit	-	-	-	-	6,420	6,420	-	6,420
Other comprehensive loss	-	-	(268)	-	-	(268)	-	(268)
Total comprehensive income for the period	-	-	(268)	-	6,420	6,152	-	6,152
Transactions with owners, recorded directly in equity								
Share based payments	-	-	-	197	-	197	-	197
Dividends paid	-	-	-	-	(1,182)	(1,182)	-	(1,182)
Total contributions by and distributions to owners	-	-	-	197	(1,182)	(985)	-	(985)
Transactions with owners								
Acquisition of subsidiary with a non-controlling interest	-	-	-	-	-	-	5	5
Total transactions with owners	-	-	-	-	-	-	5	5
Balance at 31 December 2015	104	5,181	(408)	470	20,299	25,646	5	25,651

STATEMENT OF CHANGES IN EQUITY

COMPANY

	Share capital $000	Share premium $000	Translation reserve $000	Share based payments $000	Retained earnings $000	Total parent equity $000
Balance at 1 January 2014	104	5,181	45	113	7,339	12,782
Total comprehensive income for the period						
Profit	-	-	-	-	2,182	2,182
Other comprehensive loss	-	-	(182)	-	-	(182)
Total comprehensive income for the period	-	-	(182)	-	2,182	2,000
Transactions with owners, recorded directly in equity						
Share based payments	-	-	-	160	-	160
Dividends paid	-	-	-	-	(1,090)	(1,090)
Total contributions by and distributions to owners	-	-	-	160	(1,090)	(930)
Balance at 31 December 2014	104	5,181	(137)	273	8,431	13,852

	Share capital $000	Share premium $000	Translation reserve $000	Share based payments $000	Retained earnings $000	Total parent equity $000
Balance at 1 January 2015	104	5,181	(137)	273	8,431	13,852
Total comprehensive income for the period						
Profit	-	-	-	-	2,364	2,364
Other comprehensive loss	-	-	(183)	-	-	(183)
Total comprehensive income for the period	-	-	(183)	-	2,364	2,181
Transactions with owners, recorded directly in equity						
Share based payments	-	-	-	197	-	197
Dividends paid	-	-	-	-	(1,182)	(1,182)
Total contributions by and distributions to owners	-	-	-	197	(1,182)	(985)
Balance at 31 December 2015	104	5,181	(320)	470	9,613	15,048

Quixant

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

	Note	Group		Company	
		2015	2014	2015	2014
		$000	$000	$000	$000
Cash flows from operating activities					
Profit for the year		6,420	6,116	2,363	2,182
Adjustments for:					
Depreciation, amortisation and impairment		871	645	684	609
Taxation expense		1,368	943	412	265
Financial expense		74	30	53	30
Equity settled share based payment expenses		197	160	118	73
		8,930	7,894	3,630	3,159
(Increase) in trade and other receivables		(2,140)	(4,110)	(1,406)	(5,174)
(Increase) in inventories		(1,490)	(2,874)	(1,487)	(1,967)
Increase in trade and other payables		2,166	2,682	6,202	2,385
		7,466	3,592	6,939	(1,597)
Interest paid		(74)	(30)	(53)	(30)
Tax paid		(1,112)	(1,493)	(155)	(527)
Net cash from operating activities		6,280	2,069	6,731	(2,154)
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	2	(10,593)	-	(11,600)	-
Acquisition of property, plant and equipment	11	(1,101)	(938)	(230)	(407)
Acquisition of intangible assets	12	(1,151)	(1,481)	(1,142)	(1,290)
Net cash from investing activities		(12,845)	(2,419)	(12,972)	(1,697)
Cash flows from financing activities					
Proceeds from new loan		7,754	-	7,754	-
Repayment of borrowings		(868)	(859)	-	(859)
Dividends paid		(1,182)	(1,090)	(1,182)	(1,090)
Net cash from financing activities		5,704	(1,949)	6,572	(1,949)
Net increase/(decrease) in cash and cash equivalents		(861)	(2,299)	331	(5,800)
Cash and cash equivalents at 1 January		4,722	7,021	1,070	6,870
Cash and cash equivalents at 31 December	18	3,861	4,722	1,401	1,070

NOTES
(forming part of the financial statements)

1 Principal accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet for the Company at 1 January 2014 for the purposes of the transition to Adopted IFRSs.

Quixant plc (the "Company") develops and supplies specialist computer systems. The Company is incorporated and domiciled in the UK. The address of the Company's registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP.

The Group financial statements consolidate those of the Company, its branch in Taiwan and its subsidiaries (together referred to as the "Group"). The parent Company financial statements present information about the Company as a separate entity and not about its group.

Basis of preparation

Both the parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form a part of these approved financial statements.

This financial information has been prepared under the historical cost convention, except that a subsidiary company owns a plot of land in Blackheath, London which is held at a valuation. A subsidiary owns an investment property being a plot of land at Blackheath. The land was valued by a professional firm of property consultants in 2010. Subsequently, the Directors have estimated its value based on current market conditions. The presentation currency adopted by the Quixant Group is US Dollars as this is the trading currency of the Group.

The preparation of financial information in conformity with Adopted IFRSs 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 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 consider the recoverable amount of goodwill and the assessment of the contingent consideration payable to be judgemental areas. As noted below, goodwill is reviewed for impairment at each reporting date or when indicators of impairment arise. See Note 12 for further consideration. Goodwill has increased significantly in the year due to the acquisitions of Densitron and Quixant Deutschland, as have inventory and trade and other receivables. Contingent consideration, as explained in Note 2, is payable in three years' time (see Note 2 for explanation of the assumptions considered).

Transition to Adopted IFRSs

The parent Company is preparing its financial statements in accordance with Adopted IFRSs for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 30.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The Italian subsidiary, Quixant Italia srl, is 99% owned by the Group. The comprehensive income and equity attributable to the non-controlling interests in this subsidiary are not material. Densitron Nordic Oy is 80% owned by the Group. The equity attributable to the non-controlling interest in this subsidiary is accounted for as a minority interest. The income attributable to this subsidiary is immaterial.

Separate parent Company financial statements

In the parent Company financial statements, all investments in subsidiaries, joint ventures, and associates are carried at cost less impairment.

Going concern

The Directors have prepared trading and cash flow forecasts for the Group covering the period to 31 December 2017. After making enquiries and considering the impact of risks and opportunities on expected cash flows, the Directors have a reasonable expectation that the Group has adequate cash to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

Changes in accounting policies: new standards, interpretations and amendments not yet effective

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards and interpretations with an effective date after the date of these accounts:

Adopted for use in the EU:

Improvements to IFRS 2010 – 2012
Improvements to IFRS 2011 – 2013
Limited scope amendments to IAS 19

Not currently adopted for use in the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue Recognition
IFRS 17	Leases

The Directors consider that the adoption of these standards and interpretations on the Group's financial statements will not be material.

Revenue recognition

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods to customers. Revenue is recognised at the point that risk is transferred to the customer as determined by the terms agreed in the contract.

Where invoicing takes place in advance of revenue recognition, the amounts invoiced, net of value added tax, are recorded as deferred revenue.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Impairment excluding inventories, investment properties and deferred tax assets

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life, as follows:

Freehold buildings	20 - 50 years
Plant and machinery	between 3 and 6 years

No depreciation is provided on freehold land.

The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value and are reviewed on an annual basis with any revision to the valuation taken to the profit and loss account.

Intangible assets – customer relationships and order back log

In accordance with IFRS 3, on the acquisition of subsidiary companies the Group assess the identification of intangible assets acquired which are either separate or arise from contractual or other legal rights. These assets are recognised as intangible assets and are amortised over the period of future benefit to the Group.

Intangible assets – development costs

The Quixant Group incurs significant expenditure on the research and development of new computer products and enhancements. The internally generated intangible asset arising from the Company's development is recognised only if the Company can demonstrate all of the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The probability that the asset created will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria and all research costs are expensed in the Consolidated Income Statement as incurred. Capitalised development costs are amortised on a straight line basis over their expected useful economic lives of 5 years once the related software product or enhancement is available for use.

Intangible assets – computer software

Computer software is stated at cost, net of amortisation and any provision for impairment.

Amortisation is provided on all computer software at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life, as follows:

Computer software	between 3 and 5 years

The carrying value of computer software is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Inventories

Inventories, which comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost includes all costs in acquiring the inventories and bringing each product to its present location and condition. Net realisable value represents the estimated selling price and costs to be incurred in marketing, selling and distribution.

Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the relevant operation at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated at the rates ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the period, unless exchange rates fluctuate significantly. The Balance Sheets of overseas subsidiaries are translated to the Group's presentational currency, US Dollars, using the closing period-end rate. Exchange differences arising, if any, are taken to a translation reserve. Such translation differences would be reclassified to profit and loss in the period in which the operation is disposed of.

Income tax

The charge for current income tax is based on the results for the year as adjusted for items which are not taxed or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is accounted for using the liability method in respect of temporary differences arising from differences between the tax bases of certain assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference is due to goodwill arising on a business combination or from an asset or liability, the initial recognition of which does not affect either taxable or accounting income.

Deferred tax is charged or credited in the profit and loss account or in Other Comprehensive Income, except when it relates to items credited or charged directly to Shareholders' equity, in which case the deferred tax is also dealt with in Shareholders' equity.

Financial assets

The Group's financial assets fall into the categories set out below, with the allocation depending to an extent on the purpose for which the asset was acquired. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

- Trade receivables: Trade receivables do not carry interest and are stated at their nominal value as reduced by allowances for estimated irrecoverable amounts.
- Cash and cash equivalents: Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, short-term deposits and other short-term liquid investments.

In the Cash Flow Statement, cash and cash equivalents comprise cash and cash equivalents as defined above, net of bank overdrafts.

Financial liabilities

All of the Group's financial liabilities are classified as financial liabilities carried at amortised cost. The Group does not use derivative financial instruments or hedge account for any transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at their nominal value.
- Bank borrowings, which are initially, recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated Statement of Financial Position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Pension

The Group operates a defined contribution scheme to the benefit of its employees. Contributions payable are changed to income in the year they are payable.

Determination and presentation of operating segments

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 segment's 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.

Share based payments

The grant date fair value of share based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date for fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

EBITDA reconciliation

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

	2015	**2014**
	$000	$000
Profit for the year	6,420	6,116
Adding back:		
Taxation expense	1,368	943
Financial expenses	74	30
Depreciation	312	142
Amortisation	559	503
EBITDA	8,733	7,734
Share based payments expense	197	160
Costs arising on the acquisition of subsidiaries	1,168	-
Adjusted EBITDA	10,098	7,894

2 Acquisitions of subsidiaries

Acquisitions in the current period

On 10 November 2015, the Company acquired all of the ordinary shares in Densitron Technologies plc for GBP 7,663,601.66 ($11,600,971) being 11p per share, satisfied in cash. Densitron Technologies plc was a UK based AIM quoted company whose primary business is the design, development and supply of electronic displays into the industrial market place. The acquisition provides the Group with the global infrastructure and sales capability to sell Quixant's computer products into wider industrial markets. The acquisition will complement Quixant's move into the provision of displays to its gaming customers, alongside the specialised computer systems it currently supplies. In the 6 weeks to 31 December 2015 the subsidiary contributed net profit of $117,000 to the consolidated net profit after tax for the year. If the acquisition had occurred on 1 January 2015, Group revenue would have been an estimated $72,667,000 and net profit after tax would have been an estimated $5,441,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2015.

On 9 December 2015, the Company acquired all of the ordinary shares in Alpha Display Europe GmbH (subsequently renamed Quixant Deutschland GmbH) for $750,000 and contingent consideration estimated as $750,000 to be satisfied in cash. Alpha Display Europe GmbH was a private company incorporated in Germany whose primary business is the sale of electronic displays into the industrial market place. The acquisition provides the Group with additional products which complement the current range of Quixant products and customer requirements. The acquisition will assist Quixant's move into the provision of displays to its gaming customers, alongside the specialised computer systems it currently supplies. As this company was acquired in December 2015, no profit has been included for this period to the consolidated net profit for the year.

In January 2016, Alpha Display Europe GmbH was legally registered as Quixant Deutschland GmbH. The accounts of Quixant Deutschland GmbH as at 31 December 2015 have been estimated for the purpose of acquisition accounting because the financial statements have not been completed. The effect of the acquisition on all items will be adjusted in the 2016 financial statements.

Effect of acquisitions

The acquisitions had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition	
	Densitron	**Quixant Deutschland (formerly Alpha Display Europe) – ESTIMATED**
	$000	$000
Acquiree's net assets at the acquisition date:		
Property, plant and equipment	968	-
Intangible assets – internally developed	225	-
Intangible assets – customer relationships and order back log	5,201	-
Inventories	2,290	-
Trade and other receivables	7,367	55
Cash and cash equivalents	1,674	-
Interest-bearing loans and borrowings	(3,552)	-
Trade and other payables	(7,715)	(28)
Net deferred tax liabilities	(547)	-
Net identifiable assets and liabilities	5,911	27
Consideration paid:		
Initial cash price paid	11,600	750
Less proceeds received in respect of Densitron treasury shares	(83)	-
Contingent consideration at fair value	-	750
Total consideration	11,517	1,500
Goodwill on acquisition	5,606	1,473

Goodwill has arisen on the acquisition because the consideration paid is in excess of the net identifiable assets and liabilities. This represents the value of the underlying business including its workforce.

Contingent consideration

The Group has agreed to pay the Quixant Deutschland GmbH vendors additional consideration based on the profit earned over the three years following acquisition. The range of the additional consideration payment is between $nil and $3,375,000. The Group has included $750,000 as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date. The key assumptions in assessing the fair value are the growth rate and gross profit margin as applied to future profits of Quixant Deutschland GmbH.

Acquisition related costs

The Group incurred acquisition costs of $1,168,000 relating to professional fees in respect of due diligence and advice. These costs have been included as a cost in administrative expenses in the Group's consolidated profit and loss account.

3 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 and, on which, the business is managed. The Group assesses the performance of the segments based on a measure of revenue and EBITDA. The operating segments applicable to the Group are as follows:

- Quixant
  A single customer accounted for 43% of reported revenues for the year ended 31 December 2015 (2014: 58%).
- Densitron Europe
- Densitron America
- Densitron France
- Densitron Japan

	Quixant	Densitron Europe	Densitron America	Densitron France	Densitron Japan	Total 2015
	$000	$000	$000	$000	$000	$000
Revenue	36,650	1,977	2,106	411	685	41,829
Profit/(loss) before tax	7,607	104	189	(87)	(25)	7,788
Balance Sheet						
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 until 31 December 2015.

For the year to 31 December 2014, 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.

4 Analysis of turnover

	2015	2014
	$000	$000
By geographical market		
Asia	3,958	1,387
Australia	14,479	13,252
Europe	7,274	2,965
North America	15,976	14,243
Other	142	72
	41,829	31,919

5 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2015	2014
	$000	$000
Loss/(gain) on foreign exchange transactions	1	(35)
Costs arising on the acquisition of subsidiary companies	1,168	-
Research and development expenditure	2,305	2,127
Of which capitalised	(1,071)	(1,022)
Depreciation of owned assets	312	142
Amortisation of intangible assets	559	503

Auditor's remuneration:

	2015	2014
	$000	$000
Audit of these financial statements		
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	107	87
Corporate finance services	126	-

6 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

Number of employees

	2015	2014
Production and manufacturing	25	17
Research and customer service	45	33
Sales and marketing	26	4
Administrative	42	14
	138	68

The aggregate payroll costs of these persons was as follows:

	2015	2014
	$000	$000
Wages and salaries	4,028	3,399
Share based payments (See Note 21)	197	160
Social security costs	278	350
Contributions to defined contribution plans	95	68
	4,598	3,977

7 Directors' remuneration

	Salary/Fee	Share based payments	Total	Total
	2015	2015	2015	2014
	$000	$000	$000	$000
EXECUTIVE DIRECTORS				
N C L Jarmany	258	-	258	251
G P Mullins	258	-	258	251
C-T Lin	237	-	237	237
A C Preddy	169	7	176	130
	922	7	929	869
NON-EXECUTIVE DIRECTORS				
M J Peagram	98	-	98	72
G van Zwanenberg	63	-	63	50
	161	-	161	122

There were no share options exercised during the year by Directors (2014: none).

There were no directors' advances, credits or guarantees outstanding at 31 December 2015 or 2014.

8 Finance income and expense

	2015 $000	2014 $000
Total interest expense on financial liabilities measured at amortised cost	74	30
Total finance expense	74	30

9 Taxation

Recognised in the profit and loss account

	2015 $000	2014 $000
Current tax expense		
UK corporation tax	764	1,069
Foreign tax	550	101
Adjustments for prior years	(121)	(271)
Current tax expense	1,193	899
Deferred tax expense		
Origination and reversal of temporary differences	175	44
Deferred tax expense	175	44
Total tax expense	1,368	943

Reconciliation of effective tax rate

	2015 $000	2014 $000
Profit for the year	6,420	6,116
Total taxation expense	1,368	943
Profit excluding taxation	7,788	7,059
Tax using the UK corporation tax rate of 20.25% (2014:21.49%)	1,577	1,517
Non-deductible expenses	30	27
Enhanced research and development claim	(356)	(376)
Reduction in deferred tax rate to 18% (2014: 20%)	(2)	(8)
Overseas tax in excess of standard UK rate	276	54
Unrelieved losses	(36)	-
Over provided in prior years		
Enhanced research and development claim	(121)	(139)
Other	-	(132)
Total taxation expense	1,368	943

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015 were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

10 Earnings per ordinary share (EPS)

	Year ended 31 December 2015 $000	Year ended 31 December 2014 $000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity shareholders	6,420	6,116
Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purpose of basic EPS		
Number of shares	64,634,782	64,634,782
Effect of dilutive potential ordinary shares:		
Share options	1,810,578	1,710,200
Weighted number of ordinary shares for the purpose of diluted EPS	66,445,360	66,344,982
Basic earnings per share	$0.0993	$0.0946
Fully diluted earnings per share	$0.0967	$0.0922

11 Property, plant and equipment – Group

	Land and buildings $000	Plant and equipment $000	Total $000
Cost			
Balance at 1 January 2014	4,179	1,125	5,304
Additions	721	217	938
Effect of movements in foreign exchange	(124)	(21)	(145)
Balance at 31 December 2014	4,776	1,321	6,097
Balance at 1 January 2015	4,776	1,321	6,097
Acquisitions through business combinations	24	190	214
Other additions	690	411	1,101
Disposals	-	(10)	(10)
Effect of movements in foreign exchange	(195)	(81)	(276)
Balance at 31 December 2015	5,295	1,831	7,126
Depreciation			
Balance at 1 January 2014	91	659	750
Depreciation charge for the year	65	77	142
Effect of movements in foreign exchange	(4)	(9)	(13)
Balance at 31 December 2014	152	727	879
Balance at 1 January 2015	152	727	879
Depreciation charge for the year	96	216	312
Disposals	-	(10)	(10)
Effect of movements in foreign exchange	(4)	(47)	(51)
Balance at 31 December 2015	244	886	1,130
Net book value			
At 1 January 2014	4,088	466	4,554
At 31 December 2014 and 1 January 2015	4,624	594	5,218
At 31 December 2015	5,051	945	5,996

11 Property, plant and equipment – Company

	Land and buildings $000	Plant and equipment $000	Total $000
Cost			
Balance at 1 January 2014	3,425	749	4,174
Additions	68	339	407
Effect of movements in foreign exchange	(124)	(9)	(133)
Balance at 31 December 2014	3,369	1,079	4,448
Balance at 1 January 2015	3,369	1,079	4,448
Additions	8	222	230
Effect of movements in foreign exchange	(97)	(18)	(115)
Balance at 31 December 2015	3,280	1,283	4,563
Depreciation			
Balance at 1 January 2014	90	502	592
Depreciation charge for the year	55	124	179
Effect of movements in foreign exchange	(4)	(3)	(7)
Balance at 31 December 2014	141	623	764
Balance at 1 January 2015	141	623	764
Depreciation charge for the year	64	165	229
Effect of movements in foreign exchange	(4)	(6)	(10)
Balance at 31 December 2015	201	782	983
Net book value			
At 1 January 2014	3,335	247	3,582
At 31 December 2014 and 1 January 2015	3,228	456	3,684
At 31 December 2015	3,079	501	3,580

12 Intangible assets – Group

	Goodwill	Customer relationships and order back log	Computer software	Internally generated capitalised development costs	Total
	$000	$000	$000	$000	$000
Cost					
Balance at 1 January 2014	-	-	-	1,395	1,395
Additions – internally developed	-	-	-	1,022	1,022
Additions – externally purchased	-	-	459	-	459
Balance at 31 December 2014	-	-	459	2,417	2,876
Balance at 1 January 2015	-	-	459	2,417	2,876
Additions through business combinations	-	-	-	225	225
Additions – internally developed	-	-	-	1,071	1,071
Additions – externally purchased	7,079	5,201	80	-	12,360
Effect of movements in foreign exchange	-	-	(17)	79	62
Balance at 31 December 2015	7,079	5,201	522	3,792	16,594
Amortisation and impairment					
Balance at 1 January 2014	-	-	-	142	142
Amortisation for the year	-	-	136	367	503
Balance at 31 December 2014	-	-	136	509	645
Balance at 1 January 2015	-	-	136	509	645
Amortisation for the year	-	-	82	477	559
Effect of movements in foreign exchange	-	-	(5)	-	(5)
Balance at 31 December 2015	-	-	213	986	1,199
Net book value					
At 1 January 2014	-	-	-	1,253	1,253
At 31 December 2014 and 1 January 2015	-	-	323	1,908	2,231
At 31 December 2015	7,079	5,201	309	2,806	15,395

Impairment testing

Goodwill has been allocated to CGUs as follows:

	Goodwill	
	2015	**2014**
	$000	$000
Quixant	1,473	-
Densitron Europe	2,903	-
Densitron America	2,076	-
Densitron France	485	-
Densitron Japan	142	-
	7,079	-

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from the higher or the fair value less costs to sell and the calculations of value in use. The key assumptions for the value in use calculations are those regarding the discount rate, growth rate and operating profit margins. This policy will be developed to determine appropriate discount and growth rates. The operating profit margins used will be determined each year based on the Group's results. No impairment was required in the year.

The Group prepares cash flow forecasts derived from the most recent financial plan approved by the Board.

12 Intangible assets – Company

	Computer software	Internally generated capitalised development costs	Total
	$000	$000	$000
Cost			
Balance at 1 January 2014	198	1,395	1,593
Additions – internally developed	-	1,022	1,022
Additions – externally purchased	268	-	268
Effect of movements in foreign exchange	(7)	-	(7)
Balance at 31 December 2014	459	2,417	2,876
Balance at 1 January 2015	459	2,417	2,876
Additions – internally developed	-	1,071	1,071
Additions – externally purchased	70	-	70
Effect of movements in foreign exchange	(17)	-	(17)
Balance at 31 December 2015	512	3,488	4,000
Amortisation			
Balance at 1 January 2014	76	142	218
Amortisation for the year	63	367	430
Effect of movements in foreign exchange	(3)	-	(3)
Balance at 31 December 2014	136	509	645
Balance at 1 January 2015	136	509	645
Amortisation for the year	81	374	455
Effect of movements in foreign exchange	(5)	-	(5)
Balance at 31 December 2015	212	883	1,095
Net book value			
At 1 January 2014	122	1,253	1,375
At 31 December 2014 and 1 January 2015	323	1,908	2,231
At 31 December 2015	300	2,605	2,905

13 Investment property

	Group 2015 $000	Group 2014 $000	Company 2015 $000	Company 2014 $000
Balance at 1 January 2015	-	-	-	-
Acquisitions through business combinations	754	-	-	-
Effect of movements in foreign exchange	(14)	-	-	-
Balance at 31 December 2015	740	-	-	-

Investment property relates to an area of land owned by the Group at Blackheath in South East London. The fair value of the investment property was determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued. The last valuation was carried out on 10 May 2013. The Directors have reviewed the valuation put on the land on an annual basis and consider that the fair value of the land does not differ from its current carrying amount and as such they do not consider that a revaluation is required in the current year.

14 Investments in group companies and associated undertakings

The Company has the following investments in subsidiaries:

Company	Principal place of business/ Country of Incorporation	Class of shares held	Ownership 2015	Ownership 2014
Quixant USA Inc	USA	Ordinary	100%	100%
Quixant UK Limited	UK	Ordinary	100%	100%
Quixant Italia srl	Italy	Ordinary	99%	99%
Acquired in 2015				
Densitron Technologies Limited	UK	Ordinary	100%	-%
Densitron Europe Limited	UK	Ordinary	100%	-%
Densitron Corporation of Japan	Japan	Ordinary	100%	-%
Densitron Corporation	USA	Ordinary	100%	-%
Densitron France*	France	Ordinary	100%	-%
Densitron Nordic Oy*	Finland	Ordinary	80%	-%
Densitron Deutschland GmbH*	Germany	Ordinary	100%	-%
Densitron Land Ltd	UK	Ordinary	100%	-%
Densitron Display Taiwan Limited	Taiwan	Ordinary	100%	-%
Quixant Deutschland GmbH	Germany	Ordinary	100%	-%

* Subsidiary of Densitron Europe Limited

Fixed asset investments

	Company 2015 $000	Company 2014 $000
Balance at 1 January 2015	196	109
Acquisitions – Group settled share based payments	79	87
Acquisitions – External	11,600	-
Balance at 31 December 2015	11,875	196

15 Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2015	2014	2015	2014
	$000	$000	$000	$000
Property, plant and equipment	-	-	164	6
Intangible assets – capitalised development costs	-	-	521	382
Intangible assets – acquired in business combinations	-	-	936	-
Share-based payments	(70)	(40)	-	-
Receivables	(32)	-	-	-
Inventory provisions	(312)	(23)	-	-
Tax value of loss carry-forwards	(175)	-	-	-
Other	(31)	-	46	-
Net tax (assets)/liabilities	(620)	(63)	1,667	388

Movement in deferred tax during the year

	1 January 2015	Recognised in income	Acquired in business combination	31 December 2015
	$000	$000	$000	$000
Property, plant and equipment	6	124	34	164
Intangible assets – capitalised development costs	382	139	-	521
Intangible assets – acquired in business combinations	-	-	936	936
Share based payments	(40)	(30)	-	(70)
Receivables	-	-	(32)	(32)
Inventory provisions	(23)	(82)	(207)	(312)
Tax value of loss carry-forwards	-	-	(175)	(175)
Other	-	24	(9)	15
	325	175	547	1,047

Movement in deferred tax during the prior year

	1 January 2014	Recognised in income	31 December 2014
	$000	$000	$000
Property, plant and equipment	30	(24)	6
Intangible assets – capitalised development costs	251	131	382
Share based payments	-	(40)	(40)
Inventory provisions	-	(23)	(23)
	281	44	325

Deferred tax assets and liabilities – Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2015	2014	2015	2014
	$000	$000	$000	$000
Property, plant and equipment	-	-	131	6
Intangible assets – capitalised development costs	-	-	520	382
Inventories	(20)	(21)	-	-
Share based payments	(50)	(26)	-	-
Exchange	-	-	20	-
Tax (assets)/liabilities	(70)	(47)	671	388
Net of tax liabilities/(assets)	-	-	-	-
Net tax (assets)/liabilities	(70)	(47)	671	388

Movement in deferred tax during the year

	1 January 2015	Recognised in income	31 December 2015
	$000	$000	$000
Property, plant and equipment	6	125	131
Intangible assets – capitalised development costs	382	138	520
Share based payments	(26)	(24)	(50)
Inventories	(21)	1	(20)
Exchange	-	20	20
	341	260	601

Movement in deferred tax during the prior year

	1 January 2014	Recognised in income	31 December 2014
	$000	$000	$000
Property, plant and equipment	30	(24)	6
Intangible assets – capitalised development costs	251	131	382
Share based payments	-	(26)	(26)
Inventories	-	(21)	(21)
	281	60	341

16 Inventories

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$000	$000	$000	$000
Raw materials and consumables	1,386	2,067	1,386	2,067
Work in progress	1,920	555	1,920	555
Finished goods	5,979	2,883	2,189	1,386
	9,285	5,505	5,495	4,008

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to $25,991,000 (2014: $20,731,000).

17 Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$000	$000	$000	$000
Trade receivables	16,754	9,171	-	-
Amounts receivable from subsidiary undertakings	-	-	9,408	8,114
Other receivables	2,730	878	594	482
	19,484	10,049	10,002	8,596

All debtors are receivable within one year and are included as current assets.

A provision of $429,086 has been provided in respect of potential doubtful debts as at 31 December 2015 (31 December 2014 $149,067).

As at 31 December 2015 the following sets out the trade receivables that were past due but not impaired. These relate to customers where there is no evidence of unwillingness or of an inability to settle the debt. The ageing of these receivables is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$000	$000	$000	$000
30 – 60 days	2,747	2,447	-	-
61 – 90 days	371	1,087	-	-
Over 90 days	1,805	-	-	-

18 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$000	$000	$000	$000
Cash and cash equivalents per balance sheet	3,861	4,722	1,401	1,070
Cash and cash equivalents per cash flow statements	3,861	4,722	1,401	1,070

19 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see Note 24.

	Group		Company	
	2015	2014	2015	2014
	$000	$000	$000	$000
Non-current liabilities				
Secured bank loans	8,744	1,200	8,448	1,200
	8,744	1,200	8,448	1,200
Current liabilities				
Current portion of secured bank loans	2,994	100	605	100
	2,994	100	605	100

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2015 $000	Carrying amount 2015 $000	Face value 2014 $000	Carrying amount 2014 $000
Loan 1 – secured on the Group's freehold property in Taiwan	NTD	1.80%	2029	1,146	1,146	1,300	1,300
Loan 2 – secured on the Group assets	USD	2.75% over LIBOR	2018	7,400	7,400	-	-
Loan 3 – secured on UK subsidiary assets	GBP	5.5% over base	2017	744	744	-	-
Loan 4 – Secured loan on subsidiary assets	USD	2% over LIBOR	2016	235	235	-	-
Letters of credit	NTD	2.6% to 2.68%	2016	507	507	-	-
Letters of credit	USD	2% over LIBOR	2016	493	493	-	-
Invoicing discounting facility	GBP	2.75% over base	2016	187	187	-	-
	USD			1,013	1,013	-	-
	Euro			13	13	-	-
				11,738	11,738	1,300	1,300

Loan 2 is a new loan taken out in 2015 which is a three year facility.

20 Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$000	$000	$000	$000
Current				
Trade payables	13,325	4,195	6,689	3,865
Other tax and social security payables	82	92	-	16
Other payables and accrued expenses	1,867	1,123	800	733
Amounts payable to subsidiary undertakings	-	-	3,392	-
	15,274	5,410	10,881	4,614

21 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was $95,000 (2014: $68,000)

Share based payments – Group and Company

In 2013 the Company issued share options to employees. To be able to exercise these options, employees are required to be employed by the Company for a period of three years from the grant date. In addition exercise is conditional on the Company achieving a minimum level of EPS growth over the vesting period.

Options have been issued over 1,895,370 (2014: 1,710,200) shares, with an exercise price of £0.49. Options issued under the scheme expire 10 years from grant date.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs and assumptions are as follows:

	2015 Issue 2	**2015 Issue 1**	**2014 Issue 1**
Fair value at grant date	£0.61	£0.19	£0.19
Weighted average share price	£1.365	£0.46	£0.46
Exercise price	£1.40	£0.49	£0.49
Expected volatility	56%	50%	50%
Option life	5 years	5 years	5 years
Risk-free interest rate	0.9%	0.9%	0.9%

The fair values at grant date of £0.61 and £0.19 was converted at the exchange rate on the grant date to give fair values of $0.98 and $0.29 per option. The total expense recognised in the period in respect of share options is $197,000 (2014: $160,000).

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2015	**Number of options 2015**	**Weighted average exercise price 2014**	**Number of options 2014**
Outstanding at the beginning of the year	£0.49	1,710,200	£0.49	1,895,200
Granted during the year	£1.40	261,400	-	-
Lapsed during the year	£0.99	(76,230)	£0.49	(185,000)
Outstanding at the end of the year	£0.59	1,895,370	£0.49	1,710,200

22 Provisions

Group

	Total
	$000
Balance at 1 January 2014 and 1 January 2015	-
Provisions made during the year	750
Balance at 31 December 2015	750
Non-current	750
Current	-
	750

The provision is in respect of contingent consideration payable on the acquisition of Alpha Display Europe GmbH.

The Company has no provisions.

23 Capital and reserves

Share capital

	2015 Shares	2014 Shares
On issue at 1 January and 31 December 2015	64,634,782	64,634,782

	2015 $000	2014 $000
Allotted, called up and fully paid ordinary shares of 0.1p	104	104
	104	104
Shares classified in shareholders' funds	104	104
	104	104

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Dividends

The following dividends were recognised during the period:

	2015 $000	2014 $000
1.2p (2014: 1.0p) per qualifying ordinary share	1,182	1,090
	1,182	1,090

After the Balance Sheet date dividends of 1.5p per qualifying ordinary share (2014: 1.2p) were proposed by the Directors. This dividend has not been provided for.

24 Financial instruments – Group and Company

This note presents information about the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial risks

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and exchange rate risk:

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, which were concentrated in a small number of high value customer accounts, but following the acquisition of the Densitron Group of companies this risk has been reduced. In addition, operations in emerging or new markets may have a higher than average risk of political or economic instability and may carry increased credit risk. In each case the risk to the Group is the recoverability of the cash flows.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers, by requiring wherever possible payment for goods in advance or upon delivery, and by closely monitoring customers' balances due, to ensure they do not become overdue. In addition careful consideration is given to operations in emerging or new markets before the Group enters that market.

The aging of trade receivables at the Balance Sheet date is set out in Note 17.

Cash flow risk

Group cash balances and expected cash flow are monitored on a daily basis to ensure the Group has sufficient available funds to meet its needs.

Exchange rate risk

Group exposure to exchange rate risk includes the measurement of overseas operations at the relevant exchange rate and changes in trade payables and receivables as a result of exchange rate movements. Daily exchange rate movements are monitored and any losses or gains incurred are taken to the profit and loss account and reported in the Group's internal management information. Before agreeing any overseas transactions consideration is given to utilising financial instruments such as hedging and forward purchase contracts.

Liquidity risk

Group policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. Surplus funds are placed on deposits with cash balances available for immediate withdrawal if required.

Capital management

Group and Company

The capital management policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. The Board's objective is to safeguard the Group's ability to continue as a going concern, to sustain the future development of the business and to provide returns for shareholders, whilst controlling the cost of capital.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the Balance Sheet.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets.

There were no changes in the Group's approach to capital management during the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

	Group		Company	
	2015	2014	2015	2014
	$000	$000	$000	$000
Total equity	25,651	20,479	15,048	13,852
Cash and cash equivalents	(3,861)	(4,722)	(1,401)	(1,070)
Capital	21,790	15,757	13,647	12,782

	Group		Company	
	2015	2014	2015	2014
	$000	$000	$000	$000
Total equity	25,651	20,479	15,048	13,852
Other financial liabilities	11,738	1,300	9,053	1,300
Total financing	37,389	21,779	24,101	15,152

Financial assets and liabilities

The Group's activities are financed by cash at bank and bank borrowings.

Credit risk

Exposure to credit

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2015	2014	2015	2014
	$000	$000	$000	$000
Cash and cash equivalents	3,861	4,722	1,401	1,070
Trade and other receivables excluding prepayments	16,754	9,171	9,408	8,114
	20,615	13,893	10,809	9,184

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group		Company	
	2015	2014	2015	2014
	$000	$000	$000	$000
Australia	3,464	3,820	-	-
USA	7,432	4,566	-	-
Europe	4,789	482	-	-
Asia	1,068	299	-	-
Rest of world	1	4	-	-
	16,754	9,171	-	-

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Trade and other payables	Other financial liabilities	Total
	$000	$000	$000
Group			
31 December 2015			
Carrying amount	15,274	11,738	27,012
Contractual cash flows			
6 months or less	15,274	2,577	17,851
6 to 12 months	-	453	453
More than 12 months	-	9,646	9,646
	15,274	12,676	27,950

	$000	$000	$000
Group			
31 December 2014			
Carrying amount	5,410	1,300	6,710
Contractual cash flows			
6 months or less	5,328	61	5,389
6 to 12 months	82	61	143
More than 12 months	-	1,321	1,321
	5,410	1,443	6,853

	$000	$000	$000
Company			
31 December 2015			
Carrying amount	10,881	9,053	19,934
Contractual cash flows			
6 months or less	10,881	553	11,434
6 to 12 months	-	47	47
More than 12 months	-	9,343	9,343
	10,881	9,943	20,824

	$000	$000	$000
Company			
31 December 2014			
Carrying amount	4,614	1,300	5,914
Contractual cash flows			
6 months or less	4,614	61	4,675
6 to 12 months	-	61	61
More than 12 months	-	1,321	1,321
	4,614	1,443	6,057

The carrying amounts of the Group's financial assets and liabilities may also be categorised as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$000	$000	$000	$000
Current assets				
Cash and cash equivalents	3,861	4,722	1,401	1,070
Trade and other receivables excluding prepayments	16,754	9,171	9,408	8,114
	20,615	13,893	10,809	9,184

All of the above relate to the IAS 39 category 'loans and receivables' and are measured at amortised cost.

Current liabilities				
Trade and other payables	(15,274)	(5,410)	(10,881)	(4,614)
Other financial liabilities	(2,994)	(100)	(605)	(100)
	(18,268)	(5,510)	(11,486)	(4,714)
Non-current liabilities				
Other financial liabilities	(8,744)	(1,200)	(8,448)	(1,200)
	(27,012)	(6,710)	(19,934)	(5,914)

All of the above relate to the IAS 39 category 'other financial liabilities' and are measured at amortised cost.

Liquidity needs are managed by regular review of the timing of expected receivables and the maintenance of cash on deposit.

Currency risk

Whilst the Group experiences some revenue, cost of sales and overheads in other currencies, the majority of revenue and cost of sales is denominated in US Dollars which is the Group's reporting currency and therefore foreign currency risk is considered to be limited.

Interest rate and currency profile

The Group's financial assets comprise cash at bank. At 31 December 2015 the average interest rate earned on the temporary closing balances was 0.05% (2014: 0.05%).

Sensitivity analysis

For the above reasons, the Group's sensitivity to interest rates and currency exchange rates are considered immaterial.

Fair values versus carrying amounts

The Directors consider that there is no material difference between fair values and carrying amounts of financial assets and liabilities.

25 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$000	$000	$000	$000
Less than one year	291	-	154	-
Between one and five years	426	80	-	80
	717	80	154	80

Group

During the year $180,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: $126,000).

Company

During the year $126,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: $94,000).

26 Commitments

Neither the Group nor Company had any capital commitments entered into at 31 December 2015 (2014: none).

27 Contingencies

Neither the Group nor Company had any contingencies existing at 31 December 2015 (2014: none).

28 Related parties

Group

There were no related party transactions other than transactions with key management personnel, who are the Directors disclosed in Note 7 above.

Transactions with key management personnel

Directors of the Company and their immediate relatives control 39.58% of the voting shares of the Company.

Other related party transactions

There are no other transactions and balances with key management not included within the Directors' remuneration.

29 Subsequent events

There have been no significant events affecting the Company or Group since the end of the year.

30 Explanation of transition to Adopted IFRSs – Company

As stated in Note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening IFRS Balance Sheet at 1 January 2014 (the Company's date of transition).

In preparing its opening IFRS Balance Sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	1 January 2014			31 December 2014		
	UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs	UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs
	$000	$000	$000	$000	$000	$000
Non-current assets						
Intangible assets	-	1,375	1,375	-	2,231	2,231
Property, plant and equipment	3,704	(122)	3,582	4,007	(323)	3,684
Deferred tax assets	-	-	-	20	27	47
Other	109	-	109	196	-	196
	3,813	1,253	5,066	4,223	1,935	6,158
Current assets	12,333	-	12,333	13,996	-	13,996
Total assets	16,146	1,253	17,399	18,219	1,935	20,154
Current liabilities	(2,350)	-	(2,350)	(4,714)	-	(4,714)
Non-current liabilities						
Deferred tax liabilities	(30)	(251)	(281)	-	(388)	(388)
Other	(1,986)	-	(1,986)	(1,200)	-	(1,200)
	(2,016)	(251)	(2,267)	(1,200)	(388)	(1,588)
Total liabilities	(4,366)	(251)	(4,617)	(5,914)	(388)	(6,302)
Net assets	11,780	1,002	12,782	12,305	1,547	13,852
Equity attributable to equity holders of the parent						
Retained earnings	6,337	1,002	7,339	6,884	1,547	8,431
Other	5,443	-	5,443	5,421	-	5,421
Total equity	11,780	1,002	12,782	12,305	1,547	13,852

Notes to the reconciliation of equity

The above adjustments relate to the capitalisation of qualifying expenditure on research and development and the reclassification of computer software. The research and development expenditure has now been recognised as an intangible asset in the accounts of the Company; under UK GAAP all research and development costs were written off to profit and loss account.

	1 January 2014	31 December 2014
	$000	$000
Intangible assets		
Capitalisation of research and development	1,253	1,908
Reclassification of computer software	122	323
	1,375	2,231
Property, plant and equipment		
Reclassification of computer software	(122)	(323)
Non-current assets		
Deferred tax	-	27
Non-current liabilities		
Deferred tax liability on capitalisation of R&D	(251)	(388)
Total	1,002	1,547

There are no significant differences between the cash flow statement presented under Adopted IFRSs and the cash flow statement presented under UK GAAP.

COMPANY INFORMATION

Directors	N C L Jarmany G P Mullins C-T Lin Miss A C Preddy FCA M J Peagram G van Zwanenberg FCA
Company secretary	A R Milne FCIS
Registered office	Aisle Barn 100 High Street Balsham Cambridge CB21 4EP
Auditor	KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1AR
Nominated advisor and Broker	finnCap 60 New Broad Street London EC2M 1JJ
Financial PR	Alma PR We Work 1 Fore Street London EC2Y 5EJ
Principal Bankers	Barclays Bank PLC
Legal advisors	Freeths LLP Jones Day
Registered number	04316977
Website	www.quixant.com
Ticker	London: QXT

CORPORATE HEADQUARTERS

Quixant plc Aisle Barn 100 High Street Balsham Cambridge CB21 4EP UK
T +44 (0)1223 892696 F +44 (0)1223 892401 www.quixant.com

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