INTERIM REPORT 2013

CHAIRMAN'S STATEMENT

I am pleased to report to the shareholders on Quixant PLC's ("Quixant" or the "Company") performance for the six months ended 30 June 2013. Pre-tax profits were US$1.846 million (H1 2012: US$2.215 million, including one-off profit on the disposal of a property of US$0.198 million) from turnover of US$9.508 million (H1 2012: US$9.448 million and gross profit of US$4.512m (H1 2012: US$4.350m); which are in line with full year expectations, and as expected given that Quixant's financial year is traditionally second half weighted.

Quixant PLC was admitted to AIM on 21 May 2013, following the raising in aggregate of US$6.899 million. The Company raised US$5.887 million gross (US$4.753 million net after expenses) through an oversubscribed placing of 8,434,782 new ordinary shares at a price of 46p (US$0.70) principally with institutional investors. In addition, 1,452,174 existing ordinary shares were placed with investors on behalf of existing shareholders raising US$1.012 million.

Since the half year end the Board has approved capital expenditure for the purchase of a new building in Las Vegas to house the Company's US sales and support operation. This is located in close proximity to many existing and potential customers. Approval was also given for the purchase of sophisticated high speed signal integrity and power test equipment, which will further enhance the product development and quality control procedures at the manufacturing facilities in Taiwan.

Investment in technical innovation continues to be a key factor for growth. Specifically, the Company will formally launch the QXi-300 platform at a major industry exhibition in Las Vegas in September 2013. The QXi-300 is the next generation development of the QXi-200, which has been the Company's best-selling standard product.

Despite strong growth over several years, Quixant still has a relatively small share of the existing market and the market continues to develop. With new territories approving or considering approving gambling, there remain good opportunities for growth.

Quixant has a tremendous team which I would like to thank for their efforts. The Board would also like to thank shareholders for their support and we look forward to enjoying a constructive and mutually fruitful relationship as the Company continues to grow.

Michael Peagram
Chairman

Quixant

Introduction

Quixant's successful listing on AIM in May 2013 is a major milestone in Quixant's evolution. The benefits of the Company's listing on AIM are already being evidenced in further strengthening the Company's position with larger customers and enhancing Quixant's visibility and profile as a leading supplier to gaming machine manufacturers.

The Company's focus on the gaming market, a deep understanding of global gaming regulations and the requirements of the machine manufacturers operating in the market, combined with a strong product catalogue, technical expertise and in-house manufacturing capabilities are key strengths which provide Quixant with a strong platform for growth.

Broadened customer base

The Directors view gaming and slot machine manufacturers in three tiers. "Tier 1" consists of the largest gaming and slot machine manufacturers, typically producing over 25,000 machines per annum. Outsourced specialised gaming computer solutions are increasingly being considered by this tier, which traditionally have produced their own PC-based systems in-house. "Tier 2" typically produce between 5,000 and 25,000 machines per annum. "Tier 3" typically produce less than 5,000 machines per annum.

During the half, Quixant made its first volume shipments to two new "Tier 2" customers which are expected to contribute to sales during the latter half of 2013 and into 2014.

Quixant has commenced "design-ins" during the half-year with several new customers, where the engineering teams from Quixant and the respective customers interact in order to design the Quixant gaming platforms into the customers' machines. This process typically takes several months, but represents the start of long term relationships with the customers which usually last 5 years or more.

Strong customer relationships

Given the nature of the gaming industry and in particular the highly regulated environment in which they operate, gaming and slot machine manufacturers tend to develop long term working relationships with trusted suppliers who can provide a consistent and reliable product. Quixant's customer relationships provide a level of access and visibility into customer plans and an insight into order expectations. These close relationships are evidenced across the customer base, but also through the development projects currently underway with existing and new customers.

People

Quixant's global headcount has grown from 50 at the start of the year to 64 as of early August. The Company has made several important hires in the Taiwan branch to ensure our manufacturing operation has adequate scalability as the business grows.

Quixant has also appointed John Malin as Sales Director for Quixant UK Ltd. John has over 27 years' experience of selling electronic systems to gaming machine manufacturers, including several senior sales roles in high profile gaming companies. His skills, contacts and experience further strengthen Quixant's global sales team.

Product Development

Quixant provides all-in-one computing platforms for gaming. These platforms leverage PC technology for processing and performance graphics together with specialised electronics and software, developed by Quixant

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specifically to address the unique requirements of the gaming industry. Quixant products also feature innovative mechanical design, which further enhances their value for operation in the gaming and slot machine environment.

The software developed by Quixant communicates with the electronic hardware and connected gaming accessories in gaming and slot machines. Using this as a foundation, Quixant's customers can focus their resources on game development, which ultimately has the greatest impact on their commercial success, as well as reducing the time required to bring new gaming machines to market.

Quixant invests heavily both in the development of specific new products for launch into the market and also in improving the functionality and performance of the underlying technology utilised in these products. During the first half of this year, the Company completed the development of the QXi-300 platform, which will be formally launched at the Global Gaming Expo in Las Vegas at the end of September 2013. The QXi-300 is the next generation development of the QXi-200 and utilises the same CPU technology from AMD that is being used in the up-coming Sony PlayStation 4 and Microsoft Xbox One consumer products.

Technology Partners

Quixant is a Microsoft Windows Embedded Silver Partner and an AMD Fusion Partner Elite Member. AMD is a leading designer and manufacturer of graphics cards and microprocessors. Quixant is unique in being an AMD Elite Embedded Partner which has several benefits including early access to AMD's latest embedded technology in advance of the rest of the market. This enables Quixant to bring products based on the newest AMD technology to market in advance of its competition.

Financial review

Pre-tax profits for the six months ended 30 June 2013 were US$1.846 million (H1 2012: US2.215 million, including one-off profit on the disposal of a property of US$0.198m) and turnover for the period was US$9.508 million (H1 2012: US$9.448 million. Our overheads for the six months ended 30 June 2013 were US$2.680m (H1 2012: US$2.306m), higher than prior due to additional costs associated with functioning as a listed company and investment in people to enable scalability of the business going forward.

On its admission to AIM in May 2013, Quixant raised net proceeds of US$4.753 million. Combined with a strong positive operational cash flow in the six months to 30 June 2013 of US$1.444 million (H1 2012: US$(0.763) million), the Company had a cash balance of US$7.448 million at 30 June 2013 (31 December 2012: US$1.803 million).

Outlook

On the basis of all the factors set out above and customer indications and firm orders, we remain confident of a strong second half and that 2013 full year results will represent a significant increase in both revenue and profit over the prior year.

Nick Jarmany
Chief Executive

Quixant

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013 AND 2012 AND THE YEAR ENDED 31 DECEMBER 2012

	30 June 2013 Unaudited US$000	30 June 2012 Unaudited US$000	31 December 2012 Audited US$000
Revenue	**9,508**	9,448	21,577
Cost of sales	**(4,996)**	(5,098)	(11,677)
Gross profit	**4,512**	**4,350**	**9,900**
Profit on sale of building	**–**	198	198
Other operating expenses	**(2,680)**	(2,306)	(5,056)
Operating Profit	**1,832**	2,242	5,042
Financial expenses	**(32)**	(27)	(59)
Other income	**46**	–	7
Profit before tax	**1,846**	2,215	4,990
Taxation	**(433)**	(574)	(1,199)
Profit for the period	**1,413**	1,641	3,791
Basic earnings per share	**US$0.02452**	US$0.0297	US$0.0687
Fully diluted earnings per share	**US$0.02435**	US$0.0297	US$0.0687

Consolidated statement of comprehensive income

for the six months ended 30 June 2013 and 2012 and the year ended 31 December 2012

	US$000	US$000	US$000
Profit for the period	**1,413**	1,641	3,791
Foreign currency translation differences	**(22)**	(85)	77
Total comprehensive income for the period	**1,391**	1,556	3,868

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 AND 2012 AND AT 31 DECEMBER 2012

	30 June 2013 Unaudited US$000	30 June 2012 Unaudited US$000	31 December 2012 Audited US$000
Non-current assets			
Property, plant and equipment	**3,734**	2,451	3,800
Intangible assets – research and development	**919**	306	502
Total non-current assets	**4,653**	2,757	4,302
Current assets			
Inventories	**3,089**	2,248	2,419
Trade and other receivables	**3,962**	3,316	4,370
Cash and cash equivalents	**7,448**	688	1,803
Total current assets	**14,499**	6,252	8,592
Total assets	**19,152**	9,009	12,894
Current liabilities			
Other financial liabilities	**(92)**	(92)	(92)
Trade and other payables	**(3,405)**	(2,398)	(3,675)
Corporation tax payable	**(1,249)**	(681)	(913)
Total current liabilities	**(4,746)**	(3,171)	(4,680)
Non-current liabilities			
Other financial liabilities	**(2,112)**	(2,166)	(2,187)
Deferred tax liability	**(241)**	(95)	(138)
Total non-current liabilities	**(2,353)**	(2,261)	(2,325)
Total liabilities	**(7,099)**	(5,432)	(7,005)
Net assets	**12,053**	3,577	5,889
Equity			
Share capital	**104**	27	27
Share based payments reserve	**20**	–	–
Share Premium	**5,181**	505	505
Retained earnings	**6,698**	3,135	5,285
Translation reserve	**50**	(90)	72
Total equity	**12,053**	3,577	5,889

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2013, 31 DECEMBER 2012 AND 30 JUNE 2012

	Share Capital US$000	Share Based Payments US$000	Share Premium US$000	Retained Earnings US$000	Translation Reserve US$000	Total Equity US$000
At 1 January 2012	27	–	505	1,494	(5)	2,021
Profit for the six months	–	–	–	1,641	–	1,641
Total other comprehensive income	–	–	–	–	(85)	(85)
At 30 June 2012	27	–	505	3,135	(90)	3,577
Profit for the six months	–	–	–	2,150	–	2,150
Total other comprehensive income	–	–	–	–	162	162
At 31 December 2012	27	–	505	5,285	72	5,889
Profit for the six months	–	–	–	1,413	–	1,413
Share bonus issue	63	–	(63)	–	–	–
Issue of new shares	14	–	5,873	–	–	5,887
Share issue expenses	–	–	(1,134)	–	–	(1,134)
Share based payments	–	20	–	–	–	20
Total other comprehensive income	–	–	–	–	(22)	(22)
At 30 June 2013	**104**	**20**	**5,181**	**6,698**	**50**	**12,053**

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CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 AND 2012 AND THE YEAR ENDED 31 DECEMBER 2012

	30 June 2013 Unaudited US$000	30 June 2012 Unaudited US$000	31 December 2012 Audited US$000
Cash flows from operating activities			
Profit for the year	**1,413**	1,641	3,791
Depreciation	**98**	53	212
Amortisation	**28**	10	18
(Profits) on disposal	**–**	(198)	(198)
Financial expenses	**32**	27	59
Taxation	**433**	574	1,199
Share based payments reserve	**20**	–	–
	2,024	2,107	5,081
Decrease/(increase) in trade and other receivables	**408**	(2,902)	(3,956)
(Increase) in inventories	**(670)**	(616)	(787)
(Decrease)/increase in trade and other payables	**(292)**	705	2,007
	1,470	(706)	2,345
Interest paid	**(32)**	(27)	(59)
Tax Paid	**6**	(30)	(380)
Net cash generated from/(expensed by) operating activities	**1,444**	(763)	1,906
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(32)**	(145)	(1,521)
Development expenditure	**(445)**	(206)	(410)
Proceeds from sale of property, plant and equipment	**–**	936	941
Net cash from investing activities	**(477)**	585	(990)
Cash flows from financing activities			
Proceeds from borrowings	**–**	–	760
Repayment of borrowings	**(75)**	(84)	(824)
Net cash received on issue of new shares	**4,753**	–	–
Net cash from financing activities	**4,678**	(84)	(64)
Net increase in cash and cash equivalents	**5,645**	(262)	852
Cash and cash equivalents at 1 January	**1,803**	950	951
Cash and cash equivalents at 30 June	**7,448**	688	1,803

General Information and Reporting entity

Quixant PLC ("Quixant" or the "Company") is a public limited company incorporated and domiciled in England and Wales, whose shares are publically traded on the AIM market of the London Stock Exchange. The address of the Company's registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP. Quixant develops and supplies specialist computer systems. This condensed consolidated interim financial information for The Quixant group comprises the Company, its branch in Taiwan and its subsidiaries (the "Group").

The condensed consolidated interim financial information is neither audited nor reviewed and the results of operations for the six months ended 30 June 2013 are not necessarily indicative of the operating results for future operating periods.

The financial information shown for the year ended 31 December 2012 in the interim financial information does not constitute statutory financial statements as defined in Section 435 of the Companies Act 2006 and has been extracted from the Company's AIM Admission Document. The accountant's report on the Historical Financial Information contained in the AIM Admission Document was unqualified.

1. Principal Accounting Policies

Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2012. This condensed interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency adopted by the Quixant group is US$ as this is the trading currency of the Group.

This condensed consolidated interim financial report was approved by the Board of Directors on 9 September 2013.

Judgements and estimates

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

In preparing this condensed consolidated interim financial report, other than for share based payments as noted below, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

Judgement and estimation is required in determining the fair value of shares at the date of award. The fair value is estimated using valuation techniques which take into account the award's term, the risk free interest rate and the expected volatility of the market price of the Company's shares.

Segmental analysis

The Quixant group has determined that it only has one operating and reportable segment. The Quixant group assesses the performance of that segment based on a measure of revenue, and profit/(loss) before interest and taxation. All significant assets and liabilities are located within the UK and Taiwan.

The segmental information is therefore presented in the income statement and statement of financial position and has not been reproduced here. A single customer accounted for 67 per cent, 81 per cent and 79 per cent of reported revenues in the six month period to 30 June 2013, the six month period to 30 June 2012 and the year to 31 December 2012 respectively.

Significant accounting policies

Except as described below, the accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012. The following new accounting policy is also expected to be reflected in the Group's consolidated financial statements as at and for the year ended 31 December 2013.

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 the 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 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.

2. Share based payments

During the period 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 1,895,200 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:

	30 June 2013
Fair value at grant date	£0.19
Share price	£0.46
Exercise price	£0.49
Expected volatility	50%
Expected option life	5 years
Risk-free interest rate	0.9%

The fair value at grant date of £0.19 was converted at the exchange rate on the grant date to give a fair value of US$0.29 per option. The total expense recognised in the period in respect of share options is US$20,000.

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3. Share capital

	6 months ended 30 June 2013 Unaudited US$000	6 months ended 30 June 2012 Unaudited US$000	12 months ended 31 December 2012 Audited US$000
Allocated, called up and fully paid			
At beginning of period			
276,000 ordinary shares of 5p each	**27**	27	27
Bonus issue of 828,000 shares of 5p each	**63**	–	–
20,000 shares of 5p each issued	**1**	–	–
Share sub division into 56,200,000 shares of 0.1p each	**–**	–	–
8,434,782 ordinary shares of 0.1p issued	**13**	–	–
At end of period	**104**	27	27

On 4 February 2013 a bonus issue of three shares for every one share held was awarded to the shareholders by a transfer from the share premium account to the share capital of £41,400.

On 25 April 2013, the company subdivided the existing 5p ordinary shares into 56,200,000 ordinary shares of £0.001 each.

On 21 May 2013 the company was listed on the AIM market and issued an additional 8,434,782 ordinary shares of 0.1p for an aggregate consideration of £3,880,000 (US$5,887,000). Share issue expenses totalling US$1,134,000 were deducted from the share premium account.

4. Related party transactions

There were no related party transactions other than transactions with Key Management Personnel, who are the directors. In addition, during the period the Group implemented share based incentive scheme for the benefit of employees as discussed in note 2.

5. Subsequent events

There are no significant events which have taken place after 30 June 2013.

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