

6PM Holdings plc

COMPANY ANNOUNCEMENT

The following is a company announcement issued by 6PM Holdings plc pursuant to Malta Financial Services Authority Listing Rules.

Quote

At the meeting held on the 4th August 2015, the Board of Directors of 6PM Holdings plc approved the Interim Financial Statements for the period ended 30th June 2015. A copy of the preliminary statement of the interim results is attached to this announcement.

Unquote



Dr. Ivan Gatt

Company Secretary

5th August 2015

6PM Holdings plc
Interim financial report
For the period 1 January 2015 to 30 June 2015

The following interim financial report is published pursuant to the terms of chapter 5 of the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act 2005. We confirm that the condensed financial information has been extracted from the company's financial statements for the six months ended 30 June 2015 and prepared in accordance with IAS 34 'Interim Financial Reporting' and that to the best of our knowledge this information provides a true and fair view of the group's and company's financial performance for the period then ended. This report has not been audited nor reviewed by the group's independent auditors.

The consolidated financial statements cover 6PM Holdings plc (parent) and its subsidiaries 6PM Management Consultancy (UK) Limited, 6PM Limited, Compunet Limited, 6PM Agencies Limited, Agilis6 Limited, 6PM Nearshore DOOEL, 6PM Gibraltar Ltd and SIX-PM Health Solutions (Ireland) Ltd.

6PM Holdings plc
Condensed statements of comprehensive income
For the period 1 January to 30 June 2015

	Group		Company	
	30-Jun-15 GBP	30-Jun-14 GBP	30-Jun-15 GBP	30-Jun-14 GBP
Revenue	4,410,653	4,807,773	-	-
Cost of sales	(2,103,469)	(2,678,606)	-	-
Gross profit	2,307,184	2,129,167	-	-
Administrative (expenses)/income	(1,774,409)	(1,677,651)	72,250	47,352
Operating profit	532,775	451,516	72,250	47,352
Finance costs	(80,423)	(56,676)	-	-
Investment expense	(39,153)	(9,577)	-	-
Profit before tax	413,199	385,263	72,250	47,352
Income tax expense	(626)	(734)	-	-
Net profit	412,573	384,529	72,250	47,352
Attributable to:				
Owners of the company	401,374	384,528		
Non-controlling interest	11,199	1		
	412,573	384,529		
Other comprehensive expense				
Exchange differences arising on translation of foreign operations	(21,659)	(233,232)		
Total comprehensive expense for the period	(21,659)	(233,232)		
Attributable to:				
Owners of the company	379,715	151,296		
Non-controlling interest	11,199	1		
	390,914	151,297		
Earnings per share	0.020	0.019		

6PM Holdings plc
Condensed statements of financial position
As at 30 June 2015

	Group		Company	
	30-Jun-15 GBP	31-Dec-14 GBP	30-Jun-15 GBP	31-Dec-14 GBP
Non-current assets				
Intangible assets	3,868,054	3,804,815	-	-
Property, plant and equipment	796,173	953,750	-	-
Investment property	583,348	638,698	-	-
Investment in subsidiaries	-	-	2,541,007	2,541,007
Available for sale Investment	943,477	943,477	943,477	943,477
Financial assets	140,149	160,483	323,863	323,863
Deferred tax assets	1,440,481	1,544,273	-	-
	7,771,682	8,045,496	3,808,347	3,808,347
Current assets				
Inventories	441,582	590,050	-	-
Trade and other receivables	4,782,517	3,566,408	1,000,351	925,887
Other cash at bank	177,850	198,501	-	-
Cash and cash equivalents	189,176	145,653	8,622	8,073
	5,591,125	4,500,612	1,008,973	933,960
Total assets	13,362,807	12,546,108	4,817,320	4,742,307
Current liabilities				
Trade and other payables	(3,890,052)	(3,269,396)	(436,772)	(22,162)
Bank overdrafts and loans	(3,520,988)	(3,061,944)	-	-
Other financial liabilities	(7,619)	(202,017)	-	(417)
Current tax liabilities	(50,100)	(1,128)	-	-
	(7,468,759)	(6,534,485)	(436,772)	(22,579)
Non-current liabilities				
Bank loans	(254,562)	(351,621)	-	-
Deferred tax liability	-	-	(30,549)	(30,549)
	(254,562)	(351,621)	(30,549)	(30,549)
Total liabilities	(7,723,321)	(6,886,106)	(467,321)	(53,128)
Net assets	5,639,486	5,660,002	4,349,999	4,689,179
Equity				
Share capital	4,150,811	4,068,525	4,150,811	4,068,525
Share premium	412	82,698	412	82,698
Retained earnings	1,689,376	1,699,432	198,776	537,956
Exchange reserve	(277,381)	(260,829)	-	-
Revaluation reserve	53,826	58,933	-	-
Minority interest	22,442	11,243	-	-
	5,639,486	5,660,002	4,344,999	4,689,179

6PM Holdings plc
Condensed statements of changes in equity
As at 30 June 2015

Group	Share capital	Share premium	Revaluation reserve	Exchange reserve	Retained earnings	Attributable to company owners	Non-controlling interest	Total
	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP
Balance as at 1 January 2014	3,910,283	240,940	-	23,407	1,343,094	5,517,724	-	5,517,724
Bonus issue of shares	158,242	(158,242)	-	-	-	-	-	-
Profit for the period	-	-	-	-	384,528	384,528	1	384,529
Distribution of dividends	-	-	-	-	(395,607)	(395,607)	-	(395,607)
Effect of new subsidiary	-	-	-	-	-	-	9,934	9,934
Other comprehensive expense for the period	-	-	-	(233,232)	-	(233,232)	-	(233,232)
Total comprehensive income/(expense) for the period	-	-	-	(233,232)	(11,079)	(244,311)	9,935	(234,376)
Balance as at 30 June 2014	4,068,525	82,698	-	(209,825)	1,332,015	5,273,413	9,935	5,283,348
Profit for the period	-	-	-	-	426,350	426,350	1,308	427,658
Revaluation of investment property	-	-	58,933	-	(58,933)	-	-	-
Other comprehensive expense for the period	-	-	-	(51,004)	-	(51,004)	-	(51,004)
Total comprehensive income/(expense) for the period	-	-	58,933	(51,004)	367,417	375,346	1,308	376,654
Balance as at 31 December 2014	4,068,525	82,698	58,933	(260,829)	1,699,432	5,648,759	11,243	5,660,002
Bonus issue of shares	82,286	(82,286)	-	-	-	-	-	-
Profit for the period	-	-	-	-	401,374	401,374	11,199	412,573
Distribution of dividends	-	-	-	-	(411,430)	(411,430)	-	(411,430)
Other comprehensive expense for the period	-	-	(5,107)	(16,552)	-	(21,659)	-	(21,659)
Total comprehensive income / (expense) for the period	-	-	(5,107)	(16,552)	(10,056)	(31,715)	11,199	(20,516)
Balance as at 30 June 2015	4,150,811	412	53,826	(277,381)	1,689,376	5,617,044	22,442	5,639,486

6PM Holdings plc
Condensed statements of changes in equity (continued)
As at 30 June 2015

Company	Share capital GBP	Share premium GBP	Retained earnings GBP	Total GBP
Balance as at 1 January 2014	3,910,283	240,940	463,837	4,615,060
Bonus issue of shares	158,242	(158,242)	-	-
Profit for the period	-	-	47,352	47,352
Distribution of dividends	-	-	(395,607)	(395,607)
Total comprehensive expense for the period	-	-	(348,255)	(348,255)
Balance as at 30 June 2014	<u>4,068,525</u>	<u>82,698</u>	<u>115,582</u>	<u>4,266,805</u>
Profit for the period	-	-	422,374	422,374
Total comprehensive income for the period	-	-	422,374	422,374
Balance as at 31 December 2014	<u>4,068,525</u>	<u>82,698</u>	<u>537,956</u>	<u>4,689,179</u>
Bonus issue of shares	82,286	(82,286)	-	-
Profit for the period	-	-	72,250	72,250
Distribution of dividends	-	-	(411,430)	(411,430)
Total comprehensive expense for the period	-	-	(339,180)	(339,180)
Balance as at 30 June 2015	<u>4,150,811</u>	<u>412</u>	<u>198,776</u>	<u>4,344,999</u>

6PM Holdings plc
Condensed statement of cash flows
As at 30 June 2015

	Group		Company	
	30-Jun-15 GBP	30-Jun-14 GBP	30-Jun-15 GBP	30-Jun-14 GBP
Net cash from operating activities	(293,078)	(374,101)	967	955,394
Net cash from investing activities	111,089	(1,112,221)	-	(899,728)
Net cash from financing activities	(291,456)	1,206,061	(417)	(49,686)
Effect of foreign exchange rate changes	37,274	(233,232)	-	-
Movement in cash and cash equivalents	(436,171)	(513,493)	550	5,980
Cash and cash equivalents at beginning of the interim period	(2,717,790)	(807,711)	8,073	2,093
Cash and cash equivalents at the end of the interim period	(3,153,961)	(1,321,204)	8,622	8,073

Performance review

During the period under review the group reported a profit before tax of GBP 413,199 (30 June 2014 – GBP 385,263). This represents an increase of 7% over the results achieved in the first 6 months of last year. This notwithstanding the loss taken from one of the subsidiaries due to the increase in investment in shareholding. If this had to be excluded, the increase in the first 6 months would have amounted to 20%.

During the first 6 months of 2015, the Group continued to focus on its core activities with the aim to become a leader in world class IT Health Solutions. Apart from keeping up with the investment momentum of its core products, 6PM also continued researching other verticals where the Group can capitalise on its strong knowledge within the health industry. iFIT™, 6PM's Intelligent File and Inventory Tracking system, was designed to track medical records. During the current year, a new module, iAssets, was introduced within the NHS Trusts. By utilizing the same infrastructure, a Trust can now track and use management information in relation to the different assets used within the hospital. Additional verticals are being developed and expected to go-to-market by the end of the year.

The strategy is coupled with a plan to reduce costs considerably through the elimination of third parties and the use of more efficient systems during implementation. As can be seen from the results for the first 6 months of the year where although there is a slight decrease in the turnover, the associated costs have considerably decreased and thus have resulted in an increase in Gross Profit when compared to the same 6 months of the previous year. The Group aims to maintain such a Gross Profit level over the next period.

During the period, the Group embarked on three substantial extra-operational projects. These are currently being concluded and expected to reap rewards even from the current year. The first project refers to the issue of €13m bonds for a 10 year period. The oversubscription of the bonds by the current shareholders of the company is a show of confidence in the future plans of the Group. Although this will burden the organisation with an additional cost due to interest payable, it is surely the most effective way to finance the expansion projects of the Group. In addition, the financial projections prepared for the bond issue show the Group's steady growth due to the different strategies being adopted.

Part of the bond issue proceeds were used to finalise the full acquisition of Blithe Computer Systems Limited, a company registered in UK. The synergies being created with the company will have significant impact on the financials of the Group. Due to this acquisition 6PM will add two more products to its Clinical Portfolio and double the current annuity business, taking over the entire customer base of the company being acquired.

Given that the Group will have a substantial increase in employees due to the new acquisition, it was agreed that an internal organization restructure is necessary to ensure that major synergies are achieved. The Group structure has now been realigned to ensure different managerial levels with appropriate areas of responsibilities. Such structures are operational across the board, with managers for group functions identified across all geographical locations where 6PM has a fixed presence.

As part of the Group's reorganisation and focus the Board is also considering the company structure of the Group; certain non-core activities are being consolidated to ensure sufficient focus can be exercised. In terms of associates, the Group decided to focus on emCare360 Ltd (during 2014 an additional investment was made to consolidate the shareholding, thus having an impact on the accounts) and Javali LLC in USA, also with more participation through the formation of the European branch.

The board is cautiously confident that the group will continue to achieve the expected positive results in the coming months and have therefore considered it appropriate to prepare this interim financial report on a going concern basis.

Dividends

In line with the current policy up to now, the directors are recommending that no interim dividend is to be paid.

Significant accounting policies

The half-yearly results have been drawn up in accordance with the accounting policies used in the preparation of the annual audited financial statements for the year ended 31 December 2014.

The following are considered key significant accounting policies:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the holding company and entities controlled by the holding company (its subsidiaries). Control is achieved where the holding company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are accounted for in the separate financial statements of the holding company on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from investments are recognised in profit or loss.

The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, in preparing these consolidated financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by group entities. All intragroup balances, transactions, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for by applying the acquisition method. The consideration is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred, except for costs to issue debt or equity securities. An adjustment to the cost of the combination contingent on future events is measured at the acquisition-date fair value.

Any excess of the cost of acquisition over the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate/jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is excluded from the carrying amount of the investment and recognised immediately in profit or loss.

Property, plant and equipment

The group's property, plant and equipment are classified into the following classes – freehold land and buildings, motor vehicles, and furniture, fittings and other equipment.

Land and buildings are held for use in the supply of services or for administrative purposes. Subsequent to initial recognition, land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Other tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the group and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

Intangible assets comprise of goodwill arising on the acquisition of subsidiaries, computer software and licenses and developed software.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the company, and the cost of the property can be reliably measured. Investment property is initially measured at cost, including transaction costs. After initial recognition, investment property is stated at cost less accumulated depreciation and less accumulated impairment losses

Impairment

All assets are tested for impairment except for inventories and deferred tax assets. At the end of each reporting period the carrying amount of assets, including cash-generating units are reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

Goodwill arising on the acquisition of subsidiaries are tested for impairment annually and whenever there is an indication of impairment. Goodwill arising on associates accounted for using the equity method is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the group and these can be measured reliably.

Revenue from the provision of services is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

Revenue from the sale of goods is recognised on the transfer of the risks and rewards of ownership, which generally coincides with the time of delivery, when the costs incurred or to be incurred in respect of the transaction can be measured reliably and when the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Judgments in applying accounting policies and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period relate to:

- 1) The crystallization of deferred tax assets
- 2) The carrying amount of goodwill
- 3) The carrying amount of other intangible assets

These assessments have been based on the group's business plan for the 3-year period ending 31 December 2016 which is in turn based on a number of underlying assumptions relating to:

- Sales volume and product/service mix
- New product and service launches
- General economic trends
- Developments in the markets within which the group operates
- Technological developments
- Foreign exchange rates
- Achieving costs savings
- Economies of scale derived from acquisitions and mergers
- Synergies with new additions to the group

The above key assumptions have also been used by the directors in assessing the crystallisation of the deferred tax assets and the carrying value of goodwill and other intangible assets.

(i) *Deferred tax assets*

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carry forward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised. The carrying value of the deferred tax assets recognized at the end of the reporting period was GBP 1,440,481 (31 December 2014 – GBP 1,544,273).

(ii) *Other intangible assets*

During the year management has reassessed the recoverability of the value of the group's intangible assets which are included in the statement of financial position at GBP 3,868,054 (31 December 2014 – GBP 3,804,815) by applying discounting cash flow techniques to the cash flows included in the group's strategic business plan that relate to the specific intangibles. The key assumptions are the same as those disclosed above. Based on the above assessment, management expects the carrying amount of other intangible assets to be recoverable and therefore the directors consider that there is no impairment in the carrying value of other intangible assets as at 30 June 2015.

Revenue

Group revenue represents the amount primarily receivable for services rendered and goods sold during the year net of indirect taxes.

The following is an analysis of the group's revenue from continuing operations by reportable segment.

	30-Jun-15 GBP	30-Jun-14 GBP
Licences and products	2,389,049	2,365,570
Professional services	929,969	1,439,610
Support and Maintenance	1,091,635	1,002,593
	<u>4,410,653</u>	<u>4,807,773</u>

Acquisition of subsidiaries and associates

On 1st January 2014, 6PM Holdings plc subscribed to 70% of the share capital of SIX-PM Health Solutions (Ireland) Limited, registered in Ireland.

Bank overdrafts and loans

	30-Jun-15			31-Dec-14		
	In Euro GBP	In GBP GBP	Total GBP	In Euro GBP	In GBP GBP	Total GBP
Bank overdrafts	657,585	393,855	1,051,440	784,291	197,742	982,033
Bank loans	2,724,110	-	2,724,110	2,431,532	-	2,431,532
	<u>3,381,695</u>	<u>393,855</u>	<u>3,775,550</u>	<u>3,215,823</u>	<u>197,742</u>	<u>3,413,565</u>

The bank overdrafts denominated in Euro bear interest at 3.5% per annum over the bank's base rate.

The overdraft denominated in GBP consists of an invoice discounting facility which provided up to a funding limit of 85% of eligible debts and bear a discounting charge of 0.72% of the Notified Value of each debt. This facility was secured by way of a fixed and floating charge over trade debtors and all other assets of 6PM Holdings plc

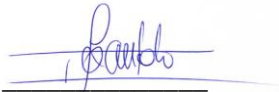
Interest on bank loans is charged at 1.67%-2% per annum over the bank's base rate.

The bank overdraft and loans denominated in Euro are secured by a special hypothec over the immovable property and by general hypothecs over the assets of 6PM Limited, a general hypothec over the assets of the company and by a fixed deposit of Eur 250,000 (GBP 177,850).

6PM Holdings plc
Statement pursuant to Listing Rule 5.75 issued by the Listing Authority

We confirm that to the best of our knowledge:

- This condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit and loss of 6PM Holdings plc; and
- Includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Mr Ivan Bartolo
Chief Executive Officer



Mr Nazzareno Vassallo
Chairman

30 July 2015