

6PM Holdings plc

COMPANY ANNOUNCEMENT

The following is a company announcement issued by 6PM Holdings plc pursuant to Malta Financial Services Authority Listing Rules - Chapter 8.

Quote

By Board Resolution of the 11th August 2016, the Interim Financial Statements for the period ended 30th June 2016 have been approved. A copy of the preliminary statement of the interim results is attached to this announcement.

Unquote



Dr. Ivan Gatt

Company Secretary

12th August 2016

6PM Holdings plc
Interim financial report
For the period 1 January 2016 to 30 June 2016

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 2016 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 Limited, 6PM Management Consultancy (UK) Limited, 6PM Infrastructure Limited, 6PM Agencies Limited, 6PM Nearshore DOOEL, SIX-PM Health Solutions (Ireland) Limited, Blithe Computer Systems Limited, and emCare360 Limited.

6PM Holdings plc
Condensed statements of comprehensive income
For the period 1 January to 30 June 2016

	Group		Company	
	30-Jun-16 GBP	30-Jun-15 GBP	30-Jun-16 GBP	30-Jun-15 GBP
Revenue	5,426,514	4,410,653	-	-
Cost of sales	(1,550,962)	(2,103,469)	-	-
Gross profit	3,875,552	2,307,184	-	-
Administrative (expenses)/income	(3,066,113)	(1,774,409)	(927,364)	72,250
Operating profit/(loss)	809,439	532,775	(927,364)	72,250
Finance costs	(320,437)	(80,423)	(259,841)	-
Investment expense	-	(39,153)	-	-
Profit before tax	489,002	413,199	(1,187,205)	72,250
Income tax expense	(8)	(626)	-	-
Net profit/(loss)	488,994	412,573	(1,187,205)	72,250
Attributable to:				
Owners of the company	448,622	401,374		
Non-controlling interest	40,372	11,199		
	488,994	412,573		
Other comprehensive expense				
Exchange differences arising on translation of foreign operations	(56,335)	(21,659)		
Total comprehensive expense for the period	(56,335)	(21,659)		
Attributable to:				
Owners of the company	392,287	379,715		
Non-controlling interest	40,372	11,199		
	432,659	390,914		
Earnings per share	0.023	0.020		

6PM Holdings plc
Condensed statements of financial position
As at 30 June 2016

	Group		Company	
	30-Jun-16 GBP	31-Dec-15 GBP	30-Jun-16 GBP	31-Dec-15 GBP
Non-current assets				
Intangible assets	25,855,799	22,771,993	-	-
Property, plant and equipment	2,190,594	828,628	-	-
Investment property	677,730	601,880	-	-
Investments in subsidiaries	-	-	7,530,010	6,681,840
Investments in associates	60,640	310,238	60,330	494,254
Financial assets	1,174,742	1,190,494	1,174,742	1,190,494
	29,959,505	25,703,233	8,765,082	8,366,588
Current assets				
Inventories	672,930	528,142	-	-
Trade and other receivables	6,157,685	7,574,198	5,524,438	5,692,083
Current tax recoverable	-	-	258	8,562
Cash and cash equivalents	1,387,314	1,711,450	3	26
	8,217,929	9,813,790	5,524,699	5,700,671
Total assets	38,177,434	35,517,023	14,289,781	14,067,259
Current liabilities				
Trade and other payables	(4,435,036)	(5,402,618)	(422,679)	(225,744)
Bank overdrafts and loans	(2,482,399)	(2,270,322)	-	-
Other financial liabilities	-	(107,485)	-	(9,375)
Current tax liabilities	(16,398)	(36,322)	-	-
	(6,933,833)	(7,816,747)	(422,679)	(235,119)
Non-current liabilities				
Bank loans	(279,310)	(260,060)	-	-
Debt securities in issue	(10,744,500)	(9,522,332)	(10,744,500)	(9,522,332)
Deferred tax liability	(2,591,704)	(2,114,453)	(54,798)	(54,798)
	(13,615,514)	(11,896,845)	(10,799,298)	(9,577,130)
Total liabilities	(20,549,347)	(19,713,592)	(11,221,977)	(9,812,249)
Net assets	17,628,087	15,803,431	3,067,804	4,255,010
Equity				
Share capital	4,150,811	4,150,811	4,150,811	4,150,811
Share premium	412	412	412	412
Retained earnings	3,407,554	2,958,932	(1,083,418)	103,787
Exchange reserve	9,596	(482,538)	-	-
Revaluation reserve	9,996,895	9,153,367	-	-
Minority interest	62,819	22,447	-	-
	17,628,087	15,803,431	3,067,805	4,255,010

6PM Holdings plc
Condensed statements of changes in equity
As at 30 June 2016

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 2015	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
Profit for the period	-	-	-	-	1,289,556	1,289,556	(9,928)	1,279,628
Movement in minority interest	-	-	-	-	-	-	9,933	9,933
Other comprehensive income/(expense) for the period	-	-	9,099,541	(205,157)	-	8,894,384	-	8,894,384
Total comprehensive income/(expense) for the period	-	-	9,099,541	(205,157)	1,289,556	10,183,940	5	10,183,945
Balance as at 31 December 2015	4,150,811	412	9,153,367	(482,538)	2,958,932	15,780,984	22,447	15,803,431
Profit for the period	-	-	-	-	448,622	448,622	40,372	488,994
Other comprehensive income for the period	-	-	843,528	492,134	-	1,335,662	-	1,335,662
Total comprehensive income for the period	-	-	843,528	492,134	448,622	1,784,284	40,372	1,824,656
Balance as at 30 June 2016	4,150,811	412	9,996,895	9,596	3,407,554	17,565,268	62,819	17,628,087

6PM Holdings plc
Condensed statements of changes in equity (continued)
As at 30 June 2016

Company	Share capital	Share premium	Retained earnings	Total
	GBP	GBP	GBP	GBP
Balance as at 1 January 2015	4,068,525	82,698	537,956	4,689,179
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	4,150,811	412	198,776	4,349,999
Loss for the period	-	-	(94,989)	(94,989)
Total comprehensive expense for the period	-	-	(94,989)	(94,989)
Balance as at 31 December 2015	4,150,811	412	103,787	4,255,010
Loss for the period	-	-	(1,187,205)	(1,187,205)
Total comprehensive expense for the period	-	-	(1,187,205)	(1,187,205)
Balance as at 30 June 2015	4,150,811	412	(1,083,418)	3,067,805

6PM Holdings plc
Condensed statement of cash flows
As at 30 June 2016

	Group		Company	
	30-Jun-16 GBP	30-Jun-15 GBP	30-Jun-16 GBP	30-Jun-15 GBP
Net cash from operating activities	1,142,979	(293,078)	(823,697)	967
Net cash from investing activities	(3,412,744)	111,089	(398,494)	-
Net cash from financing activities	927,561	(291,456)	1,222,168	(417)
Effect of foreign exchange rate changes	492,134	37,274	-	-
Movement in cash and cash equivalents	(850,070)	(436,171)	(23)	550
Cash and cash equivalents at beginning of the interim period	(245,015)	(2,717,790)	26	8,073
Cash and cash equivalents at the end of the interim period	(1,095,085)	(3,153,961)	3	8,623

Performance review

During the period under review the group reported a profit before tax of GBP 488,994 (30 June 2015 – GBP 413,199). This represents an increase of 18% over the results achieved in the first 6 months of last year.

During the first 6 months of 2016, the Group continued to focus on its 3 pillars of activity (Hospital Management Products, Clinical Products, and Electronic and Mobile Care products) with the aim to become a leader in world class IT Health Solutions. The last 2 pillars have contributed to become a larger component of the Group due to the acquisitions made in the last 12 months: Blithe Computer Systems Limited in July 2015 and the remaining shares of emCare360 Limited (before was an associate company) on 1st January 2016.

Through the acquisition of Blithe and ownership of Lilie, which is the market-leading clinical management software for use by Sexual Health and Contraceptive & Reproductive Health Services, the Group is managing to maintain the market and upselling within its Customer Base, while also increasing the annuity business. Similarly, in the case of emCare360 Limited's acquisition, the company consolidated its cost structure so that it started generating profits on a monthly basis.

The Group strategy continued to evaluate the necessary cost to deliver sales, thus keeping its edge in delivering products at a reduced cost, thus a higher margin. The Group is also planning to contain costs and become more cost effective, this becoming more necessary to counteract the effect of the Brexit result whereby costs denominated in EUR have become more expensive within the Group structure, which is denominated in GBP.

During the coming months, the Board of Directors will continue ensuring that the costs, especially at an administrative level, will be contained and reach a level whereby they would be totally sustained through annuity guaranteed business. Further focus would be made on Free Cash Flow generation, this to ensure sustainability in view of the bond issue repayable in the long-term.

As announced in March 2016, interested parties have the intention to launch a voluntary bid for the acquisition of all the issued share capital of the Company, subject to the satisfactory conclusion of a due diligence exercise. Outcome of these discussions should be known soon, although all members of the Board of Directors are using a "business as usual" approach until result is known.

The board is cautiously confident that the group will continue to achieve the expected positive results in the coming months, despite the unqualified unknown placed through the Brexit result of the referendum, 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 2015.

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 the statement of profit or loss and other comprehensive income.

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 the statement of profit or loss and other comprehensive income.

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. Developed software is measured at fair value less costs to sell, with any changes recognised in profit or loss

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 fair value.

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 2017 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

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-16	30-Jun-15
	GBP	GBP
Licences and products	2,667,165	2,389,049
Professional services	1,172,515	929,969
Support and Maintenance	1,586,834	1,091,635
	<u>5,426,514</u>	<u>4,410,653</u>

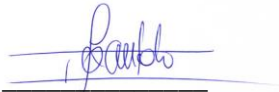
Acquisition of subsidiaries and associates

On 1st January 2016, 6PM Holdings plc subscribed to the remaining 50% of the share capital of emCare360 Limited, registered in Malta, thus becoming a subsidiary.

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

11 August 2016