
Financial Analysis Summary

31 May 2016

Issuer

6PM Holdings p.l.c.

(C 41492)

The Directors
6PM Holdings p.l.c.
6PM Business Centre
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31 May 2016

Dear Sirs

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to 6PM Holdings p.l.c. (the “**Group**” or the “**Company**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the latest three years (31 December 2013 to 2015) has been extracted from the audited consolidated financial statements of the Company.
- (b) The forecast data of the Group for the year ending 31 December 2016 has been provided by management of the Company.
- (c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,



Wilfred Mallia
Director

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PART 1 – INFORMATION ABOUT THE ISSUER

1. KEY ACTIVITIES

The principal activity of 6PM Holdings p.l.c. (the “**Company**”, “**Issuer**” or the “**Group**”) is to carry on the business of a holding and finance company.

The Issuer was first established on 28 May 2007 as a private company under the Act. It is a holding company and accordingly the Issuer’s main trading activity is to carry out and to hold investment of any type, particularly shares and investments in other companies. The Issuer derives the majority of the income from the revenue generated by the Company’s subsidiaries and operating companies (collectively the “**Operating Companies**”).

2. DIRECTORS AND SENIOR MANAGEMENT

The Company is managed by a Board consisting of six directors entrusted with its overall direction and management.

Board of Directors

Nazzareno Vassallo	Chairman	Non-Executive
Ivan Bartolo	Chief Executive Officer	Executive
Hector Spiteri	Deputy Chairman	Non-Executive
Stephen Wightman	Deputy Chief Executive Officer	Executive
Robert Borg		Non-Executive
Tonio Depasquale		Non-Executive

Senior Management

In addition to Ivan Bartolo and Stephen Wightman, the members of the Executive Committee are as follows:

Michel Macelli	Chief Operating Officer
Brian Zarb Adami	Chief Technical Officer
Adrian Scicluna	Chief Financial Officer
John Deguara	Business Development Director

3. THE 6PM GROUP

3.1 Organisational Structure

The diagram below illustrates the principal subsidiary and associate companies within the organisational structure of the 6PM Group.



The following is a brief overview of the principal Operating Companies of the 6PM Group:

6PM Limited - The company is engaged in the provision of information technology services, including software development and maintenance, and offers these services both locally and overseas. As of the date of this report, 6PM Limited generates the most revenue for the 6PM Group and employs a substantial portion of the Group's workforce.

6PM Management Consultancy (UK) Limited – The company acts as the primary sales office for the solutions of the 6PM Group for the United Kingdom, the Group's main market.

6PM Nearshore DOOEL – The company is principally involved in the development and implementation of 6PM Group products and solutions. The company employs 30 IT professionals and complements the research & development and delivery teams in Malta.

SIX-PM Health Solutions (Ireland) Limited - The key business activities of the company include document management services, microfilming, scanning, off-site storage and consultancy. The sales team of the company also actively market and sell 6PM Group products and solutions.

Blithe Computer Systems Limited - Blithe specialises in the provision of systems and solutions for the management of Electronic Patient Records (EPR) within the healthcare sector, particularly in relation to sexual health and substance misuse. The company is compliant with the national and international ISO 9001:2008 and ISO/IEC 17799:2009. The Blithe solutions are currently being used by more than 10,000 healthcare professionals in more than 700 locations throughout the United Kingdom.

Compunet Limited - The company is principally engaged in the importation and sale of IT related hardware, products, consumables, networking supplies and other accessories. During the second quarter of 2015, the company ceased operations of its retail outlet which was located in Birkirkara, Malta.

emCare360 Limited - The principal activities of the company relates to the commercialisation of the emCare electronic service platform ("emCare"). EmCare was built by the 6PM Group between 2011 and 2013. Since its launch in November 2013, the company has taken over the Telecare Service in Malta in collaboration with GO p.l.c. servicing just under 10,000 households. Complementing the Telecare Service, emCare has also introduced a Vital Signs Monitoring service and this is being implemented and adopted by care providers in Malta, Italy and the UK. All services are integrated with a central repository that enables emCare to manage an Electronic Medical Record (EMR) for and on behalf of its customers. On 1 January 2016, the Issuer acquired the remaining 50% shareholding in emCare360 Limited.

Javali LLC - is a joint venture between the University of Utah, United States of America, the 6PM Group and other American entrepreneurs. Javali is a product with revenue leakage auditing capability and was developed using the CareSolutions platform of the 6PM Group. Hospitals occasionally overcharge or undercharge clients for medical episodes, and such leakage typically occurs as a result of improper medical coding. The term "coding" refers to the activity performed by qualified personnel (a "coder") to analyse clinical statements and assigning clinical codes using a classification system. These clinical codes are used for a number of purposes including billing. Trading commenced during FY2015. In the same year, the Issuer increased its shareholding in the company from 10% to 22.5%.

4. GROUP BUSINESS OVERVIEW

4.1 Principal Activities

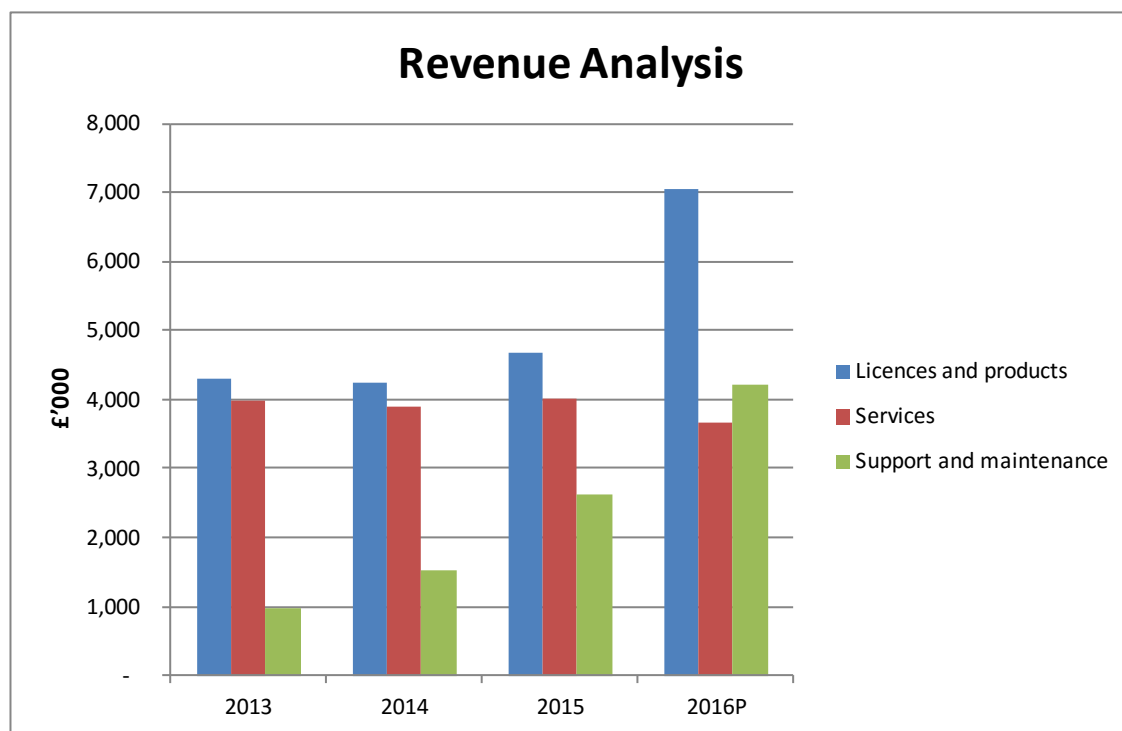
The Group provides a range of solutions to enable organisations enhance and optimise business efficiency. The Group's services mainly consist of managed services and product solutions, utilising business intelligence, data warehousing and electronic document management packages. The principal vertical in which the 6PM Group operates is the health market and is primarily active within the UK's NHS.

The following is an analysis of the Group's revenue from continuing operations by reportable segments:

6PM Group - Revenue Analysis				
for the year ended 31 December				
	2013	2014	2015	2016
	Actual	Actual	Actual	Projection
	£'000	£'000	£'000	£'000
Licences and products	4,299	4,241	4,688	7,036
Services	3,991	3,903	4,009	3,665
Support and maintenance	964	1,536	2,635	4,221
Total revenue	9,254	9,680	11,332	14,922
<i>Revenue growth (FY1/FY0):</i>				
Licences and products		-1%	11%	50%
Services		-2%	3%	-9%
Support and maintenance		59%	72%	60%
<i>% of total revenue:</i>				
Licences and products	46%	44%	48%	73%
Services	43%	40%	41%	38%
Support and maintenance	10%	16%	27%	44%

The 6PM Group's revenue can be segregated between the following components:

- **Licences and products** – 6PM solutions are offered to customers through the granting of restrictive non-exclusive licence agreements for the utilisation of such solutions in accordance with the terms and conditions thereof. To a lesser extent, 6PM also sells products (technological infrastructure and devices) to consumers and businesses.
- **Services** – This income stream principally relates to professional services provided to clients with respect to the implementation of the Group's solutions and required customisations.
- **Support and maintenance** – The 6PM Group offers support and maintenance services for all products and licences sold to customers.



As presented above, revenue generated from licences & products and support & maintenance increased in the three years from FY2013 to FY2015, and is expected to grow further in FY2016. Both revenue segments registered (in aggregate) an increase of £1.5 million, from £5.8 million in FY2014 to £7.3 million in FY2015 principally due to the inclusion of 6-months' revenue generated by Blithe following its acquisition by the 6PM Group in FY2015. Furthermore, support & maintenance income has increased at a constant rate as a consequence of annuity business. In contrast, revenue generated from services was stable during FY2013 to FY2015, but is projected to decrease in FY2016 from £4.0 million in FY2015 to £3.7 million. This decline has been expected from management following the strategic decision to drive productisation (and less customisation) and to shift revenue generation from service to licence fees.

4.2 Principal Products

The Group provides information technologies solutions and services primarily to Trusts within the NHS. The Group's principal products can be split into three categories as follows:

- (i) **Hospital Management** (operational support to optimise service standards and improve efficiencies and the use of data analysis tools to assist business decision processes):
 - **iFIT** – Intelligent File and Inventory Tracking provides the tools to manage physical paper health records, supplies, medical devices, vulnerable patients, staff, etc. Effectively a hospital can tag anything which requires tracking. iFIT provides hospital staff with modern logistics management technology which enables them to track and manage records "iRecords", physical assets "iAssets" and hospital employees "iWorkforce" using RFID (radio frequency identification) tagging. RFID readers on door frames, wards and treatment areas detect and record interactions.

- **CareSolutions Data Warehouse** – The Data Warehouse takes data feeds from NHS systems and provides improved reporting and analysis to management and clinical teams.

(ii) **Health Clinical Management** (provides health applications to support specific care pathways):

- **Climate-HIV** – A patient's data is recorded in one database through this specialised electronic patient record (EPR) system and provides the relative clinical team with a fast access to such data, helps educate the patient, and reduces administration requirements to complete clinical letters and referrals. All audit and conformance measures are incorporated within the solution to ensure optimal service throughout the care pathway. Climate-HIV is accessed via a web browser which enables nominated users to utilise the solution from any computer located within the respective Trust.
- **StrokePad** – This is a comprehensive, real-time, point-of-care digital clinical record specifically designed for stroke patients, encompassing the entire management pathway from admission to discharge. StrokePad is a highly optimised, digital tablet interface, eliminating the need for dual entry or the use of parallel paper records throughout the care pathway. It also contains a built-in data field management which enables the collection of complete clinical and managerial data.
- **ConCERT-D** – This solution displays captured mental assessment scores for tests, such as the mini mental state examination, in a graphical format enabling clinicians to relate fluctuations in scores with certain events. The medication module allows clinicians to maintain track of the patient diagnosis, prescribed drugs, related side effects, allergies and other conditions.
- **Lilie** - It is a clinical management system for use by clinicians and health professionals. Lilie is optimised for use in specially designed clinics that recognise that discretion in this field is paramount and thus enables testing to be done almost entirely by the user with minimal human interaction. The innovative system allows instant electronic communication between the user-interface, the laboratory and the patient as information can be recorded, retrieved and reported with ease.
- **Substance Misuse** – 6PM offers two solutions (namely, Poppie and Web Bomic) which focus on substance misuse. Specifically, the solutions are used within services relating to the treatment and care of people with addictive disorders, including drugs and alcohol.

(iii) **Electronic and Mobile Care** (emCare is an electronic and mobile platform geared up to provide services to both individuals (business to consumer) and to organisations (business to business):

- **eCare** – this is an environmental monitoring service available predominantly to elderly people living alone in their own residence. This service is comprehensive and monitors falls, gas leaks, extreme temperatures, floods and other services such as medicine dispensing. This service is fully supported by a 24x7 call centre.

- **ehealth** – this service includes monitoring of a person’s vital signs (that is, blood pressure). The principal customers for this service are homes for the elderly.
- **mCare** – this is a mobile service operated through the mobile phones of users. mCare provides continuous GPS tracking, alert button, medication reminder and other features.

The intellectual property relating to Hospital Management and Electronic and Mobile Care solutions are fully owned by the 6PM Group. As to the Health Clinical Management solutions, the intellectual property of Climate-HIV is fully owned by North Middlesex University Hospital NHS Trust, and the intellectual property of StrokePad and ConCERT-D is co-owned by the 6PM Group and University College London Hospitals NHS Foundation Trust and West London Mental Health NHS Trust respectively. Such clinical products are developed in close collaboration with clinicians for use by clinicians and are implemented upon completion within at least one NHS hospital that becomes the reference site for other hospitals. The 6PM Group has exclusivity in relation to the commercialisation of the above-mentioned clinical products and each of the respective NHS Trust is entitled to a royalty fee from sales thereof.

5. RESEARCH AND DEVELOPMENT

The 6PM Group has sought to remain at the forefront of information systems development and continues to invest in the research and development of its products. The Group maintains a strategic product roadmap for new functionality and modules which helps to ensure that current and future customers have software that supports their needs in delivering high quality clinical care across a range of care settings. Mobility of the clinician is a key factor in the modern NHS and the 6PM Group’s focus is to support this with mobile applications that can be operated across multiple hardware platforms.

The Group will continue to enhance the tracking capabilities and versatility of the iFIT in order to provide a more efficient and effective tracking solution which can be applied to a wider range of verticals.

Modules within the iFIT solution developed during 2015 and 2016 by the 6PM Group included iAssets and iWorkforce. The former module has been developed to track the various assets of health institutions which typically comprise: wheel chairs, mobile beds, monitoring devices, laboratory test equipment and other high-value items. iAssets is designed to assist managers monitor the movement of hospital assets to maintain up-to-date inventory lists and control usage of such assets. The second module, known as iWorkforce, relates to the monitoring and allocation of health professionals and other personnel within hospital premises.

Modules currently being developed comprise: iSupplies (tracking of hospital medical consumables), iPharmacy (tracking of medicines), iAnalytics (the provision of statistical data of tracked items) and iTracking (the provision of graphical information of tracked items). Furthermore, the 6PM Group has commenced producing in-house the RFID tags and intends to develop other tracking hardware relating to the installation of iFIT in hospitals.

The 6PM Group has introduced, during the current financial year, 'Software as a Service' (SaaS) as a business model. SaaS is a software delivery method that provides access to software and its functions remotely as a web-service without the software solution being installed at the client's premises. Effectively, the 6PM Group will start offering its products using the G-Cloud¹ within the UK. Through this model the 6PM Group may market its products to hospitals that are unable to justify the investment (that is, to acquire a licence and enter into a maintenance and support agreement), but can alternatively pay on a consumption basis.

6. TREND INFORMATION AND COMPETITION

In 2002, the UK Department of Health launched a £12.7 billion National Programme for IT in the NHS ("NPIT"), to address the need for a major IT programme to be established to ensure common compatibility standards were set in IT systems across the NHS (UK's National Health Service). The primary aims of the NPIT were to make the NHS more efficient and improve the quality of information and patient care, ostensibly through the creation of an electronic Summary Care Record for each and every NHS patient in England which could be accessed by all relevant care providers. This would replace manually written records kept at the patient's registered general practice.

To implement the requirement for these detailed care records, the NHS was split into five geographic regions (known as clusters) and in 2003 the Department of Health, by way of the NPIT placed £6.2 billion of contracts with four Local Service Providers to deliver Care Records Systems to the NHS Trusts. In 2010, the Department of Health announced that the NPIT would be wound down, as the initial intention proved beyond its capacity to deliver a universal system.

NHS Trusts have taken over responsibility for Care Records Systems from 2015-16. In addition, the Government announced in February 2016 a £4.2 billion investment to bring modern techniques into the health service with the aim of having the NHS paper-free by 2020. As such, the aforesaid industry developments continue to present various opportunities for the 6PM Group to offer its products (in particular, iFIT solutions) to Acute and Mental Health Trusts that currently amount to 116 Trusts (Acute Trusts manage hospitals in England and some have gained Foundation Trust status, meaning they have greater financial control and autonomy).

¹ The UK Government G-Cloud is an initiative targeted at easing procurement by public-sector bodies in departments of the United Kingdom Government of commodity information technology services that use cloud computing. The G-Cloud consists of:

- A series of framework agreements with suppliers, from which public sector organisations can call off services without needing to run a full tender or competition procurement process;
- An online store – the "Digital Marketplace" (previously "CloudStore") that allows public sector bodies to search for services that are covered by the G-Cloud frameworks.

The UK Government has demonstrated a commitment to converged care, putting the patient at the centre of care delivery irrespective of the care setting, whether Acute Health, Mental Health or Community Health. The allocation of certain funding streams is also moving in line with a more holistic approach to care and now incorporates social care. This is a reflection of a population that is living longer and with longer-term care needs that cross the traditional boundaries of health and social care. This drive towards converged care further reinforces the need for centralised or individual care records and the Directors believe that a key part of providing this will be the further implementation of EPR and Patient Administration Systems (PAS) by Trusts and other care organisations.

The Directors believe that the 6PM Group is well placed to take advantage of the opportunity in this area as:

- it has developed iFIT, a next generation EPR solution to address the business needs of an Acute or Mental Trust;
- its product suite delivers against the paperless agenda set by the UK Government; and
- its modular approach enables Trusts to transition from their legacy systems at a pace in line with the Trust's internal requirements.

In the near term, it is expected that the iFIT platform will remain the flagship product of the 6PM Group. However, opportunities will arise to sell the Group's other products to Trusts that adopt the iFIT solution and thus further enhance Group revenues.

The IT solutions industry is very fragmented and highly competitive, and the 6PM Group competes with a large number and wide variety of IT service companies. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in infrastructure and other services offerings, and, as with other areas, the 6PM Group competes directly with many of these offerings.

7. GROUP STRATEGY

The strategy of the Group is to achieve sustained revenue, profit and cash flow growth from its chosen market of healthcare. The Directors believe that by using the leverage of the Group's position, expertise and technology in healthcare, the 6PM Group will be able to grow organically and the acquisition of Blithe will assist the Group in achieving higher growth rates. Factors which the Directors believe will enable this growth include:

- **Area of expertise** – The 6PM Group will maintain focus on advancing its area of expertise. The Group has substantial experience in its current markets, but will continue to invest in the Group's staff to ensure that it can carry on to deliver client satisfaction and staff retention, whilst developing its technological expertise to provide additional products and services to Group's clients.
- **Developing intellectual property** – The Group owns the intellectual property rights of CareSolutions, iFIT, Lillie and Substance Misuse, and co-owns with third-party Trusts the intellectual property of StrokePad and ConCERT-D. The intellectual property rights of Climate-HIV are fully owned by a third-party Trust. The 6PM Group will continue to enhance and develop the aforesaid products, either for its own account or in conjunction with the respective owning Trusts, but its main focus in the near term will be on its flagship product - the iFIT solution.
- **Geographic growth** – It is the Group's intention to expand its client base to further enhance revenue generation by penetrating markets outside the UK. The strategy for the coming three years is for the 6PM Group to market its products and related services in the Middle East.

PART 2 – 6PM GROUP PERFORMANCE REVIEW

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The financial information relating to latest three historical financial years is extracted from the audited annual consolidated financial statements of 6PM Holdings p.l.c. for the years ended 31 December 2013 to 2015. The projected financial information for the year ending 31 December 2016 has been provided by the Company.

6PM Group Income Statement for the year ended 31 December

	2013	2014	2015	2016
	Actual	Actual	Actual	Projection
	£'000	£'000	£'000	£'000
Revenue	9,254	9,680	11,332	14,922
Net operating expenses	(8,102)	(8,208)	(8,681)	(11,512)
EBITDA	1,152	1,472	2,651	3,410
Depreciation and amortisation	(372)	(381)	(682)	(264)
Share of results of associated undertaking	(54)	(9)	(15)	-
Net finance costs	(88)	(143)	(326)	(1,092)
Profit before tax	638	939	1,628	2,054
Taxation	105	(117)	64	-
Profit after tax	743	822	1,692	2,054
Other comprehensive income				
Exchange differences	64	(284)	(222)	-
Revaluation of intangibles, net of deferred tax	-	-	9,095	-
	64	(284)	8,873	-
Total comprehensive income	807	538	10,565	2,054

**6PM Group Balance Sheet
as at 31 December**

	2013	2014	2015	2016
	Actual	Actual	Actual	Projection
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	3,107	3,805	22,772	24,843
Property, plant and equipment	928	954	829	1,259
Investment property	621	639	602	602
Investments in associates	-	160	310	-
Financial assets	-	943	1,190	897
Deferred tax assets	1,764	1,544	-	-
	<u>6,420</u>	<u>8,045</u>	<u>25,703</u>	<u>27,601</u>
Current assets				
Inventories	444	590	528	406
Trade and other receivables	1,990	3,567	7,575	9,902
Other cash at bank	208	198	-	-
Cash and cash equivalents	241	146	1,711	2,054
	<u>2,883</u>	<u>4,501</u>	<u>9,814</u>	<u>12,362</u>
Total assets	<u>9,303</u>	<u>12,546</u>	<u>35,517</u>	<u>39,963</u>
EQUITY				
Equity and reserves				
Share capital and reserves	4,175	3,949	12,822	13,900
Retained earnings	1,343	1,699	2,959	4,654
Non-controlling interest	-	12	22	48
	<u>5,518</u>	<u>5,660</u>	<u>15,803</u>	<u>18,602</u>
LIABILITIES				
Non-current liabilities				
Bank loans and bonds	432	352	9,782	9,643
Other non-current liabilities	-	-	2,114	1,727
	<u>432</u>	<u>352</u>	<u>11,896</u>	<u>11,370</u>
Current liabilities				
Bank overdrafts and loans	1,257	3,062	2,270	3,070
Trade and other payables	2,096	3,472	5,548	6,921
	<u>3,353</u>	<u>6,534</u>	<u>7,818</u>	<u>9,991</u>
	<u>3,785</u>	<u>6,886</u>	<u>19,714</u>	<u>21,361</u>
Total equity and liabilities	<u>9,303</u>	<u>12,546</u>	<u>35,517</u>	<u>39,963</u>

**6PM Group Cash Flow Statement
for the year ended 31 December**

	2013	2014	2015	2016
	Actual	Actual	Actual	Projection
	£'000	£'000	£'000	£'000
Net cash from operating activities	1,370	1,270	(4,232)	209
Net cash from investing activities	(1,007)	(2,668)	(2,235)	(127)
Net cash from financing activities	(403)	1,305	6,903	261
Net movement in cash and cash equivalents	(40)	(93)	436	343
Cash and cash equivalents at beginning of year	(725)	(746)	(836)	(271)
Effect of foreign exchange rates	19	3	129	-
Cash and cash equivalents at end of year	(746)	(836)	(271)	72

Key Accounting Ratios	FY2013	FY2014	FY2015	FY2016
Operating profit margin <i>(EBITDA/revenue)</i>	12%	15%	23%	23%
Interest cover (times) <i>(EBITDA/net finance cost)</i>	13.09	10.29	8.13	3.12
Net profit margin <i>(Profit after tax/revenue)</i>	8%	8%	15%	14%
Earnings per share (£) <i>(Profit after tax/number of shares)</i>	0.04	0.04	0.08	0.10
Return on equity <i>(Profit after tax/shareholders' equity)</i>	13%	15%	11%	11%
Return on capital employed <i>(Operating profit/total assets less current liabilities)</i>	19%	24%	10%	11%
Return on assets <i>(Profit after tax/total assets)</i>	8%	7%	5%	5%

Source: Charts Investment Management Service Limited

As in prior years, revenue in **FY2014** was generated primarily from the UK operation. Revenue amounted to £9.7 million, an increase of £0.4 million (+5%) when compared to FY2013. Although the change in y-o-y revenue was minimal, sales in FY2014 came from a larger customer base when compared to FY2013. In fact, the revenue figure for FY2013 includes one major contract amounting to £1.5 million. EBITDA improved by 28% (+£0.3 million) from £1.2 million in FY2013 to £1.5 million in FY2014. However, as a consequence of an adverse movement in taxation of £0.2 million from FY2013 to FY2014, the increase in EBITDA was not reflected in profitability. In fact, the y-o-y increase in profit after tax amounted to £79,000 from £0.7 million in FY2013 to £0.8 million in FY2014.

As of **FY2015**, the Group entered the Irish health sector through the formation of a joint venture, SIX-PM Health Solutions (Ireland) Limited. In addition, the 6PM Group acquired Blithe in June 2015, and consequently the consolidated accounts of the 6PM Group for FY2015 include the results of Blithe for the six-month period July to December 2015.

Revenue for the reviewed year amounted to £11.3 million, an increase of £1.7 million (+17%) when compared to FY2014. Apart from the inclusion of the financial results of Blithe for the latter six months of the year, the Group continued to perform well in the UK. Similar to FY2014, the iFIT product and related solutions generated the highest portion of revenue in FY2015 when compared to the Group's other offerings.

EBITDA in FY2015 almost doubled from £1.5 million in FY2014 to £2.7 million. Profit for the year increased by £0.9 million to £1.7 million (FY2014: £0.8 million). In FY2015, the Directors changed the Group's valuation policy in relation to core products. As a result, intangible assets were revalued by £9.1 million (net of deferred tax) and accounted for through the statement of comprehensive income.

As for **FY2016**, the Group expects revenue to increase by £3.6 million (+32%), from £11.3 million in FY2015, which mainly reflects projected income from Blithe for a full financial year. To a lesser extent, the projections also reflect the consolidated results of emCare as a consequence of the acquisition by the 6PM Group of the remaining 50% shareholding in emCare at the start of FY2016.

EBITDA is projected to increase by £0.8 million to £3.4 million in FY2016, and profit after tax is expected to improve from £1.7 million in FY2015 to £2.1 million in FY2016.

Through the acquisition of Blithe, the Group has grown its customer base and products portfolio and is benefiting from various synergies. In the near term, management aims to increase turnover by improving the Group's offerings and focus particularly on growing the annuity business. Further to the increase in shareholding in emCare to 100%, the Group's annuity business has increased by £350,000.

Other than equity, the Group is principally financed through bank loans, overdrafts and debt securities, analysed as follows:

6PM Group Borrowings as at 31 December	2013	2014	2015	2016
	Actual	Actual	Actual	Projection
	£'000	£'000	£'000	£'000
Bank loans	702	2,432	548	1,209
Bank overdrafts	987	982	1,982	1,982
Debt securities	-	-	9,522	9,522
Total borrowings	1,689	3,414	12,052	12,713
Gearing ratio <i>(Net debt/net debt and shareholders' equity)</i>	18%	35%	40%	36%

VARIANCE ANALYSIS

6PM Group Income Statement for the year ended 31 December	2015	2015	Variance £'000
	Actual	Forecast	
	£'000	£'000	
Revenue	11,332	12,755	(1,423)
Net operating expenses	(8,681)	(11,010)	2,329
EBITDA	2,651	1,745	906
Depreciation and amortisation	(682)	(681)	(1)
Share of results of associated undertaking	(15)	-	(15)
Net finance costs	(326)	(280)	(46)
Profit before tax	1,628	784	844
Taxation	64	111	(47)
Profit after tax	1,692	895	797

As presented in the above table, the Group's revenue for FY2015 was lower than forecasted by £1.4 million (-11%) principally due to weaker than expected sales. However, actual EBITDA was higher by £0.9 million as a consequence of a decline in net operating expenses of £2.3 million (-21%) which more than compensated for the lower revenue amount.

The positive variance in EBITDA was also reflected in profit after tax, which was higher than forecasted by £797,000.

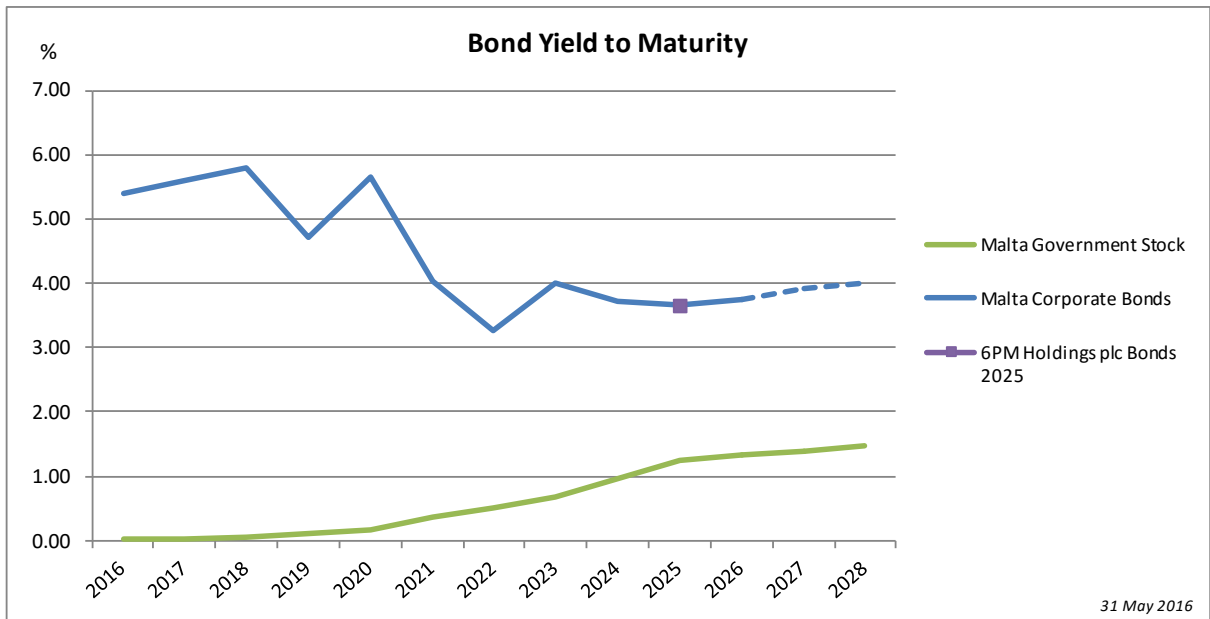
PART 3 - COMPARABLES

The table below compares the Company and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.8% Premier Capital plc € Bond 2017-2020	24,641,000	5.59	4.58	72,208	17,739	64.59
6.6% Eden Finance plc 2017-2020	13,984,000	5.67	3.10	145,427	76,648	38.42
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.27	n/a	58,098	11,734	61.87
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.80	1.75	17,107	2,731	78.28
6% AX Investments Plc € 2024	40,000,000	4.08	2.88	206,038	111,482	36.65
6% Island Hotels Group Holdings plc € 2024	35,000,000	3.78	0.58	145,140	54,053	53.19
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.75	3.49	67,669	25,823	57.66
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.73	0.05	81,842	31,150	55.46
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.10	2.32	70,543	6,592	86.78
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.42	1.50	90,867	26,315	71.30
5.1% 6PM Holdings plc Unsecured € 2025	13,000,000	3.66	8.12	28,058	12,485	39.55
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.76	1.13	1,357,869	641,031	41.81

31 May'16

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited
6PM Holdings plc - 'total assets' and 'net asset value' are euro equivalent amounts



To date, there are no corporate bonds which have a redemption date beyond 2026 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including licences, products, services and support & maintenance.
Net operating expenses	Net operating expenses include the cost of products, labour expenses, and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of associates	The 6PM Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of associates'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include goodwill and other intangible assets, property, plant & equipment and investments accounted for using the equity method.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its

	current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.