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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

At the meeting held on the 6th August 2014, the Board of Directors of 6PM Holdings plc approved the Interim Financial Statements for the period ended 30th June 2014. A copy of the preliminary statement of the interim results is attached to this announcement.

Unquote

Dr. Ivan Gatt

Company Secretary

7th August 2014

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 2014 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 2014

	Group		Company	
	30-Jun-14 GBP	**30-Jun-13 GBP**	**30-Jun-14 GBP**	**30-Jun-13 GBP**
Revenue	4,807,773	4,518,706	-	-
Cost of sales	(2,678,606)	(2,850,549)	-	-
Gross profit	**2,129,167**	**1,668,157**	**-**	**-**
Administrative (expenses)/income	(1,677,651)	(1,346,469)	47,352	(39,985)
Operating profit / (loss)	**451,516**	**321,688**	**47,352**	**(39,985)**
Finance costs	(56,676)	(47,800)	-	(1,466)
Investment (loss)/ income	(9,577)	(28,801)	-	226,252
Profit before tax	**385,263**	**245,087**	**47,352**	**184,801**
Income tax (expense)/credit	(734)	4,496	-	-
Net profit	**384,529**	**249,583**	**47,352**	**184,801**
Attributable to:				
Owners of the company	384,528	247,989		
Non-controlling interest	1	1,594		
	384,529	**249,583**		
Other comprehensive income / (expense)				
Exchange differences arising on translation of foreign operations	(233,232)	98,820		
Total comprehensive income / (expense) for the period	**(233,232)**	**98,820**		
Attributable to:				
Owners of the company	151,296	346,809		
Non-controlling interest	1	1,594		
	151,297	**348,403**		
Earnings per share	**0.019**	**0.013**		

6PM Holdings plc
Condensed statements of financial position
As at 30 June 2014

	Group		Company	
	30-Jun-14	**31-Dec-13**	**30-Jun-14**	**31-Dec-13**
	GBP	**GBP**	**GBP**	**GBP**
Non-current assets				
Intangible assets	3,373,304	3,106,843	-	-
Property, plant and equipment	992,974	928,033	-	-
Investment property	592,803	620,555		
Financial assets	891,485	-	3,568,136	2,668,408
Deferred tax assets	1,681,250	1,764,164	-	-
	7,531,816	**6,419,595**	**3,568,136**	**2,668,408**
Current assets				
Inventories	415,200	444,373	-	-
Trade and other receivables	2,938,112	1,989,683	720.334	2,009,319
Other cash at bank	204,261	208,425	-	-
Cash and cash equivalents	168,748	241,015	8,073	2,093
	3,726,321	**2,883,496**	**728,407**	**2,011,412**
Total assets	**11,258,137**	**9,303,091**	**4,296,543**	**4,679,820**
Current liabilities				
Trade and other payables	(2,491,951)	(1,781,947)	(21,784)	(7,120)
Bank overdrafts and loans	(1,694,213)	(1,257,151)	-	-
Other financial liabilities	(47,402)	(83,539)	-	(49,686)
Current tax liabilities	(66,885)	(230,590)	-	-
	(4,300,451)	**(3,353,227)**	**(21,784)**	**(56,806)**
Non-current liabilities				
Bank loans	(1,674,338)	(432,140)	-	-
Deferred tax liability	-	-	(7,954)	(7,954)
	(1,674,338)	**(432,140)**	**(7,954)**	**(7,954)**
Total liabilities	**(5,974,789)**	**(3,785,367)**	**(29,738)**	**(64,760)**
Net assets	**5,283,348**	**5,517,724**	**4,266,805**	**4,615,060**
Equity				
Share capital	4,068,525	3,910,283	4,068,525	3,910,283
Share premium	82,698	240,940	82,698	240,940
Retained earnings	1,332,015	1,343,094	115,582	463,837
Exchange reserve	(209,825)	23,407	-	-
Minority interest	9,935	-	-	-
	5,283,348	**5,517,724**	**4,266,805**	**4,615,060**

6PM Holdings plc
Condensed statements of changes in equity
As at 30 June 2014

Group	Share capital	Share premium	Capital exchange 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 2013	3,758,127	393,096	(136,205)	94,711	902,749	**5,012,478**	2,106	**5,014,584**
Bonus issue of shares	152,156	(152,156)	-	-	-	**-**	-	**-**
Profit for the period	-	-	-	-	247,989	**247,989**	1,594	**249,583**
Distribution of dividends	-	-	-	-	(304,312)	**(304,312)**	-	**(304,312)**
Further acquisition of shares on subsidiary					(13,188)	**(13,188)**	(3,700)	**(16,888)**
Other comprehensive income for the period	-	-	118,739	98,820	-	**217,559**	-	**217,559**
Total comprehensive income/(expense) for the period	-	-	118,739	98,820	(69,511)	**148,048**	(2,106)	**145,942**
Balance as at 30 June 2013	**3,910,283**	**240,940**	**(17,466)**	**193,531**	**833,238**	**5,160,526**	**-**	**5,160,526**
Profit for the period	-	-	-	-	509,856	**509,856**	-	**509,856**
Other comprehensive income/(expense) for the period	-	-	17,466	(170,124)	-	**(152,658)**	-	**(152,658)**
Total comprehensive income/(expense) for the period	-	-	17,466	(170,124)	509,856	**357,198**	-	**357,198**
Balance as at 31 December 2013	**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**

6PM Holdings plc
Condensed statements of changes in equity (continued)
As at 30 June 2014

Company	Share capital	Share premium	Retained earnings	Total
	GBP	GBP	GBP	GBP
Balance as at 1 January 2013	3,758,127	393,096	82,682	**4,233,905**
Bonus issue of shares	152,156	(152,156)	-	**-**
Profit for the period	-	-	184,801	**184,801**
Distribution of dividends	-	-	(304,312)	**(304,312)**
Total comprehensive expense for the period	-	-	(119,511)	**(119,511)**
Balance as at 30 June 2013	**3,910,283**	**240,940**	**(36,829)**	**4,114,394**
Profit for the period	-	-	500,666	**500,666**
Total comprehensive income for the period	-	-	500,666	**500,666**
Balance as at 31 December 2013	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	**4,068,525**	**82,698**	**115,582**	**4,266,805**

6PM Holdings plc
Condensed statement of cash flows
As at 30 June 2014

	Group		Company	
	30-Jun-14	**30-Jun-13**	**30-Jun-14**	**30-Jun-13**
	GBP	**GBP**	**GBP**	**GBP**
Net cash from operating activities	(374,101)	258,123	955,394	(7,890)
Net cash from investing activities	(1,112,221)	(246,582)	(899,728)	(16,885)
Net cash from financing activities	1,206,061	278,460	(49,686)	16,439
Effect of foreign exchange rate changes	(233,232)	217,558	-	-
Movement in cash and cash equivalents	**(513,493)**	**507,559**	**5,980**	**(8,336)**
Cash and cash equivalents at beginning of the interim period	(807,711)	(468,870)	2,093	10,270
Cash and cash equivalents at the end of the interim period	**(1,321,204)**	**38,689**	**8,073**	**1,934**

Performance review

During the period under review the group reported a profit before tax of GBP 385,263 (30 June 2013 – GBP 245,087). This represents an increase of 54% over the results achieved in the first 6 months of last year.

The group remained profitable due to the continuous effort to attract new customers and projects, with specific focus on the health sector. The Group has also focused on finding ways to reduce the cost of delivery through improved efficiencies as announced by the CEO during the last AGM. The most significant differentiator during the past 6 months has been derived from internal investment in the Intelligent File and Inventory Tracking (iFIT). This investment translates to a substantial licence and maintenance fee that was also paid to a third party being retained by the Group

In the past months, the group continued to develop other solutions. ConCERT-D, a product aimed at dementia patients, went live at West London Mental Health Trust in July, while StrokePAD went live this month at the University College London Hospitals. Both products followed the usual now standard development joint process involving 6PM Engineers and NHS Clinicians. In the meantime, a pathology solution is being developed in conjunction with 3 London trusts. The group is continuously investing in its flagship product, iFIT, by adding new components within the main platform, thus providing additional solutions to the Trusts. There are other non-health products being offered by the group through its high-volume low-margin strategy, and in the past 6 months, new products were launched. These are QuickFocus SnapUp and Skype Sync.

During the 6 months in review, the group has invested heavily in Business Development in order to increase the exposure of its products. The Group secured a minority holding in Javali LLC formed in the USA, a recently establish revenue leakage product within hospitals. All the development of such product is being done by 6PM group, and it is expected that this product will be launched by Q4. The product will also be commercialized in Europe through a company which will be formed later in the year, in which 6PM will have a bigger, albeit associate, shareholding. Furthermore, a new company, SIX-PM Health Solutions (Ireland) Ltd, trading as 6PM Ireland Ltd, has been formed, in order to take selling opportunities within the country. Additional business development has been incurred in other markets such as Scotland, Canada and Turkey. It is estimated that in the first 6 months of the year, a total of GBP 96,223 has been invested in business development in these countries, a cost which was not incurred in the previous years. In relation to this, the group also invested in business development personnel. Revenue still kept being generated from our core markets in Malta and England.

As was mentioned in the past reports, investment has also been made within the Malta and Macedonia offices. Both are working from brand new offices, for which certain amount of work had to be done. This effort, coupled with the products just developed, has increased the depreciation and amortization over the initial 6 months of 2013 by GBP 42,970. The introduction of 6PM Ireland also increased the expenses within the company (thus excluding business development) by GBP 76,787. All these and other related increases amount to GBP 254,784, equating to 77% of the increase in the administrative expenditure from the first 6 months of 2013. If these new expenses were not incurred, the profit after tax for the Group would have been GBP 639,313, thus improving the result from the previous year by 156%.

emCare360 Ltd, one of the associates within the group, is now fully operational and is serving a substantial client base in the field of eMonitoring and eCare, both directly and through nursing homes.

During this period, the company has turned into operational profit and efforts are being made to ensure the activity is sustained in order to turn into a financial profit. 6PM is committed to increase the shareholding of the group within the company.

Internally, in the past months, the group was reorganized to reflect the realities in which it is operating. A number of Business Units have been formed to consolidate the performance of the different sectors, so that major focus can be driven upon.

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

Although the position of the group is considered to be very favourable at the moment and it is expected to remain the same in the coming months, the group is expecting to utilize significant cash in other opportunities which are being currently considered. Therefore the directors are recommending that no interim dividend is to be paid, but if the positive results continue for the remaining part of this financial year, the board aims to deliver another final dividend which will be announced and subject to approval of the Annual General Meeting.

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 2013.

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 contol 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 2015 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 1,681,250 (31 December 2013 – GBP 1,764,164).

(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 1,638,570 (31 December 2013 – GBP 1,638,570) 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 2014.

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-14 GBP	30-Jun-13 GBP
Resourcing and services	858,796	383,427
Product solutions	3,510,146	3,276,491
Sale of goods	438,831	858,788
	4,807,773	**4,518,706**

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-14			31-Dec-13		
	In Euro	In GBP	Total	In Euro	In GBP	Total
	GBP	GBP	GBP	GBP	GBP	GBP
Bank overdrafts	798,307	895,906	**1,694,213**	893,238	363,913	**1,257,151**
Bank loans	1,674,338	-	**1,674,338**	432,140	-	**432,140**
	2,472,645	**895,906**	**3,368,551**	**1,325,378**	**363,913**	**1,689,291**

The bank overdrafts denominated in Euro bears 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 0.75% 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 200,375).

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

7 August 2014