6PM Holdings p.l.c.

Annual Report and Financial Statements
31 December 2016

Contents

Company Information

Directors	Mr Nazzareno Vassallo	(resigned 25 March 2017)
	Mr Ivan Bartolo	
	Mr Hector Spiteri	(resigned 25 March 2017)
	Mr Stephen Wightman	(resigned 22 September 2017)
	Mr Robert Borg	(resigned 25 March 2017)
	Mr Tonio Depasquale	(resigned 25 March 2017)
	Mr Andrew Riley	(appointed 25 March 2017)
	Ms Jane Mackie	(appointed 25 March 2017)
	Ms Barbara Moorhouse	(appointed 25 March 2017)
	Mr Jeremy Millard	(appointed 25 March 2017)
Company secretary	Dr Ivan Gatt LL.D.	(resigned 25 March 2017)
	Ms Jane Mackie	(appointed 25 March 2017)
Registered office	Idox Business Centre Triq it-Torri Swatar Birkirkara BKR 4012 Malta	
Country of incorporation	Malta	
Registration number	C 41492	
Auditors	Grant Thornton Tower Business Centre Tower Street Swatar BKR 4013 Malta	
Bankers	Bank of Valletta p.l.c. 58, Zachary Street Valletta VLT 1130 Malta	
	HSBC Bank Malta p.l.c. Fleur-de-Lys Junction St.Venera SVR 1587 Malta	
Legal advisers	GVZH Advocates 192, Old Bakery Street Valletta VLT 1455 Malta	

Directors' Report

The Directors present their report of the 6PM Group (the 'Group') for the year ended 31 December 2016.

Principal Activities

The Group is a leading IT and software solutions group of companies delivering award winning healthcare products, as well as professional services and infrastructure enabling organisations to enhance and optimise efficiency. These include Product Solutions aimed at the UK National Health Services and IT services to a variety of other companies in diverse market verticals. 6PM Holdings p.l.c. (the Company) acts as a holding company.

Results and Dividends

The results for the year ended 31 December 2016 are shown in the statements of total comprehensive income on page FS-1. The Group registered a loss after tax of GBP 12,661k (2015 restated loss – GBP 4,755k). The Company registered a loss after tax of GBP 11,019k (2015 restated loss – GBP 70k). In the circumstances and in line with year ended 31 December 2015, the Directors feel that it is prudent not to declare a dividend.

2016 proved to be a challenging year for the Group. In quarter one of 2016, the Group started to focus on the acquisition process that was ratified by the 6PM shareholders at the Extraordinary General Meeting held on 28 April 2016. The focus and energy this required from the Group's Executive Committee (EXCO) members had a negative impact on business performance. All EXCO members were involved and engaged in the due diligence process that was carried out by potential buyers. The acquisition process started in February 2016 and only came to a close on 3 February 2017 when 6PM was acquired by Idox plc.

Directors

The Directors of the Company who served during the period were:

- Mr Nazzareno Vassallo – Chairman (resigned 25 March 2017)
- Mr Ivan Bartolo – Chief Executive Officer
- Mr Hector Spiteri – Deputy Chairman (resigned 25 March 2017)
- Mr Stephen Wightman – Deputy CEO (resigned 22 September 2017)
- Mr Robert Borg (resigned 25 March 2017)
- Mr Tonio Depasquale (resigned 25 March 2017)

In accordance with the Company's articles of association the Directors of the Company shall be appointed by the shareholders in the annual general meeting.

Restatements

The Board regrets to declare that, due principally to a failure of internal controls and management in the Group operations during the financial years ended 31 December 2014 and 31 December 2015, the management accounts and financial information which formed the basis of the Group financial statements in the aforementioned financial years were materially misstated. After an extensive review of the underlying financial information for the affected periods, upon which the published financial statements for these years were based, the Board has published restated statements of total comprehensive income (see page FS-1) and statements of financial position (see pages FS-2 and FS-3). The below summary outlines the impact of these restatements:

	Published 2014 GBPmillion	**Restated 2014 GBPmillion**	**Published 2015 GBPmillion**	**Restated 2015 GBPmillion**
Revenue	9.7	8.8	11.3	8.4
Operating profit / (loss)	1.1	0.3	2.0	(2.7)
Profit / (loss) before tax	0.9	(0.1)	1.6	(3.2)
Profit / (loss) for the year	0.8	(0.2)	1.7	(4.8)
Net assets / (liabilities)	5.7	4.9	15.8	(0.5)

This extensive review has concluded that the failures resulting in these restatements originated primarily from erroneous and inconsistent application of accounting standards, the impact of which was compounded by the weak internal financial control environment. Furthermore, this review also re-evaluated some material transactions and revaluations conducted in the financial periods which have been restated. Having sought further expert advice from an external specialist, the Board has concluded that the original accounting treatment was inappropriate and, as such, required to be restated.

Restatement of Financial Year Ended 31 December 2014

	GBPmillion	GBPmillion
Published 2014 profit for the year		0.8
Misstatements identified during review:		
Revenue	(0.8)	
Cost of sales	0.2	
Administrative and other costs	(0.2)	
Share of loss in associates	(0.2)	
Total adjustments		(1.0)
Restated 2014 loss for the year		(0.2)

Restatement of Financial Position 31 December 2014

	GBPmillion	GBPmillion
Published net assets as at 31 December 2014		5.7
Misstatements identified during review:		
Investment in associates	(0.2)	
Trade and other receivables/payables	(0.6)	
Total adjustments		(0.8)
Restated net assets as at 31 December 2014		4.9

Restatement of Financial Year Ended 31 December 2015

	GBPmillion	GBPmillion
Published 2015 profit for the year		1.7
Misstatements identified during review:		
Revenue	(3.0)	
Cost of sales	0.6	
Administrative costs	(2.3)	
Share of loss in associates	(0.2)	
Tax	(1.6)	
Total adjustments		(6.5)
Restated 2015 loss for the year		(4.8)

Restatement of Financial Position 31 December 2015

	GBPmillion	GBPmillion
Published net assets as at 31 December 2015		15.8
Misstatements identified during review:		
Goodwill	(0.7)	
Intangible assets	(14.1)	
Investment in associate	(0.3)	
Trade and other receivables/payables	(3.5)	
Deferred tax	2.1	
Other	0.2	
Total adjustments		(16.3)
Restated net liabilities as at 31 December 2015		(0.5)

Revenue
Upon review, it came to the Board's attention that internal revenue recognition processes and controls were both inadequate and poorly enforced. The flaws in the design and implementation of these internal controls resulted in a lack of overall control and transparency in the recognition and reporting of revenue. The review identified the following issues which, the Board believes, contributed to revenue being materially misstated:

- Failure to obtain or review sufficient sales documentation such as customer contracts and sales agreements
- Inconsistent application of the relevant accounting standards on revenue recognition which resulted in revenue recognition through accrued income not being commensurate to the work performed or income not being initially deferred and spread across the appropriate term
- Material errors in the calculation of revenue
- Lack of sufficient review of the monthly financial information at management level which may have identified the misstatements at the time they arose

Cost of Sales
The misstatement in cost of sales arose from the inconsistent application of the relevant accounting standards on revenue recognition. Where revenue was recognised in the period that was not commensurate to the actual work performed, costs associated with those sales were also recognised at the time, in line with the basic matching principle of accounting. As a result of the aforementioned revenue misstatements, it was also necessary to review and correct the misstatements within cost of sales to ensure consistency.

Administrative Costs
The review concluded that some costs, including one-off transactions such as staff bonuses, had been treated incorrectly in the period and therefore required correction. The review also resulted in the decision to impair a significant amount of capitalised development costs, as outlined in the Intangible Assets section below, which is reflected in the administrative and other costs adjustment.

Share of loss in associates
Associates were also within the scope of the review and where the original accounting treatments were found to be incorrect or errors identified, the adjustments were made and included in the restatements.

Intangible Assets
According to the originally published 2015 Annual Report & Financial Statements, the Group revised its policy for intangible assets, specifically developed software. Previously, costs were capitalised and amortised over their estimated useful life. In 2015, this was revised and developed software costs were revalued at fair value less costs to sell. After extensive review and in consultation with external specialists, the Board has taken the decision that this revaluation should not have been performed in 2015 as there is no active market for this niche and specialised developed software. As such, the revaluation performed in 2015 has been reversed in full.

Furthermore, the review took into consideration the value of all projects and products capitalised as at 31 December 2015. It was determined that a number of the products had no viable commercial future and therefore should have been fully impaired in the originally published financial statements.

Goodwill
Towards the end of 2015 there was a shift in the focus of the Group away from the retail business and primarily towards the provision of hospital management and clinical services therefore, given this shift, the Board has now taken the decision to fully impair the goodwill previously recognised for 6PM Infrastructure Ltd (previously Compunet Ltd) and 6PM Agencies Ltd. The Group's retail business (predominantly 6PM Infrastructure Ltd) reduced significantly in 2016 as a result of this shift and, with the retail operation winding down, the goodwill of 6PM Infrastructure and 6PM Agencies was impaired in full.

Deferred Tax
In line with the aforementioned intangible asset revaluation reversal, a corresponding reduction in the deferred tax liability that was originally recognised in the financial statements was warranted.

The Board decided not to recognise a substantial deferred tax asset arising on the losses incurred in the years ended 31 December 2014 and 2015 (as restated), since it does not consider it prudent to assume that the Group companies will have sufficient future taxable profits against which the losses can be utilised in the foreseeable future.

Restatements - Remedial Actions
Given the results of the aforementioned review, the Board has acknowledged that additional safeguards are required to be implemented in order to ensure a similar situation does not arise in future periods. This has also coincided with the changes being made post-acquisition. The main changes implemented since the conclusion of the review are as follows:

- Change in the composition of the Board, which now includes additional financial expertise and experience
- Change in the composition of the audit committee
- Change in the monthly preparation of financial information and management accounts, which are now prepared in accordance with new guidelines and with greater oversight
- Clearer communication and additional training of both finance and non-finance staff to establish clearer processes to avoid scenarios which could give rise to material misstatements

Auditor
Post-acquisition, the decision was taken by the Board to change auditors from Nexia BT to Grant Thornton. The motivation for this decision was to align with the Idox Group, which itself is audited by Grant Thornton UK LLP in the UK. The incumbent auditors, Nexia BT, resigned on 20 February 2017. The resignation letter received by the Board from Nexia BT, in accordance with section 161 of the Companies Act 1995, stated that there were no circumstances connected with Nexia BT's resignation from office that they considered should be brought to the attention of the members or creditors of 6PM Holdings p.l.c. or of any of the subsidiary companies it previously audited. Grant Thornton were appointed as auditors on 9 March 2017.

A resolution proposing the reappointment of Grant Thornton as auditor of the Group and Company will be put to the shareholders at the annual general meeting.

Events after the end of the reporting period

Acquisition
On 3 February 2017, 20,460,715 shares in the Company, representing approximately 97.51% of the entire issued share capital of the Company, were transferred to Idox plc, a UK based supplier of software, services and content to an international customer base, and recorded in the name of Calamatta Cuschieri Investment Services Limited A/c Clients Nominee in the register of shareholders of the Company as registered at the Central Securities Depository of the Malta Stock Exchange. The outstanding 135,000 shares comprising the aggregate of 20,595,715 shares in the Company in respect of which acceptances were received pursuant to the offer launched by Idox on the 14 December 2016, were transferred to Idox and recorded in the name of Calamatta Cuschieri Investment Services Limited A/c Clients Nominee in the register of shareholders of the Company as registered at the Central Securities Depository of the Malta Stock Exchange on the 23 February 2017.

The aforementioned aggregate of 20,595,715 shares in the Company which were transferred Idox but recorded in the name of Calamatta Cuschieri Investment Services Limited A/c Clients Nominee as aforesaid, were transferred and recorded in the name of Idox in the register of shareholders of the Company as registered at the Central Securities Depository of the Malta Stock Exchange, with effect from 9 March 2017.

The remaining 387,223 shares, representing the remaining c.1.85% of the entire issued share capital of the Company, not already held by Idox, were then acquired following the completion of a squeeze-out process carried out in terms of the Listing Rules 11.41 *et seq*, and transferred as to 387,222 ordinary shares to and recorded in the name of Idox in the register of shareholders of the Company as registered at the Central Securities Depository of the Malta Stock Exchange, and as to 1 ordinary share to and recorded in the name of Calamatta Cuschieri Investment Services Limited A/c Clients Nominee, in the register of shareholders of the Company as registered at the Central Securities Depository of the Malta Stock Exchange, with effect from the 20 March 2017.

The acquisition of the Company by Idox plc was completed for a total consideration of GBP 18.46m. Following receipt of the necessary approval from the Listing Authority on the 29 May 2017, the Company announced the discontinuance of the listing of all of the Company's issued share capital on the Official List of the Malta Stock Exchange effective from 27 July 2017.

Risks and Uncertainties
As evident from the Statement of financial position, the main risk for the Company and the 6PM Group is that it becomes unable to fulfil its obligations to customers, creditors and bond holders. This risk is mitigated by the guaranteed support of the Idox Group which will allow the Company and the 6PM Group to honour all current and future liabilities.

Going Concern
As required by Listing Rule 5.62, and after due consideration of the Group's profitability, statement of financial position, capital adequacy, solvency and guarantee of support from Idox Group, the Directors are satisfied that at the time of approval of the financial statements, the Group has adequate access to resources to continue to operate as a going concern for the foreseeable future.

Future Developments
The former 6PM Group has now rebranded as Idox Health post acquisition. Since being acquired by Idox plc, Idox Health has reverted to business as usual. Although the Group has experienced many changes post acquisition, the changes have been positive and the business is well on its way to reach its 2017 financial targets.

In the meantime, Idox Health has retained its innovative approach and it continues to take to market its flagship products - iFIT and Lilie. As of 1st November 2017, Idox Health will be releasing new and upgraded verticals such as iPhamacy and iAssets. While the demand for iRecords remains stable, Idox Health is now focused on broadening its value propositions around the iFIT solution. In parallel to iFIT, Lilie has also witnessed further development of new modules such as the Virtual Clinic for Sexual Health.

Besides the evolution of the products, Idox Health is now focused on making the solutions available to its customers through a hosted environment. This required further investment but realigns the Idox Health division in line with current trends.

Bond Holders
Idox Health aims to keep in touch with the bond holders in Malta through making the official Idox plc financial results available via the online investor web pages and direct communications.

Disclosure of information to the auditor
At the date of making this report, the Directors confirm the following:

- As far as each Director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Approved by the Board of Directors on 9 October 2017 and signed on its behalf by:

Jane Mackie

Jane Mackie	Andrew Riley
Director	Director

Statement of Directors' Responsibilities

The Companies Act, Cap 386 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386.

They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, through oversight of management, are responsible for ensuring that the Group designs, implements and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Management is responsible, with oversight from the Directors, for establishing a control environment and maintaining policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the group's business. This responsibility includes maintaining controls pertaining to the group's objective of preparing financial statements as required by the Act and managing risks that may give rise to material misstatements in those financial statements. In determining which controls to implement to prevent and detect fraud, management considers the risks that the financial statements may be materially misstated as a result of fraud.

Statement by the Directors on the financial statements and other information included in the annual report

Pursuant to Listing Rule 5.68, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the Annual Report, and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and its undertakings included in the consolidation taken as a whole, and that this report includes a fair review of the development and performance of the business and position of the Company and its undertakings, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors on 9 October 2017 by:

Jane Mackie

Jane Mackie	Andrew Riley
Director	Director

Directors' statement of compliance with the Code of Principles of Good Corporate Governance

6PM Holdings p.l.c. (the 'Company'), notwithstanding the aforementioned failures and resultant restatements, reiterates its commitment to observe the principles of transparent, responsible corporate governance. The Board considers compliance with corporate governance principles to constitute an important means of maintaining the confidence of present and future shareholders, creditors, employees, business partners and the public. Pursuant to the Malta Financial Services Authority Listing Rules 5.94 and 5.97, the Company is hereby presenting a statement of compliance with the Code of Principles of Good Corporate Governance ("the Principles" or "the Code") for the year ended 31 December 2016, which details the extent to which the Principles have been adopted, as well as the effective measures taken by the Company to ensure compliance with these Principles. Other than as stated in the Part Two, the Company has fully implemented the Principles set out in the Code.

Compliance with the Code

Principle 1 – The Board
The composition of the Board of Directors during the period and post-acquisition ensures that the Company is led by individuals who have the necessary skill and diversity of knowledge. The Board supplements the executive management team in delivering sustainable added value for shareholders. It considers strategic issues, key projects and regularly monitors performance against delivery of the key targets of the business plan.

Principle 2 – Chairman and Chief Executive
The roles of the Chairman and the Chief Executive, set out in writing and agreed by the Board, were held separately for the period to ensure that there was a clear distinction between the running of the Board and the executive responsibility for the running of the business of the Company. The distinction between Mr Ivan Bartolo as the Chief Executive Officer - responsible for the day-to-day management of the Company - and Mr Nazzareno Vassallo as Chairman ensured that there was sufficient segregation of duties.

Principle 3 – Composition of the Board
Consistent with prior periods, the number of Directors shall be not less than three (3) and not more than six (6) individuals. This range provides diversity of knowledge and experience without hindering effective discussion or diminishing individual accountability.

The Board of the Company who served during the period until 25 March 2017 was as follows:

Mr Nazzareno Vassallo	Chairman	Non-executive
Mr Ivan Bartolo	CEO	Executive
Mr Stephen Wightman	Deputy CEO	Executive
Mr Hector Spiteri	Deputy Chairman	Non-executive
Mr Robert Borg		Non-executive
Mr Tonio Depasquale		Non-executive

Dr Ivan Gatt LL.D acted as secretary to the Board of Directors.

As from 25 March 2017 the composition of the Board is as follows:

Mr Ivan Bartolo	Executive
Mr Andrew Riley	Non-executive
Ms Jane Mackie	Non-executive
Ms Barbara Moorhouse	Non-executive
Mr Jeremy Millard	Non-executive

Ms Jane Mackie acts as secretary to the Board.

Mr Stephen Wightman continued to serve as Director until his resignation which was effective on the 22 September 2017.

The Board considers that, save for as indicated in Part Two of this Report, the non-executive Directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. This is also applicable for the new members of the Board (detailed within the 'Company Information' section of this report on page 2). The composition of the new Board has the balance of the knowledge and experience as well as a strong non-executive presence to allow continued scrutiny of performance, strategy and governance.

Principle 4 – The Responsibilities of the Board
The Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management's execution of the corporate and business plan. The Board delegates certain powers, authorities and discretions to the audit committee and the remuneration committee. The role and competence of such committees is further described in Principle 8 hereunder.

Principle 5 – Board Meetings
The Board meets once a month unless further meetings are required in accordance with the needs of the Company. The Board has a formal schedule of matters reserved for it to discuss and includes a review of the market outlook, operational performance and future prospects as well as a financial report. Prior to every meeting in the period under review, Dr Ivan Gatt, then company secretary, distributed the agenda of the meeting along with any such papers and documentation as were necessary for the Directors to prepare themselves for the items to be discussed.

The company secretary kept record of the attendance and minutes of all the discussions and decisions adopted by the Board that were subsequently circulated to the members of the Board.

For the period under review, the meetings of the Board were attended as follows:

	Meetings Attended / [Meetings Held]
Mr Nazzareno Vassallo	11 [11]
Mr Ivan Bartolo	10 [11]
Mr Stephen Wightman	10 [11]
Mr Hector Spiteri	10 [11]
Mr Robert Borg	10 [11]
Mr Tonio Depasquale	10 [11]

Each Director is expected to attend all meetings of the Board and Board committees of which the Director is a member. The Board recognises that occasional meetings may need to be scheduled on short notice when the participation of a Director is not possible and that conflicts may arise from time that will prevent a Director from attending or participating in a regularly scheduled meeting. However, the Board expects that each Director will make every possible effort to keep such absences to a minimum.

Principle 6 – Information and Professional Development
The Company firmly believes in the professional development of all the members in the organisation. The CEO, appointed by the Board is responsible for establishing and implementing schemes which are aimed to maintain and recruit employees and management personnel. Furthermore, regular training exercises are held in order for the Company's employees to keep abreast of current technological trends and practices. Directors are encouraged to talk directly to any member of management regarding any questions or concerns the Directors may have. Senior management are invited to attend Board meetings from time to time when appropriate.

When a new Director joins the Board, each Director is encouraged to participate in continuing education programmes pertinent to service on the Board. If a new Director has not previously served on the Board of a publicly traded company, the new Director will be given a number of informative sessions with the Company's legal advisors. Additionally, each Director is expected to take steps reasonably necessary to be adequately informed about the Company and external matters affecting it and to enable the Director to function effectively on the Board and committees on which the Director serves.

Directors have access to the advice and services of the company secretary and are regularly informed of the legal implications of any dealing in securities of the company.

Principle 7 – Evaluation of the Board's Performance
The Board and each of its committees perform an annual self-evaluation of their performance through a series of questionnaires, the results of which are analysed accordingly.

Principle 8 – Committees
The Board delegates certain powers, authorities and discretions to the audit and remuneration committees.

Audit Committee
The audit committee's primary role is to support the main Board in terms of quality control of the group's financial reports, its internal controls and in managing the Board's relationships with the external auditors.

The members of the audit committee and the attendance for the meetings held during the period under review are as follows:

	Meetings Attended / [Meetings Held]
Mr Ivan Bartolo	3 [5]
Mr Hector Spiteri	5 [5]
Mr Robert Borg	1 [5]
Mr Tonio Depasquale	4 [5]

Effective 23 June 2016, Mr Robert Borg no longer sat on the audit committee. His replacement, Mr Tonio Depasquale, was appointed to the audit committee at the meeting of the Board of Directors on 23 June 2016.

For the period under review, the Board considered that Mr Hector Spiteri possessed the required competence in accounting and/or auditing. Mr Spiteri holds a warrant of a Certified Public Accountant and a Practicing certificate in Auditing. He is a fellow member of the Malta Institute of Taxation, fellow member of the Malta Institute of Accountants and honorary member of the Malta Institute of Management.

Post-acquisition, pursuant to the foregoing changes to the Board of Directors of the Company, and in terms of Listing Rule 5.117, the Company announced that the audit committee is, effective 25 March, 2017, composed of the following non-executive Directors:

Mr Andrew Riley	Non-executive Director
Ms Barbara Moorhouse	Independent non-executive Director
Mr Jeremy Millard	Independent non-executive Director

The present audit committee is chaired by Mr Jeremy Millard, whilst Mr Andrew Riley and Ms Barbara Moorhouse act as members. In compliance with the Listing Rule 5.118A, Mr Jeremy Millard is the independent, non-executive Director who is competent in accounting and/or auditing matters.

Remuneration Committee
The remuneration committee is responsible for proposing the remuneration package of Directors and senior executives of the Group. Thus it is responsible for development and implementation of the remuneration policies of the group, particularly to attract, retain and motivate Directors, senior management and employees through incentive based remuneration and share option plans, and to ensure compliance with the relevant provisions.

The members of the remuneration committee for the period under review were as follows:

Mr Hector Spiteri	Non-executive	
Mr Ivan Bartolo	Executive	
Mr Tonio Depasquale	Non-executive	(appointed 23 June 2016)
Mr Robert Borg	Non-executive	(ceased 23 June 2016)

Effective 23 June 2016, Mr Robert Borg no longer sat on the remuneration committee. His replacement, Mr Tonio Depasquale, was appointed to the remuneration committee at the meeting of the Board of Directors on 23 June 2016.

There were no formal remuneration committee meetings held during the year as all management salaries and financial packages were frozen due to the impending acquisition.

Principles 9 and 10 - Relations with Shareholders and with the Market and Institutional Shareholders
The CEO is responsible for establishing effective communications with all the stakeholders notably shareholders, customers, employees and suppliers. The Board believes that shareholders should have an opportunity to send communications to the Board. Any communication from a shareholder to the Board generally or a particular Director should be in writing, signed, contain the number of shares held in the sender's name and should be delivered to the attention of the company secretary at the principal offices of the Company. As from 20 March 2017 the entire shareholding of 6PM Holdings p.l.c., save for one (1) Ordinary Share which is held by Calamatta Cuschieri Investment Services Limited A/c Clients Nominee, was held by Idox PLC which currently remains the major shareholder.

Principle 11 - Conflicts of Interest
Directors should always act in the best interests of the Company and its shareholders. The procedures internally followed by the Board reflect how sensitive such situations, if and when they arise, are considered by the Company. In accordance with the provisions of the Articles of Association of the Company, any actual, potential or perceived conflict of interest must be immediately declared by a Director to the other members of the Board, who then (also possibly through a referral to the audit committee) decide on whether such a conflict exists. In the event that the Board perceives such interest to be conflicting with the Director's duties, the conflicted Director is required to leave the meeting and both the discussion on the matter and the vote, if any, on the matter concerned are conducted in the absence of the conflicted Director. The Board has approved an Internal Code of Dealing that details the obligations of the Directors, as well as those of senior management and other individuals having access to sensitive information, on dealings in the equity of the Company within the parameters of the law and the Principles.

Principle 12 - Corporate Social Responsibility
6PM remains committed to being a responsible company and making a positive contribution to society and the environment. This helps the group develop strong relationships with our stakeholders, and create long-term value for society and our business. The 6PM Group is committed to play a leading and effective role in the country's sustainable development whilst tangibly proving itself to be a responsible and caring citizen of the community in which it operates. The 6PM Group continues to support a number of different local initiatives aimed at improving the quality of life of the local communities it supports.

Part Two - Non-Compliance with the Code

Principle 7 - Evaluation of the Board
Even though the Board undertook a self-evaluation of its own performance, it did not appoint an ad hoc committee to carry out such evaluation. The Board believes that the outcome of such self-assessment exercises currently provides the deliverables needed.

Principle 8 - Nomination Committee
The Memorandum and Articles of Association of the Company regulates the appointment of Directors. Article 55.1 of the Articles of Association provides that a member holding not less than 0.5% of the issued share capital of the Company having voting rights or a number of members who in the aggregate hold not less than 0.5% of the issued share capital of the Company having voting rights shall be entitled to nominate a fit and proper person for appointment as a Director of the Company. In addition, the Directors themselves or a committee appointed for the purpose by the Director's may make recommendations and nominations to the shareholders for the appointment of Directors at the next annual general meeting. Furthermore, in accordance with the provisions of 55.3 of the Articles of Association of the Company, in the event that the Board is of the opinion that none of the Directors appointed or elected in accordance with the provisions of these Articles is a non-executive independent Director competent in accounting and/or auditing as required by the Listing Rules relating to the composition of the audit committee, the Board shall, during the first Board meeting after the annual general meeting appoint a person, who is independent and competent in accounting and/or auditing as a non-executive Director and shall appoint such person to the audit committee.

The Board believes that the setting up of a nomination committee is currently not suited to the Company as envisaged by the spirit of the Code.

Principle 9 - Relations with Shareholders and with the Market
The Company firmly believes that shareholder participation is an essential precondition for effective corporate governance. The Company has fully implemented the Shareholders Rights Directive (Directive 2007/36/EC) as transposed in Maltese Law and to this regard has introduced a number of measures aimed at facilitating the exercise of shareholders rights and protecting the shareholders' interests. The measures currently available for shareholders include the right to put items on the agenda of the annual general meeting and to table draft resolutions and the right to ask questions provide the necessary safeguards for the protection of the shareholder's interests. To this regard, the Company does not believe that the current corporate structure requires it to introduce procedures to resolve conflicts between minority shareholders and controlling shareholders.

Signed on behalf of the Board of Directors on 9 October 2017 by:

Jane Mackie

Jane Mackie	Andrew Riley
Director	Director

Remuneration statement

The remuneration committee's main role is to devise the appropriate packages needed to attract, retain and motivate Directors and senior executives possessing the necessary expertise and skills required for the Company's ongoing operations and future strategies.

Remuneration Policy – Directors

In accordance with the provisions of the Articles of Association of the Company, the aggregate emoluments of all Directors and any increases thereto were determined by the shareholders in a general meeting. Save for the previous Chairman of the Company, all other Directors had service contracts with the Company in the period under review. No Director is entitled to any share option, profit sharing, pension benefit or any other remuneration and no other fees were payable to any of the Directors during the year under review.

Remuneration Policy – Senior Executives

On the basis of recommendations submitted by the remuneration committee, the Board of Directors determines and establishes the overall remuneration policy for senior management. The current remuneration policy of the Company consists exclusively in fixed salaries but senior executives are entitled to a bonus at the end of the year on the attainment of certain Key Performance Indicators (KPIs). The committee considers that the currently remuneration policy adopted is fair and reasonable and enables the Company to attract, retain and motivate executives with the appropriate skills and qualities to ensure proper management. The contracts of employment of all senior executives are of an indefinite nature and are subject to statutory notice period. No senior executive is entitled to any payment upon termination.

For the financial period under review, the aggregate remuneration of the Directors of the group and of the company was as follows:

	Salary	**Bonus**	**Other**	**Total**
Executive	208,929	-	-	208,929
Non-executive	17,277	-	-	17,277
Total	**226,206**	**-**	**-**	**226,206**

This is further split as follows:

	GBP
Mr Nazzareno Vassallo	-
Mr Ivan Bartolo	111,766
Mr Stephen Wightman	97,163
Mr Hector Spiteri	4,936
Mr Robert Borg	4,936
Mr Tonio Depasquale	7,404

Signed on behalf of the Board of Directors on 9 October 2017 by:

Jane Mackie
Director

Andrew Riley
Director

Other disclosures in terms of the listing rules

Statement by Directors

Pursuant to Listing Rule 5.64.1

Share capital structure

The Company's issued share capital is twenty one million, nine hundred and eighty two thousand nine hundred and thirty eight (21,982,938) ordinary shares of GBP 0.20 each. All the issued share capital of the Company form part of one class of ordinary shares in the Company, which shares were listed on the Malta Stock Exchange stock exchange prior to the acquisition of all shares by Idox PLC on 20 March 2017. All shares in the Company have the same rights and entitlements and rank pari passu between themselves.

Pursuant to Listing Rule 5.64.3

Shareholders holding 5 per cent or more of the equity share capital as at 31 December 2016:

		%
Mediterranean Bank PLC – Nominee	5,948,577 ordinary shares	31.96
Vassallo Builders Group Limited	3,901,029 ordinary shares	18.59
Mr Ivan Bartolo	3,643,558 ordinary shares	17.36
HSBC as Sub Custodian	1,048,805 ordinary shares	5.00

On 20 March 2017 all shares were held by Idox PLC, save for one (1) Ordinary Share which is held by Calamatta Cuschieri Investment Services Limited A/c Clients Nominee, and there have been no changes in shareholding since that date to the date of authorisation of the 2016 financial statements.

Pursuant to Listing Rule 5.64.3

Powers of Board members

The powers of Directors are outlined in the articles of association.

Pursuant to Listing Rule 5.70.1

Contracts of significance

There were no loans between any of the Directors and any company within the Group. Furthermore, there were no significant contracts between any of the Directors and any of the group companies aside from normal contracts of employment.

In the year under review, the Group used the services of Areti Corporate Services Limited, a payroll processing provider which is owned by Hector Spiteri (Director and deputy chairman of 6PM Holdings p.l.c.). Furthermore, the Group provided services to the Vassallo Group which is ultimately owned by the Vassallo family, including Nazzareno Vassallo (Director and chairman of 6PM Holdings p.l.c.). All transactions with the above mentioned companies were conducted on an arm's length basis.

Pursuant to Listing Rule 5.70.2

Company secretary and registered office

Ms Jane Mackie
2nd Floor
1310 Waterside
Arlington Business Park
Theale
Reading
RG7 4SA

E-mail address: companysecretary@idoxgroup.com

Signed on behalf of the Board of Directors on 9 October 2017 by:

Jane Mackie

Jane Mackie	Andrew Riley
Director	Director

Statement of total comprehensive income for the year ended 31 December 2016

	Notes	Group 2016 GBP'000	Restated Group 2015 GBP'000	Company 2016 GBP'000	Restated Company 2015 GBP'000
Revenue		7,122	8,361	-	-
Cost of sales		(3,471)	(4,622)	-	-
Gross profit		3,651	3,739	-	-
Administrative and other expenses		(14,188)	(6,488)	(8,918)	(19)
Other operating income		175	35	-	-
		(10,362)	(2,714)	(8,918)	(19)
Finance costs	8	(2,312)	(285)	(2,151)	(153)
Investment income	8	14	6	-	160
Share of loss of associates	14	-	(199)	-	-
Loss before taxation	9	(12,660)	(3,192)	(11,069)	(12)
Tax (expense) / income	10	(1)	(1,563)	50	(58)
Loss after taxation		(12,661)	(4,755)	(11,019)	(70)
Loss for the financial year attributable to:					
Owners of the parent		(12,666)	(4,756)	(11,019)	(70)
Non-controlling interest		5	1	-	-
		(12,661)	(4,755)	(11,019)	(70)
Other comprehensive income – items that may subsequently be reclassified to profit/loss:					
Foreign exchange loss on consolidation		(660)	(176)	-	-
Other comprehensive income for the financial year, net of tax		(660)	(176)	-	-
Total comprehensive income for the financial year		(13,321)	(4,931)	(11,019)	(70)
Total comprehensive income for the financial year attributable to:					
Owners of the parent		(13,326)	(4,932)	(11,019)	(70)
Non-controlling interest		5	1	-	-
		(13,321)	(4,931)	(11,019)	(70)
Basic loss per share	11	(0.62)	(0.23)		
Diluted loss per share	11	(0.62)	(0.23)		

Consolidated statement of financial position as at 31 December 2016

Assets	Notes	2016 GBP'000	Restated 2015 GBP'000	Restated 2014 GBP'000
Non-current assets				
Goodwill	15	-	6,228	1,452
Intangible assets	16	2,162	1,768	2,353
Property, plant and equipment	17	1,440	836	959
Investment property	19	724	602	639
Investments in associates	14	-	-	3
AFS financial asset	25	20	1,117	943
Receivables	25	80	74	-
Deferred tax assets	20	71	23	1,541
		4,497	10,648	7,890
Current assets				
Inventories	21	356	546	596
Trade and other receivables	22	2,690	3,176	2,204
Cash at bank	23	664	1,710	337
		3,710	5,432	3,137
Total assets		8,207	16,080	11,027
Current liabilities				
Trade and other payables	24	(7,992)	(4,509)	(2,522)
Other financial liabilities		-	-	(202)
Borrowings	25	(2,520)	(2,186)	(2,938)
Current tax liabilities		(38)	(68)	(31)
		(10,550)	(6,763)	(5,693)
Non-current liabilities				
Liabilities associated with investments in associates	14	-	(30)	-
Borrowings	25	(480)	(342)	(469)
Bonds in issue	25	(10,975)	(9,371)	-
Deferred tax liabilities	20	-	(51)	-
		(11,455)	(9,794)	(469)
Total liabilities		(22,005)	(16,557)	(6,162)
Net (liabilities) / assets		(13,798)	(477)	4,865
Equity				
Share capital	28	4,151	4,151	4,068
Share premium	28	-	-	83
Accumulated (losses) / profits		(17,098)	(4,432)	735
Translation reserve	28	(878)	(218)	(42)
Equity attributable to owners of the parent		(13,825)	(499)	4,844
Non-controlling interest		27	22	21
Total equity		(13,798)	(477)	4,865

The financial statements were approved by the Board of Directors and authorised for issue on 9 October 2017 and were signed on its behalf by:

Jane Mackie

Jane Mackie
Director

Andrew Riley
Director

Company statement of financial position as at 31 December 2016

Assets	Notes	2016 GBP'000	Restated 2015 GBP'000	Restated 2014 GBP'000
Non-current assets				
Investments in subsidiaries	13	23	6,635	2,541
Investments in associates	14	-	494	324
AFS financial assets	25	20	1,117	943
Receivables	25	68	74	-
Deferred tax assets	20	9	-	-
		120	8,320	3,808
Current assets				
Trade and other receivables	22	4,767	5,538	917
Cash at bank	23	-	-	8
		4,767	5,538	925
Total assets		4,887	13,858	4,733
Current liabilities				
Trade and other payables	24	(696)	(213)	(11)
Current tax liabilities		(25)	(13)	(31)
		(721)	(226)	(42)
Non-current liabilities				
Bonds in issue	25	(10,975)	(9,371)	-
Deferred tax liabilities	20	-	(51)	-
		(10,975)	(9,422)	-
Total liabilities		(11,696)	(9,648)	(42)
Net (liabilities) / assets		(6,809)	4,210	4,691
Equity				
Share capital	28	4,151	4,151	4,068
Share premium	28	-	-	83
Accumulated (losses) / profits		(10,960)	59	540
Total equity		(6,809)	4,210	4,691

The financial statements were approved by the Board of Directors and authorised for issue on 9 October 2017 and were signed on its behalf by:

Jane Mackie

Jane Mackie
Director

Andrew Riley
Director

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Share capital GBP'000	Share premium GBP'000	Accumulated (losses) / profits GBP'000	Translation reserve GBP'000	Equity attributable to owners of the parent GBP'000	Non-controlling interest GBP'000	Total GBP'000
Balance at 31 December 2015 (restated)	4,151	-	(4,432)	(218)	(499)	22	(477)
Comprehensive income for the year:							
Loss for the year	-	-	(12,666)	-	(12,666)	5	(12,661)
Foreign exchange difference	-	-	-	(660)	(660)	-	(660)
Total comprehensive income for the year	-	-	(12,666)	(660)	(13,326)	5	(13,321)
Balance at 31 December 2016	4,151	-	(17,098)	(878)	(13,825)	27	(13,798)

For the year ended 31 December 2015

	Share capital GBP'000	Share premium GBP'000	Accumulated (losses) / profits GBP'000	Translation reserve GBP'000	Equity attributable to owners of the parent GBP'000	Non-controlling interest GBP'000	Total GBP'000
Balance at 31 December 2014 (restated)	4,068	83	735	(42)	4,844	21	4,865
Comprehensive income for the year:							
Loss for the year	-	-	(4,756)	-	(4,756)	1	(4,755)
Foreign exchange difference	-	-	-	(176)	(176)	-	(176)
Total comprehensive income for the year	-	-	(4,756)	(176)	(4,932)	1	(4,931)
Transactions with owners:							
Capitalisation of share premium	83	(83)	-	-	-	-	-
Dividends paid	-	-	(411)	-	(411)	-	(411)
Balance at 31 December 2015 (restated)	4,151	-	(4,432)	(218)	(499)	22	(477)

Company statement of changes in equity

For the year ended 31 December 2016

	Share capital GBP'000	Share premium GBP'000	Accumulated (losses) / profits GBP'000	Total GBP'000
Balance at 31 December 2015 (restated)	4,151	-	59	4,210
Comprehensive income for the year:				
Loss for the year	-	-	(11,019)	(11,019)
Total comprehensive income for the year	-	-	(11,019)	(11,019)
Balance at 31 December 2016	4,151	-	(10,960)	(6,809)

For the year ended 31 December 2015

	Share capital GBP'000	Share premium GBP'000	Accumulated (losses) / profits GBP'000	Total GBP'000
Balance at 31 December 2014 (restated)	4,068	83	540	4,691
Comprehensive income for the year:				
Loss for the year	-	-	(70)	(70)
Total comprehensive income for the year	-	-	(70)	(70)
Transactions with owners:				
Capitalisation of share premium	83	(83)	-	-
Dividends paid	-	-	(411)	(411)
Balance at 31 December 2015 (restated)	4,151	-	59	4,210

Statement of cash flows for the year ended 31 December 2016

	Group 2016 GBP'000	Restated Group 2015 GBP'000	Company 2016 GBP'000	Restated Company 2015 GBP'000
Cash flows from operating activities				
Loss before taxation	(12,660)	(3,192)	(11,069)	(12)
Investment income	(14)	(6)	-	(160)
Finance costs	2,312	285	2,151	153
Revaluation of investment property	(22)	-	-	-
Depreciation	237	179	-	-
Amortisation	669	220	-	-
Goodwill impairment	6,774	233	-	-
Impairment of intangible assets	461	1,525	-	-
Impairment of investments in associates	58	6	60	-
Impairment of investments in subsidiaries	-	-	7,452	-
Impairment of AFS financial assets	1,097	-	1,097	-
Loss on disposal of assets	28	55	-	-
Loss on disposal of subsidiary	-	12	-	-
Share of loss of associates	-	199	-	-
Adjusted loss from operations before changes in working capital	(1,060)	(484)	(309)	(19)
Increase in inventories	333	50	-	-
Increase / (decrease) in trade and other receivables	1,342	(882)	774	(4,431)
Increase in trade and other payables	2,787	937	106	30
Cash flows from operations	3,402	(379)	571	(4,420)
Income tax (paid) / received	(130)	42	2	(25)
Net cash inflow / (outflow) from operating activities	3,272	(337)	573	(4,445)
Cash flows from investing activities				
Acquisition of subsidiaries	-	(4,200)	-	(4,200)
Cash acquired within business combinations	(438)	(275)	-	-
Deferred payments made for the acquisition of subsidiaries	(29)	-	(29)	-
Deferred payments received for the disposal of subsidiaries	3	3	3	3
Increase in investment in AFS financial asset	-	(173)	-	(173)
Acquisition of intangible assets	(788)	(1,317)	-	-
Acquisition of property, plant and equipment	(198)	(69)	-	-
Interest received	14	6	-	-
Net cash outflow from investing activities	(1,436)	(6,025)	(26)	(4,370)
Cash flows from financing activities				
Dividends paid	-	(411)	-	(411)
Issue of bonds	-	9,560	-	9,560
Costs of bond issue	-	(178)	-	(178)
Repayment of bank borrowings	(498)	(1,667)	-	-
Repayment of other borrowings	(840)	-	-	-
Interest paid	(660)	(209)	(547)	(164)
Net cash (outflow) / inflow from financing activities	(1,998)	7,095	(547)	8,807
Net (decrease) / increase in cash and cash equivalents	(162)	733	-	(8)
Cash and cash equivalents at beginning of financial year	(253)	(906)	-	8
Exchange loss on cash and cash equivalents	(1,110)	(80)	-	-
Cash and cash equivalents at end of financial year	(1,525)	(253)	-	-

Statement of cash flows for the year ended 31 December 2016 (continued)

	Note	Group 2016 GBP'000	Restated Group 2015 GBP'000	Company 2016 GBP'000	Restated Company 2015 GBP'000
Comprising:					
Cash at bank	23	664	1,710	-	-
Bank overdrafts	25	(2,189)	(1,963)	-	-
		(1,525)	(253)	-	-

Notes to the financial statements

1. Nature of operations

The principal activity of 6PM Holdings p.l.c. (the "Company") and its subsidiary companies (the "Group") is IT and software solutions, delivering healthcare products, as well as professional services and infrastructure enabling organisations to enhance and optimise efficiency. These include Product Solutions aimed at the UK National Health Services and IT services to a variety of other companies in diverse markets.

2. General information and statement of compliance with IFRS

6PM Holdings p.l.c. is a public limited liability company incorporated and domiciled in Malta. Its registered office and principal place of business is Idox Business Centre, Triq it-Torri, Swatar, Birkirkara, BKR 4012, Malta.

The consolidated financial statements of the Group and the Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and in accordance with the Companies Act, 1995, Cap.386.

The financial statements are presented in thousands of Great British pounds (GBP'000) which is also the functional currency of the Company.

The consolidated financial statements and the Company financial statements for the year ended 31 December 2016 (including comparatives) were approved and authorised for issue by the Board of Directors on 9 October 2017.

3. Changes in accounting policies

3.1 Restatement for errors identified

Certain transactions and balances for the comparative periods within the statement of total comprehensive income and statement of financial position have been restated in these financial statements for both the Group consolidated financial statements and the Company financial statements. These are explained in note 5.

3.2 New and revised standards that are effective for annual periods beginning on or after 1 January 2016

The Group and the Company have not adopted any new standards or amendments that have a significant impact on the Group's or the Company's results or financial position.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group and the Company

At the date of authorisation of the consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group and the Company.

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these consolidated financial statements, the following may have an impact going forward:

New/Revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	EU adopted
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	Yes
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Yes
IFRS 16	Leases	1 January 2019	No

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not listed below are not expected to have a material impact on the Group's and the Company's financial statements.

IFRS 9 'Financial Instruments'
The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage, the main areas of expected impact are as follows:

- the classification and measurement of the Group's and the Company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on the Group's and the Company's trade receivables and investments in debt-type assets currently classified as AFS and HTM, unless classified as at fair value through profit or loss in accordance with the new criteria;
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group and the Company make an irrevocable designation to present them in other comprehensive income; and
- if the Group or the Company continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Group's or the Company's own credit risk.

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

Management has started to assess the impact of the new Standard, and has identified that the following area could be affected:

- Contracts with multiple deliverables – The Group's core products, in particular iFIT and Lilie, require multiple deliverables including licences, hardware, professional services after-sale support and maintenance. IFRS 15 introduces new guidance that will require the Group to evaluate the separability of multiple elements based on whether they are 'distinct'. A promised good or service is 'distinct' if both:
    - the customer benefits from the item either on its own or together with other readily available resources; and
    - it is 'separately identifiable' (ie the Group does not provide a significant service integrating, modifying or customising it).

The subsequent allocation of arrangement consideration to individual performance obligations is based on their relative stand-alone selling prices.

The Group's accounting policies are set out in detail in note 4.7. The Group is currently in the process of reviewing all its contracts to ascertain how the new requirements will impact the identification of distinct goods or services and the allocation of consideration to them.

IFRS 16 'Leases'
IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Group and the Company are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices;

- assessing their current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets;
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions; and
- assessing the additional disclosures that will be required.

4. Summary of accounting policies

4.1 Going concern

As evident from the statement of financial position, the main risk for the Company and the 6PM Group is that it becomes unable to fulfil its obligations to customers, creditors and bond holders. This risk is mitigated by the guaranteed support of the Idox Group which will allow the Company and the 6PM Group to honour all current and future liabilities.

As required by Listing Rule 5.62, and after due consideration of the Group's and the Company's profitability, statement of financial positions, capital adequacy, solvency and guarantee of support from Idox Group, the Directors are satisfied that at the time of approval of the financial statements, the Group and Company have adequate access to resources to continue to operate as a going concern for the foreseeable future.

4.2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention as modified by the fair valuation of investment property and in accordance with the significant accounting policies and measurement bases summarised below.

The Directors consider that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

4.3 Basis of consolidation

The consolidated financial statements incorporate the results of 6PM Holdings p.l.c. and the entities that it controlled (its subsidiaries).

A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns.

Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of total comprehensive income from the effective date of control until the date that control ceases. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of Group subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

4.4 Business combinations

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Any adjustment to the cost of the combination contingent on future events is measured at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration that are the result of additional information obtained after the acquisition date about facts and circumstances that existed at the acquisition date and that qualify as measurement period adjustments are adjusted against the cost of acquisition; all other subsequent changes in the fair value of contingent consideration are accounted for in accordance with the relevant IFRSs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

Non-controlling interests are measured initially either at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on acquisition-by-acquisition basis.

Acquisition-related costs are expensed as incurred.

4.5 Investments in associates

Investments in associates are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. The Company's share of losses of an associate in excess of its interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised, unless the Company has incurred obligations or made payments on behalf of the associate.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.6 Foreign currency translation

Functional and presentation currency

The presentation currency for the consolidated financial statements and the Company's financial statements is Great British pounds.

The Company's functional currency is Great British pounds.

Foreign currency transactions and balances

Foreign currency transactions by Group companies are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the reporting date, with any exchange adjustments being charged or credited to profit or loss. These are generally included within operating profit/loss except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate and in the case of exchange gains and losses arising on intra-group balances of a capital nature, are recognised within the translation reserve.

Foreign operations

On consolidation, the assets and liabilities of the subsidiaries with a functional currency other than Great British pounds are translated into the Group's presentational currency at the exchange rate at the reporting date and the income and expenditure account items are translated at the rate at the date of transaction. The exchange difference arising on the translation from functional currency to presentational currency of subsidiaries is classified as other comprehensive income and is accumulated within equity in the translation reserve.

The balance of the foreign currency translation reserve relating to a subsidiary that is disposed of, or partially disposed of, is recognised in profit or loss at the time of disposal.

4.7 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been identified as the Board of Directors, at which level strategic decisions are made.

4.8 Revenue recognition

Revenue comprises amounts recognised in respect of goods and services supplied during the period, exclusive of value added tax and trade discounts.

Revenue from the sale of goods is recognised on the transfer of 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.

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.

4.9 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.11 Goodwill

Goodwill represents the future economic benefits arising from business combinations which are not individually identified and separately recognised.

Goodwill is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any, and is included within intangible assets.

4.12 Intangible assets

Initial recognition

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.

Developed software

Expenditure on research activities is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Computer software and licences

Separable computer software assets and licences are classified as intangible assets.

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified together with the hardware cost within property, plant and equipment and accounted for accordingly.

Web page design
Development costs in relation to web page design are recognised on the same basis as for developed software described above.

Agencies
Agencies represent the rights over a number of brands which enhance the future earning capacity of the Group.

Subsequent measurement
The useful lives of other intangible assets are assessed as finite, with the exception of agencies which are considered to have an indefinite useful life, and are therefore subject to annual impairment review in the same manner as goodwill.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in total comprehensive income as administrative expenses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised

Amortisation is calculated on a straight-line basis over the estimate useful life of the asset as follows:

Developed software	5 years
Computer software and licences	5 years
Web page design	5 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in total comprehensive income within other income or other expenses.

4.13 Property, plant and equipment
Property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management.

Motor vehicles, and furniture, fittings and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are expensed in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated on a straight-line basis as follows:

Motor vehicles	5 years
Furniture, fittings and other equipment	5-15 years

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all plant and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in total comprehensive income within other income or other expenses.

4.14 Leased assets

Operating leases

All the Group's leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.15 Impairment of goodwill, intangible assets and property, plant and equipment

All assets are tested for impairment, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the group that independent cash flows are monitored.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

An impairment loss is recognised as an expense immediately.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately.

4.16 Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are recognised initially at cost and then using the fair value model.

Investment properties are revalued annually with resulting gains and losses recognised in profit or loss, and are included in the statement of financial position at their fair values.

4.17 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs except for those carried at fair value through profit or loss which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL);
- held-to-maturity (HTM) investments; and
- available-for-sale (AFS) financial assets.

The Group and the Company do not currently have any financials assets at FVTPL or HTM investments.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's and the Company's AFS financial assets include the investment in Javali LLC.

The investment in Javali LLC is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest is calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

For AFS investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include trade and other payables, bank borrowings and other borrowings. The Company's financial liabilities include trade, other payables and other borrowings.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Trade and other payables are classified within current liabilities and are stated at their nominal value unless the effect of discounting is material in which case they are measured at amortised cost using the effective interest method.

Bank and other borrowings, including debt securities in issue, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method. Interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

Loans and borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.18 Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value represents the estimated selling price in the ordinary course of business less the estimates costs of completion and the costs to be incurred in marketing, selling and distribution.

4.19 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's and the Company's liability for current tax is calculated using rates and laws that have been enacted or substantively enacted by the end of reporting period date.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's and the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries where the Group and the Company are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries where it is probable that taxable profit will be available against which the temporary difference can be utilised and it is probable that the temporary difference will reverse in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

Bank overdrafts that are repayable on demand and form an integral part of the Group's or the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and are presented in current liabilities on the statement of financial position.

4.21 Equity, reserves and dividend payments

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares issued.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Translation reserve" represents the exchange differences arising from the translation of the financial statements of subsidiaries into the Group's presentational currency.
- "Accumulated (losses) / profits" represents the accumulated profits and losses attributable to equity shareholders.
- "Non-controlling interest" represents the share of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

4.22 Retirement benefits and short-term employee benefits

Retirement benefit plans

The Group contributes towards pensions in accordance with local legislation in the countries concerned.

Under IFRS these are classified as defined contribution plans. Related costs are recognised as an expense in the period in which they are incurred.

Short-term employee benefits
Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

4.23 Provisions, contingent assets and contingent liabilities
Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group or the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group and the Company are virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.24 Significant management judgements in applying accounting policies and key sources of estimation uncertainty
The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions and accounting estimates are subject to regular review. Any revisions required to accounting estimates are recognised in the period in which the revisions are made including all future periods affected.

Significant management judgements
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of service and construction contract revenues
Determining when to recognise revenues from after-sales services requires an understanding of both the nature and timing of the services provided and the customers' pattern of consumption of those services, based on historical experience and knowledge of the market.

Capitalisation of internally developed software
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets and goodwill
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and computer equipment.

Inventories
Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business combinations
Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

Investment property
Management uses valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. Restatements

Certain transactions and balances for the comparative period and for the year ended 31 December 2014 within profit or loss and statement of financial position have been restated in these financial statements for both the Group consolidated financial statements and the Company financial statements.

The effects on 2015 profit, 2015 opening equity and 2015 closing equity have been summarised in the following tables, with an explanation of each adjustment included below.

Notes:

The below notes to the restatement tables summarise the impact of the restatements:

A. Revenue
Upon review, it came to the Board's attention that internal revenue recognition processes and controls were both inadequate and poorly enforced. The flaws in the design and implementation of these internal controls resulted in a lack of overall control and transparency in the recognition and reporting of revenue. The review identified the following issues which, the Board believes, contributed to revenue being materially misstated:

- Failure to obtain or review sufficient sales documentation such as customer contracts and sales agreements
- Inconsistent application of the relevant accounting standards on revenue recognition which resulted in revenue recognition through accrued income not being commensurate to the work performed or income not being initially deferred and spread across the appropriate term
- Material errors in the calculation of revenue
- Lack of sufficient review of the monthly financial information at management level which may have identified the misstatements at the time they arose

B. Cost of sales

The misstatement in cost of sales arose from the inconsistent application of the relevant accounting standards on revenue recognition. Where revenue was recognised in the period that was not commensurate to the actual work performed, costs associated with those sales were also recognised at the time, in line with the basic matching principle of accounting. As a result of the aforementioned revenue misstatements, it was also necessary to review and correct the misstatements within cost of sales to ensure consistency.

C. Administrative costs, finance costs and income

The review concluded that some costs, including one-off transactions such as staff bonuses, had been treated incorrectly in the period and therefore required correction. The review also resulted in the decision to impair a significant amount of capitalised development costs which is reflected in the administrative costs adjustment.

D. Share of loss in associates

Associates were also within the scope of the review and where the original accounting treatments were found to be incorrect or errors identified, the adjustments were made and included in the restatements.

E. Goodwill

Towards the end of 2015 there was a shift in the focus of the Group away from the retail business and primarily towards the provision of hospital management and clinical services therefore, given this shift, the Board has now taken the decision to fully impair the goodwill previously recognised for 6PM Infrastructure Ltd (previously Compunet Ltd) and 6PM Agencies Ltd. The Group's retail business (predominantly 6PM Infrastructure Ltd) reduced significantly in 2016 as a result of this shift and, with the retail operation winding down, the goodwill of 6PM Infrastructure and 6PM Agencies was impaired in full.

F. Intangible assets

According to the originally published 2015 Annual Report & Financial Statements, the Group revised its policy for intangible assets, specifically developed software. Previously, costs were capitalised and amortised over their estimated useful life. In 2015, this was revised and developed software costs were revalued at fair value less costs to sell. After extensive review and in consultation with an external specialist, the Board has taken the decision that this revaluation should not have been performed in 2015 as there is no active market for this niche and specialised developed software. As such, the fair value revaluation performed in 2015 has been reversed in full.

Furthermore, the review took into consideration the value of all projects and products capitalised as at 31 December 2015. It was determined that a number of the products had no viable commercial future and therefore should have been fully impaired in the originally published financial statements.

G. Deferred tax

In line with the aforementioned intangible asset revaluation reversal, a corresponding reduction in the deferred tax liability that was originally recognised in the financial statements was warranted.

The Board decided not to recognise a substantial deferred tax asset arising on the losses incurred in the years ended 31 December 2014 and 2015 (as restated), since it does not consider it prudent to assume that the Group companies will have sufficient future taxable profits against which the losses can be utilised in the foreseeable future.

H. Reclassifications

During review of the previously published financial statements it was ascertained that certain items had been classified incorrectly in the statement of financial position and the statement of total comprehensive income. These items have been reclassified accordingly.

Effects of restatement on 2015 profit arise as follows:

Group	**As previously reported GBP'000**	**Adjustments GBP'000**	**As adjusted GBP'000**	**Notes**
Revenue	11,332	(2,971)	8,361	A
Cost of sales	(5,266)	644	(4,622)	B
Gross profit / (loss)	6,066	(2,327)	3,739	
Administrative and other expenses	(4,137)	(2,351)	(6,488)	C,E,F
Other operating income	41	(6)	35	C
	1,970	(4,684)	(2,714)	
Finance costs	(340)	55	(285)	C
Investment income	14	(8)	6	C
Share of losses of associates	(15)	(184)	(199)	D
Profit / (loss) before taxation	1,629	(4,821)	(3,192)	
Tax income / (expense)	63	(1,626)	(1,563)	G
Profit / (loss) after taxation	1,692	(6,447)	(4,755)	
Profit / (loss) for the financial year attributable to:				
The Company's equity shareholders	1,691	(6,447)	(4,756)	
Non-controlling interest	1	-	1	
	1,692	(6,447)	(4,755)	
Other comprehensive income – items that may subsequently be reclassified to profit/loss:				
Foreign exchange loss on consolidation	(222)	46	(176)	A-G
Revaluation of intangible assets	12,735	(12,735)	-	F
Deferred tax thereon	(3,640)	3,640	-	F,G
Other comprehensive income for the financial year, net of tax	8,873	(9,049)	(176)	
Total comprehensive income for the financial year	10,565	(15,496)	(4,931)	
Total comprehensive income for the financial year attributable to:				
Owners of the parent	10,564	(15,496)	(4,932)	
Non-controlling interest	1	-	1	
	10,565	(15,496)	(4,931)	
Basic earnings / (loss) per share (GBP)	0.08	(0.31)	(0.23)	
Diluted earnings / (loss) per share (GBP)	0.08	(0.31)	(0.23)	

Company	**As previously reported GBP'000**	**Adjustments GBP'000**	**As adjusted GBP'000**	**Notes**
Revenue	208	(208)	-	H
Administrative and other expenses	(62)	43	(19)	H, C
Other operating income	70	(70)	-	C
	216	(235)	(19)	
Finance costs	(200)	47	(153)	C
Investment income	-	160	160	H, C
Profit / (loss) before taxation	16	(28)	(12)	
Tax expense	(39)	(19)	(58)	G
Loss after taxation	(23)	(47)	(70)	
Other comprehensive income – items that may subsequently be reclassified to profit/loss:				
Foreign exchange loss on consolidation	-	-	-	
Other comprehensive income for the financial year, net of tax	-	-	-	
Total comprehensive income for the financial year	(23)	(47)	(70)	

Effects of restatement on 2015 opening equity arise as follows:

Group	As previously reported GBP'000	Adjustments GBP'000	As adjusted GBP'000	Notes
Assets				
Non-current assets				
Goodwill	1,452	-	1,452	
Intangible assets	2,353	-	2,353	
Property, plant and equipment	954	5	959	C
Investment property	639	-	639	
Investments in associates	160	(157)	3	D
AFS financial assets	943	-	943	
Deferred tax assets	1,544	(3)	1,541	G,H
	8,045	(155)	7,890	
Current assets				
Inventories	590	6	596	C
Trade and other receivables	3,567	(1,363)	2,204	A
Cash at bank	344	(7)	337	C
	4,501	(1,364)	3,137	
Total assets	12,546	(1,519)	11,027	
Current liabilities				
Trade and other payables	(3,270)	748	(2,522)	B,H
Other financial liabilities	(202)	-	(202)	
Borrowings	(3,062)	124	(2,938)	C
Current tax liabilities	-	(31)	(31)	H
	(6,534)	841	(5,693)	
Non-current liabilities				
Borrowings	(352)	(117)	(469)	C
	(352)	(117)	(469)	
Total liabilities	(6,886)	724	(6,162)	
Net assets / (liabilities)	5,660	(795)	4,865	
Equity				
Share capital	4,068	-	4,068	
Share premium	83	-	83	
Translation reserve	(260)	218	(42)	C
Revaluation reserve	59	(59)	-	F
Accumulated profits / (losses)	1,699	(964)	735	A-G
Equity attributable to owners of the parent	5,649	(805)	4,844	
Non-controlling interest	11	10	21	C
Total equity	5,660	(795)	4,865	

Company	**As previously reported GBP'000**	**Adjustments GBP'000**	**As adjusted GBP'000**	**Notes**
Assets				
Non-current assets				
Investments in subsidiaries	2,541	-	2,541	
Investments in associates	324	-	324	
AFS financial assets	943	-	943	
	3,808	-	3,808	
Current assets				
Trade and other receivables	926	(9)	917	C
Cash at bank	8	-	8	
	934	(9)	925	
Total assets	4,742	(9)	4,733	
Current liabilities				
Trade and other payables	(22)	11	(11)	C
Current tax liabilities	-	(31)	(31)	H
	(22)	(20)	(42)	
Non-current liabilities				
Deferred tax liabilities	(31)	31	-	H
	(31)	31	-	
Total liabilities	(53)	11	(42)	
Net assets	4,689	2	4,691	
Equity				
Share capital	4,068	-	4,068	
Share premium	83	-	83	
Accumulated profits	538	2	540	C,G
Total equity	4,689	2	4,691	

Effects of restatement on 2015 closing equity arise as follows:

Group	**As previously reported GBP'000**	**Adjustments GBP'000**	**As adjusted GBP'000**	**Notes**
Assets				
Non-current assets				
Goodwill	6,879	(651)	6,228	E
Intangible assets	15,893	(14,125)	1,768	F
Property, plant and equipment	829	7	836	C
Investment property	602	-	602	
Investments in associates	310	(310)	-	D
AFS financial assets	1,190	(73)	1,117	H
Receivables	-	74	74	H
Deferred tax assets	-	23	23	G,H
	25,703	(15,055)	10,648	
Current assets				
Inventories	528	18	546	B
Trade and other receivables	7,575	(4,399)	3,176	A
Cash at bank	1,711	(1)	1,710	C
	9,814	(4,382)	5,432	
Total assets	35,517	(19,437)	16,080	
Current liabilities				
Trade and other payables	(5,403)	894	(4,509)	B,C
Other financial liabilities	(107)	107	-	C
Borrowings	(2,271)	85	(2,186)	C
Current tax liabilities	(36)	(32)	(68)	H
	(7,817)	1,054	(6,763)	
Non-current liabilities				
Liabilities associated with investments in associates	-	(30)	(30)	D
Borrowings	(260)	(82)	(342)	C
Bonds in issue	(9,522)	151	(9,371)	C
Deferred tax liabilities	(2,115)	2,064	(51)	G,H
	(11,897)	2,103	(9,794)	
Total liabilities	(19,714)	3,157	(16,557)	
Net assets / (liabilities)	15,803	(16,280)	(477)	
Equity				
Share capital	4,151	-	4,151	
Translation reserve	(482)	264	(218)	C
Revaluation reserve	9,153	(9,153)	-	F
Accumulated profits / (losses)	2,959	(7,391)	(4,432)	A-G
Equity attributable to owners of the parent	15,781	(16,280)	(499)	
Non-controlling interest	22	-	22	
Total equity	15,803	(16,280)	(477)	

Company	As previously reported GBP'000	Adjustments GBP'000	As adjusted GBP'000	Notes
Assets				
Non-current assets				
Investments in subsidiaries	6,682	(47)	6,635	C
Investments in associates	494	-	494	
AFS financial assets	1,190	(73)	1,117	H
Receivables	-	74	74	H
	8,366	(46)	8,320	
Current assets				
Trade and other receivables	5,692	(154)	5,538	C
Current tax receivable	9	(9)	-	H
	5,701	(163)	5,538	
Total assets	14,067	(209)	13,858	
Current liabilities				
Trade and other payables	(226)	13	(213)	C
Other financial liabilities	(9)	9	-	C
Current tax liabilities	-	(13)	(13)	H
	(235)	9	(226)	
Non-current liabilities				
Bonds in issue	(9,522)	151	(9,371)	C
Deferred tax liabilities	(55)	4	(51)	G,H
	(9,577)	155	(9,422)	
Total liabilities	(9,812)	164	(9,648)	
Net assets / (liabilities)	4,255	(45)	4,210	
Equity				
Share capital	4,151	-	4,151	
Accumulated profits / (losses)	104	(45)	59	
Total equity	4,255	(45)	4,210	

6. Segmental reporting - Group

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker(s) in order to allocate resources to the segments and to assess their performance.

Information reporting to the Group's chief operating decision makers for the purpose of resource allocation and assessment performance is focussed on the service provided. The Group's reportable segments under IFRS 8 are therefore as follows:

- Licences and products;
- Services; and
- Support and maintenance.

Information regarding the Group's reportable segments is presented below.

6.1 Operating segments

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

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

2016

GBP'000	**Licences and products**	**Services**	**Support and maintenance**	**Unallocated**	**Total**
Revenue	1,907	1,999	2,297	919	7,122
Gross profit	1,615	1,083	1,455	(502)	3,651
Administrative expenses	-	-	-	(14,188)	(14,188)
Other operating income	-	-	-	175	175
	1,615	1,083	1,455	(14,515)	(10,362)
Investment income	-	-	-	14	14
Finance costs	-	-	-	(2,312)	(2,312)
Profit / (loss) before tax	1,615	1,083	1,455	(16,813)	(12,660)
Segment assets	-	-	-	8,207	8,207
Segment liabilities	-	-	-	(22,005)	(22,005)
Depreciation and amortisation	-	-	-	906	906
Non-current assets	-	-	-	4,497	4,497

2015

GBP'000	**Licences and products**	**Services**	**Support and maintenance**	**Unallocated**	**Total**
Revenue	2,303	2,670	2,401	987	8,361
Gross profit	667	1,051	1,950	71	3,739
Administrative expenses	-	-	-	(6,488)	(6,488)
Other operating income	-	-	-	35	35
	667	1,051	1,950	(6,382)	(2,714)
Investment income				6	6
Finance costs	-	-	-	(285)	(285)
Share of losses of associates	-	-	-	(199)	(199)
Profit / (loss) before tax	667	1,051	1,950	(6,860)	(3,192)
Segment assets	-	-	-	16,080	16,080
Segment liabilities	-	-	-	(16,557)	(16,557)
Depreciation and amortisation	-	-	-	399	399
Non-current assets	-	-	-	10,648	10,648

All assets and liabilities are considered to be unallocated.

Revenue from Malta, being the Company's country of domicile, amounted to:

	2016 GBP'000	2015 GBP'000
Malta	4,477	6,129

Segment revenues above are generated from external customers. The accounting policies of the reportable segments have been consistently applied and are the same as the Group accounting policies. Segment profit represents the operating profit by each segment without allocation of administrative expenditure, finance costs and income taxes. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

6.2 Geographic segments

The Group operates in three geographic areas – Malta, other EU and other. The Group's revenue from external customers and information about its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) by geographical location are detailed below.

2016 GBP'000	Malta	Other EU	Other	Total
Revenue	4,477	2,638	7	7,122
Non-current assets	3,745	700	52	4,497

2015 GBP'000	Malta	Other EU	Other	Total
Revenue	6,129	1,839	393	8,361
Non-current assets	10,098	527	23	10,648

6.3 Information about major customers

The major customers are predominantly in the health sector in the UK, namely private and NHS hospitals.

7. Employee remuneration

7.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Wages and salaries	4,891	2,432	-	-
Social security costs	369	183	-	-
Pensions – defined contribution plans	19	-	-	-
	5,279	2,615	-	-

The average number of employees during the year were as follows:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Administrative	30	19	-	-
Operational	136	129	-	-
	166	148	-	-

7.2 Key management personnel compensation

Remuneration expense for key management personnel are disclosed in note 30 under related party transactions.

8. Finance costs and investment income

Finance costs for the periods presented consist of the following:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Interest on bond securities	560	171	560	171
Foreign exchange movement on bond securities	1,591	(18)	1,591	(18)
Interest on overdrafts	55	24	-	-
Interest on bank loans	48	87	-	-
Other interest	58	21	-	-
Total interest expense	2,312	285	2,151	153

Investment income for the periods presented consist of the following:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Interest income from cash and cash equivalents	14	6	-	-
Dividend income received from subsidiaries	-	-	-	160
	14	6	-	160

9. Losses before taxation

Included within administrative and other expenses:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Depreciation	237	179	-	-
Amortisation	669	220	-	-
Impairment of intangible assets	461	1,525	-	-
Impairment of goodwill	6,774	233	-	-
Impairment of AFS financial asset	1,097	-	1,097	-
Impairment of investment in subsidiaries	-	-	7,458	-

Directors remuneration is disclosed in note 30.

The analysis of the amounts that are payable to the auditor and that are required to be disclosed is as follows. The 2015 figures relate to the fees charged by the predecessor auditors.

Group	2016 GBP'000	2015 GBP'000
Total remuneration payable to the parent Company's auditors (in respect of the undertakings included in the consolidation) for the audit of the consolidated financial statements	119	26
Total fees payable to other auditors	27	16
Total fees payable to the parent Company's auditors for non-audit services	25	26

Company	2016 GBP'000	2015 GBP'000
Total remuneration payable to the Company's auditors for the audit of the Company's financial statements	12	8
Total fees payable to the Company's auditors for non-audit services	3	-

Other financial items consist of the following:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Loss / (gain) from exchange differences on loans and receivables	263	209	266	(69)

These other financial items have been recognised within administrative and other expenses.

10. Tax (expense) / income

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 35% (2015: 35%) and the reported tax expense in profit or loss are as follows:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Profit on ordinary activities before taxation	(12,659)	(3,192)	(11,067)	(12)
Profit on ordinary activities multiplied by the standard rate of corporation tax (2016: 35%; 2015: 35%)	(4,431)	(1,117)	(3,873)	(4)
Factors affecting tax expense for the year:				
Deferred tax not accounted for	1,743	(1,048)	788	(54)
Depreciation charges not deductible by way of capital allowances in determining taxable income	165	118	-	-
Different tax rates in foreign jurisdictions	46	(71)	-	(3)
Disallowed expenses	2,476	686	3,135	82
Dividend income – exempt	-	(96)	-	(48)
Capital gains tax	-	(31)	-	(31)
Provision for bad debts	-	(4)	-	-
Actual tax (expense) / income	(1)	(1,563)	50	(58)

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Tax expense comprises:				
Current tax expense	(1,910)	(633)	(738)	(4)
Deferred tax expense:				
Origination and reversal of temporary differences	1,909	(930)	788	(54)
Tax (expense) / income	(1)	(1,563)	50	(58)
Deferred tax expense (income), recognised directly in other comprehensive income	-	-	-	-

Note 20 provides information on deferred tax assets and liabilities.

11. Loss per share and dividends

Loss per share - Group

Basic loss per share is based on the loss after tax for the year and the weighted average number of shares in issue during the year.

	2016	2015
Loss attributable to equity holders of the Group (GBP'000)	(12,666)	(4,756)
Weighted average number of shares in issue	20,571,508	20,571,508
Basic loss per share (GBP)	(0.62)	(0.23)

The weighted average number of shares for the purpose of computing loss per share has been based on the assumed number of shares as if the bonus issue during 2015 had occurred at the beginning of the earliest period presented.

Diluted loss per share is calculated by adjusting the average number of shares in issue during the period to assume conversion of all dilutive potential ordinary shares. The Group had no potentially dilutive shares in 2016 or 2015. Diluted loss per share is therefore the same as basic loss per share.

Dividends

During 2016, 6PM Holdings p.l.c. paid dividends of GBPnil (2015: GBP411,000) to its equity shareholders. This represents a payment of approximately nil pence per share (2015: 1.89 pence per share).

12. Business combinations

Acquisitions have been completed by the Group to increase scale, broaden its addressable market and widen the product offering.

Subsidiaries acquired:

	Principal activity	Date of acquisition	Proportion of voting equity interest acquired (%)	Fair value of consideration transferred GBP'000
emCare360 Limited (Malta)	Healthcare IT solutions	1 January 2016	50%*	406
Idox Health Limited (formerly Blithe Computer Systems Limited (UK))	Healthcare IT solutions	1 July 2015	100%	4,200

*The Group previously held a 50% non-controlling interest in emCare360 Limited. The business combination transaction on 1 January 2016 resulted in the Group acquiring control.

Fair value of consideration transferred:

	2016 Acquisition of emCare 360 Limited GBP'000	2015 Acquisition of Idox Health Limited GBP'000
Cash	-	4,200
Deferred consideration payable*	406	-
Net value of previously held associate interest	(87)	-
Total	319	4,200

*Consideration for emCare 360 is €549,501 (GBP405,587) payable in 60 equal monthly instalments. Deferred consideration is recognised within other payables.

Acquisition costs of GBP8,659 were expensed in relation to the acquisition of emCare 360 Limited during 2016.

Acquisition costs of GBP44,676 were expensed in relation to the acquisition of Idox Health Limited during 2015.

	2016 Acquisition of emCare 360 Limited GBP'000	2015 Acquisition of Idox Health Limited GBP'000
Non-current assets		
Goodwill	546	5,009
Intangible assets	448	-
Plant and equipment	474	162
Current assets		
Inventories	143	-
Trade and other receivables	866	133
Cash and cash equivalents	1	-
Current liabilities		
Trade and other payables	(323)	(702)
Overdraft	(439)	(275)
Borrowings	(923)	(127)
Non-current liabilities		
Borrowings	(474)	-
	319	4,200

Goodwill arising on the acquisition of Idox Health Limited (formerly Blithe Computer Systems Limited) was allocated to the Clinical CGU (fully impaired in 2016).

Goodwill arising on the acquisition of emCare was allocated to the Electronic & Mobile CGU (fully impaired in 2016).

	2016 Acquisition of emCare 360 Limited GBP'000	2015 Acquisition of Idox Health Limited GBP'000
Net cash outflow on acquisition of subsidiaries		
Consideration paid in cash	-	4,200
Deferred consideration paid during the year	29	-
Plus: net overdraft balances acquired	438	275
Net cash outflow	467	4,475

Post-acquisition contribution

The acquired subsidiaries made the following contributions to the Group's results for the year in which they were acquired, from their respective acquisition dates:

	2016 Acquisition of emCare 360 Limited 1 January – 31 December 2016 GBP'000	2015 Acquisition of Idox Health Limited 1 July – 31 December 2015 GBP'000
Post-acquisition contribution to Group revenue	542	1,253
Post-acquisition contribution to Group profit	(196)	416
Total post-acquisition contribution	(196)	416

If Idox Health Limited had been acquired on 1 January 2015, revenue of the Group for that year would have been GBP11,222,000 and the loss would have been GBP4,718,000.

13. Investments in subsidiaries

13.1 Composition of the Group

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Registered address	Principal activity	Place of incorporation and operation	% ownership held 2016	% ownership held 2015
6PM Limited	Idox Business Centre, Triq it-Torri, Birkirkara BKR 4012, Malta	Healthcare IT solutions	Malta	99.99	99.99
6PM Management Consultancy (UK) Ltd	4, Office Village, Forder Way, Hampton, Peterborough, PE7 8GX, United Kingdom	Healthcare IT solutions	UK	100	100
6PM Nearshore DOOEL	5,Vasil Gjorgov Street 1000 Skopje, Macedonia	Software development	Macedonia	100	100
6PM Infrastructure Ltd (formerly Compunet Ltd)	Idox Business Centre, Triq it-Torri, Birkirkara BKR 4012, Malta	IT services	Malta	100	100
6PM Agencies Ltd	Idox Business Centre, Triq it-Torri, Birkirkara BKR 4012, Malta	Software licensing	Malta	100	100
Six-PM Health Solutions (Ireland) Ltd	Unit H, L.E.D.P., Roxboro, Limerick, Ireland	Healthcare IT solutions	Ireland	70	70
6PM (Gibraltar) Limited*	Suite 4, First Floor, 23 Engineer Lane, PO Box 926, Gibraltar	Dormant	Gibraltar	-	100
Idox Health Limited (formerly Blithe Computer Systems Limited)	Blakenhall Park, Barton Under Needwood, Burton On Trent, Staffordshire, DE13 8AJ, United Kingdom	Healthcare IT solutions	UK	100	100
emCare360 Ltd**	Idox Business Centre, Triq it-Torri, Birkirkara BKR 4012, Malta	Healthcare IT solutions	Malta	100	50
emCare Group (Malta) Limited**	Idox Business Centre, Triq it-Torri, Birkirkara BKR 4012, Malta	Healthcare IT solutions	Malta	100	50

*6PM (Gibraltar) Limited has been put into liquidation in February 2016.

**emCare360 Ltd was previously recognised as an equity-accounted associated prior to acquisition of the controlling interest during 2016. emCare Group (Malta) Limited is held indirectly by the Group, being a 100% owned subsidiary of emCare360 Ltd. The registered office for both companies was changed following this acquisition.

13.2 Losing control over a subsidiary during the reporting period

On 22 February 2016, the Company disposed of its 100% interest in 6PM (Gibraltar) Limited by way of a liquidation. The liquidated business is considered immaterial to the Group's operations and as such is not separately disclosed as discontinued operations.

On 9 October 2015, the Company disposed of its 100% interest in Agilis6 Limited for consideration of €120,000. The consideration is receivable in 6 equal instalments of €20,000 by 1 April, 2016, 9 October 2017 and annually by 9 October thereafter. The deferred consideration receivable is recognised within other receivables.

The disposed business is considered immaterial to the Group's operations and as such is not separately disclosed as discontinued operations.

14. Investments in associates

The carrying amount of investments held by the Company and accounted for by the Group using the equity accounting method is as follows:

	Company 2016 GBP'000	Company 2015 GBP'000
Investment in associates	-	494

As at 31 December 2015 there was a net liability of GBP30,000 associated with investments in associates.

The Group's share of profit from equity accounted investments is as follows:

	2016 GBP'000	2015 GBP'000
Investment in associates	-	(199)

During 2015, Vid&Co, Business Consultants Ltd was liquidated. Prior to the liquidation, the Group held a 33.33% associate interest in this business. The liquidated associate interest is considered immaterial to the Group's operations.

Details of the Group's equity-accounted associates are as follows:

Name of associate	Registered address	Principal activity	Place of incorporation and operation	% ownership held by the Group 2016	2015
emCare360 Ltd	Idox Business Centre, Triq it-Torri, Birkirkara BKR 4012, Malta	Healthcare IT solutions	Malta	100	50
emCare Group Malta Limited*	Idox Business Centre, Triq it-Torri, Birkirkara BKR 4012, Malta	Healthcare IT solutions	Malta	100	50
Makeezi Limited	The Three Arches, Valletta Road, Mosta, MST 9016, Malta	Pre-packaged software – now in liquidation	Malta	42.9	42.9

*Held indirectly as a 100% owned subsidiary of emCare360 Ltd.

On 1 January 2016, the Company acquired control of emCare 360 Ltd and also therefore emCare Group Malta Limited, as a result of which these entities are consolidated within the consolidated financial statements as subsidiaries from this date.

None of the above associate investments are material to the Group.

Summarised aggregate financial information of the Group's share in these associates:

	2015 GBP'000
Profit from continuing operations	(199)
Total comprehensive income	(199)
Aggregate carrying amount of the Group's interest in these associates	(30)
Aggregate carrying amount of the Company's investment in these associates	494

In 2016, following the acquisition of the emCare group and the liquidation of Makeezi Limited, the Group did not have any shares in associates.

15. Goodwill - Group

	GBP'000
Cost	
At 1 January 2015	1,452
On acquisition of Idox Health Limited (formerly Blithe Computer Systems Limited)	5,009
At 31 December 2015	6,461
On acquisition of the emCare group	546
At 31 December 2016	7,007
Impairment	
At 1 January 2015	-
Impairment of goodwill	233
At 31 December 2015	233
Impairment of goodwill	6,774
At 31 December 2016	7,007
Net book value	
At 31 December 2016	-
At 31 December 2015	6,228
At 1 January 2015	1,452

Allocation of goodwill to cash generating units

All of the Group's carrying amount of goodwill is allocated across the cash generating units (CGUs) as determined by management as follows:

	2016 GBP'000	2015 GBP'000
Hospital Management	-	1,219
Clinical	-	5,009
	-	6,228

The operating segments are used by management primarily commercial purposes, with a focus on revenue and margins. The CGUs differ from the operating segments in that they provide an overview of the Group's core activities as opposed to the individual revenue streams within each.

The recoverable amounts of the CGUs have been determined from value in use calculations based on cash flow projections from a formally approved 12 month forecast which has been extrapolated out over a 5 year period, which is considered by management to be an appropriate projection period for the impairment review of non-amortised assets, having also given consideration to the amortisation periods determined for the acquired intangible assets.

Other major assumptions are as follows:

Impairment review date	**2016 %**
Discount rate	16.55%
Annual growth assumptions used to extrapolate 1 year budget forecast:	
- 2 – 5 years	0%

The 12 month forecast data is based on the most recent annual financial statements uplifted for management's best estimates of reasonable growth targets for the subsequent 12 month period.

Management's key assumption includes stable profit margins based on past experience in the market.

Discount rates are based on management's assessment of specific risks related to the CGU. Growth rates beyond the first year to year 5 are based on economic data for the wider economy, and represent a prudent expectation of growth.

The recoverable amounts for the Group's CGUs do not exceed their carrying amounts and the goodwill has been fully impaired.

Given the aforementioned restatements to financial year ended 31 December 2015, the forecasts available from the time lacked sufficient credibility upon which to form the basis of an impairment review. Therefore, an impairment review was not conducted at 31 December 2015.

16. Intangible assets - Group

	Computer software and licences	Developed software	Web page design	Agencies	Total
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Cost					
At 1 January 2015	364	3,033	36	298	3,731
Additions	-	1,315	2	-	1,317
Disposals on loss of control of subsidiary	(6)	(23)	-	-	(29)
Foreign exchange differences	(22)	(161)	(2)	(17)	(202)
At 31 December 2015	336	4,164	36	281	4,817
On acquisition of subsidiary	-	448	-	-	448
Additions	9	779	-	-	788
Foreign exchange differences	56	715	6	47	824
At 31 December 2016	401	6,106	42	328	6,877
Amortisation					
At 1 January 2015	280	1,071	27	-	1,378
Charge for year	-	220	-	-	220
Disposals on loss of control of subsidiary	(4)	(14)	-	-	(18)
Impairment	76	1,439	10	-	1,525
Foreign exchange differences	(16)	(39)	(1)	-	(56)
At 31 December 2015	336	2,677	36	-	3,049
Charge for year	-	669	-	-	669
Impairment	-	146	-	315	461
Foreign exchange differences	56	461	6	13	536
At 31 December 2016	392	3,953	42	328	4,715
Net book value					
At 31 December 2016	9	2,153	-	-	2,162
At 31 December 2015	-	1,487	-	281	1,768
At 1 January 2015	84	1,962	9	298	2,353

Amortisation is included within administrative and other expenses.

17. Property, plant and equipment - Group

	Furniture, fittings and other equipment GBP'000	Motor vehicles GBP'000	Total GBP'000
Cost			
At 1 January 2015	1,775	346	2,121
Additions	117	45	162
Additions on acquisition of subsidiary	58	11	69
Disposal on loss of control of subsidiary	(23)	(60)	(83)
Disposals	(16)	(117)	(133)
Foreign exchange differences	(99)	(18)	(117)
At 31 December 2015	1,812	207	2,019
Additions	194	4	198
Additions on acquisition of subsidiary	468	6	474
Disposals	(173)	(56)	(229)
Foreign exchange differences	357	28	385
At 31 December 2016	2,658	189	2,847
Depreciation			
At 1 January 2015	963	199	1,162
Charge for year	137	42	179
Disposal on loss of control of subsidiary	(13)	(27)	(40)
Disposals	-	(78)	(78)
Foreign exchange differences	(30)	(10)	(40)
At 31 December 2015	1,057	126	1,183
Charge for year	214	23	237
Disposals	(172)	(29)	(201)
Foreign exchange differences	169	19	188
At 31 December 2016	1,268	139	1,407
Net book value			
At 31 December 2016	1,390	50	1,440
At 31 December 2015	755	81	836
At 1 January 2015	812	147	959

Depreciation is included within administrative and other expenses.

18. Leasing arrangements - Group

Operating leases – as lessee

Operating leases primarily relate to land and buildings and computer equipment.

The Group's non-cancellable operating lease commitments are as follows:

	2016	2015
	GBP'000	GBP'000
Land and buildings		
Within 1 year	180	102
2- 5 years	147	153
	327	255
Other		
Within 1 year	75	34
2- 5 years	80	58
	155	92

Total operating lease expense recognised during the year amounted to GBP139,200 (2015: GBP98,711).

Operating leases – as lessor

The Group leases out investment properties under operating leases.

The Group also leases out computer equipment under operating leases. The lease contracts for computer equipment are all non-cancellable for 3 years from the commencement of the lease.

The Group's future minimum lease rentals are as follows:

	2016	2015
	GBP'000	GBP'000
Computer equipment		
Within 1 year	48	37
2- 5 years	42	57
Total	90	94

19. Investment property - Group

Investment property relates to a real estate property in Malta, which is owned to earn rentals and for capital appreciation.

Note 27 sets out how the fair value of the investment property has been determined.

Changes to the carrying amounts are as follows:

	Group 2016 GBP'000	Group 2015 GBP'000
Fair value at 1 January	602	639
Foreign exchange movements	100	(37)
On revaluation	22	-
Total change in fair value	122	(37)
Carrying value at 31 December	724	602

Based on an independent architect's valuation dated 8 April 2017, the fair value of the investment property stated at fair value is GBP723,687.

The investment property is leased out on an operating lease. Rental income earned by the Group from its investment property amounted to GBP27,024 (2015: GBP23,798) and is included within revenue. Direct operating expenses are reported within administrative and other expenses.

Future minimum lease rentals are as follows:

	Group 2016 GBP'000	Group 2015 GBP'000
Investment property		
Within 1 year	27	24
2- 5 years	22	44
Total	49	68

20. Deferred tax assets and liabilities

Analysis of recognised deferred tax balances:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Opening balance	(28)	1,541	(51)	-
Origination and reversal of temporary differences	99	(1,569)	60	(51)
Closing balance	71	(28)	9	(51)
Comprising:				
Deferred tax asset	71	23	9	-
Deferred tax liability	-	(51)	-	(51)
	71	(28)	9	(51)

21. Inventories - Group

	2016 GBP'000	2015 GBP'000
Goods held for resale	356	546

	2016 GBP'000	2015 GBP'000
Amounts of inventories recognised as an expense during the period as cost of sales	945	1,602

	2016 GBP'000	2015 GBP'000
Amounts of inventories impaired during the period	147	-

22. Trade and other receivables

Trade and other receivables consist of the following:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Trade receivables	1,534	1,741	-	-
Other receivables	17	15	17	15
Prepayments and accrued income	1,139	1,420	-	-
Amounts owed by subsidiaries	-	-	4,750	5,523
	2,690	3,176	4,767	5,538

The Directors consider the carrying value of trade and other receivables is approximate to its fair value.

All of the Group's and Company's trade and other receivables have been reviewed for indicators of impairment. The Group suffers a small incidence of credit losses. However, where management views that there is a significant risk of non-payment, a specific provision for impairment is made and recognised as a deduction from trade receivables.

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Impairment provision at 1 January	-	36	-	-
Release of impairment provision against written off receivables	-	(36)	-	-
Impairment provision at 31 December	-	-	-	-

At 31 December, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 31 December, analysed by the length of time past due, are:

Trade receivables past due but not impaired at 31 December:	Group 2016 GBP'000	Group 2015 GBP'000
Not more than 3 months	653	247
More than 3 months but not more than 6 months	61	22
More than 6 months but not more than 1 year	30	(8)
More than one year	55	217
	799	478

23. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group 2016 GBP'000	Group 2015 GBP'000
Cash at bank and in hand:		
GBP	439	129
EUR	221	1,577
MKD	4	4
Cash and cash equivalents in the statement of financial position	664	1,710

Included in the above, amounts of GBP466,448 and €31,000 are held by a third party in a bank deposit account as at 31 December 2016.

24. Trade and other payables

Trade and other payables consist of the following:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Current:				
Trade payables	804	848	-	-
Accruals and deferred income	6,584	3,225	318	211
Other payables	604	436	378	2
	7,992	4,509	696	213

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

25. Financial instruments

25.1 Categories of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Group **31 December 2016**	**Note**	**AFS (FV)** **GBP'000**	**Loans and receivables (amortised cost)** **GBP'000**	**Total** **GBP'000**
Financial assets				
Receivables		-	80	80
Other investments	a)	20	-	20
Other long-term financial assets		20	80	100
Trade and other receivables	b)	-	1,629	1,629
Cash and cash equivalents		-	664	664
Other short-term financial assets		-	2,293	2,293
		20	2,373	2,393

Group **31 December 2015**	**Note**	**AFS (FV)** **GBP'000**	**Loans and receivables (amortised cost)** **GBP'000**	**Total** **GBP'000**
Financial assets				
Receivables		-	74	74
Other investments	a)	1,117	-	1,117
Other long-term financial assets		1,117	74	1,191
Trade and other receivables	b)	-	1,768	1,768
Cash and cash equivalents		-	1,710	1,710
Other short-term financial assets		-	3,478	3,478
		1,117	3,552	4,669

a) includes an equity investment carried at cost less impairment charges because fair value cannot be determined reliably
b) these amounts only represent trade and other receivables that are financial assets

Group **Financial liabilities**	**2016** **GBP'000**	**2015** **GBP'000**
Other liabilities (amortised cost):		
Non-current borrowings	480	342
Bonds in issue	10,975	9,371
Overdrafts	2,189	1,963
Current bank borrowings	331	223
Trade payables	804	848
Other payables	376	-
Accruals	2,623	2,006
	17,778	14,753

Company **31 December 2016**	**Note**	**AFS (FV)** **GBP'000**	**Loans and receivables (amortised cost)** **GBP'000**	**Total** **GBP'000**
Financial assets				
Receivables		-	68	68
Other investments	a)	20	-	20
Other long-term financial assets		20	68	88
Receivables	b)	-	17	17
Other short-term financial assets		-	17	17
		20	85	105

Company **31 December 2015**	**Note**	**AFS (FV)** **GBP'000**	**Loans and receivables (amortised cost)** **GBP'000**	**Total** **GBP'000**
Financial assets				
Receivables		-	74	74
Other investments	a)	1,117	-	1,117
Other long-term financial assets		1,117	74	1,191
Receivables	b)	-	15	15
Other short-term financial assets		-	15	15
		1,117	89	1,206

a) includes an equity investment carried at cost less impairment charges because fair value cannot be determined reliably
b) these amounts only represent other receivables that are financial assets

Company

Financial liabilities	**2016** **GBP'000**	**2015** **GBP'000**
Other liabilities (amortised cost):		
Bonds in issue	10,975	9,371
Other payables	376	-
Accruals	318	211
	11,669	9,582

A description of the Group's and the Company's financial instrument risks, including risk management objectives and policies is given in note 26.

The methods used to measure financial assets and liabilities reported at fair value are described in note 27.

25.2 AFS financial assets

The details and carrying amounts of AFS financial assets are as follows:

	Group and Company	
	2016	**2015**
	GBP'000	**GBP'000**
Investment in Javali LLC	20	1,117

AFS investments relate to a 22.5% interest (2015: 22.5%) held by the Company in Javali LLC, a company incorporated in the state of Utah, United States of America.

Due to lack of available market data, the fair value of the Group's and the Company's investment in this entity cannot be reliably measured. Therefore, it has been stated at cost less impairment charges.

25.3 Bank borrowings

Bank borrowings are measured at amortised cost and include the following financial liabilities:

	Group	**Group**
	2016	**2015**
	GBP'000	**GBP'000**
Bank overdrafts	2,189	1,963
Bank loans	811	565
Total	3,000	2,528
Comprising:		
Long term borrowings		
- within 2-5 years	480	342
- after 5 years	-	-
	480	342
Borrowings due within one year		
- bank overdraft	2,189	1,963
- bank loans	331	223
	2,520	2,186

Summary of borrowing arrangements:

At 31 December 2016, the Group had bank overdraft facilities of GBP2,189,000 (2015: GBP1,963,000). Overdrafts are secured against group assets and bear interest at rates between 5.15% to 5.65%.

Bank loans are held by subsidiaries of the Group and are secured against group assets. Such loans are repayable in monthly instalments and bear interest at rates between 3.5% to 5.15%.

25.4 Bonds in issue

Bonds in issue are measured at amortised cost.

	Group and Company	
	2016	**2015**
	GBP'000	**GBP'000**
Proceeds from issue of new bonds	9,560	9,560
Issue costs	(171)	(178)
Unrealised foreign exchange differences	1,573	(18)
Amortisation of transaction costs	13	7
	10,975	9,371
Comprising:		
Current	-	-
Non-current	10,975	9,371
	10,975	9,371

During 2015, the Company issued bonds totalling €13 million. Bonds were issued with a nominal value of €100 each bearing interest at 5.1% per annum. They are redeemable at par value in 2025. Interest on the bonds is accrued monthly and paid annually in arrears on 31 July each year.

The carrying amount of bonds is considered to be a reasonable approximation of fair value.

The bonds are listed on the Official Companies List of the Malta Stock Exchange.

25.5 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

26. Financial instrument risk exposure and management

The Group and the Company are exposed to various risks in relation to financial instruments. The Group's and the Company's financial assets and liabilities by category are summarised in note 25. The main types of risks are market risk, credit risk and liquidity risk.

Risk management objectives and policies
This note describes the Group's and the Company's objectives, policies and process for managing those risks and the methods used to measure them.

The Group and the Company do not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group and the Company are exposed are described below.

26.1 Market risk analysis

The Group and the Company are exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency sensitivity
The majority of the Group's sales transactions are carried out in GBP. Exposures to currency exchange rates arise from the Group's minority of sales in EUR and purchases which are predominantly denominated in EUR. The Group and the Company also hold bank borrowings and debt securities issued in EUR.

Foreign currency exposure tends to be on the payment side and is mainly in relation to the Great British pound strength relative to the Euro or US $. This transactional risk is considered manageable and is monitored by the Group. The Group and the Company do not enter into forward exchange contracts to mitigate the exposure to foreign currency risk.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

The amounts shown are those reported to key management translated into GBP at the closing rate:

	Short-term exposure EUR GBP'000	GBP GBP'000	MKD GBP'000	Long-term exposure EUR GBP'000
31 December 2016:				
Financial assets	1,469	840	4	80
Financial liabilities	(5,222)	(1,076)	(25)	(11,455)
Total exposure	(3,753)	(236)	(21)	(11,375)

	Short-term exposure EUR GBP'000	GBP GBP'000	MKD GBP'000	Long-term exposure EUR GBP'000
31 December 2015:				
Financial assets	3,146	1,445	4	74
Financial liabilities	(3,583)	(1,473)	(4)	(9,693)
Total exposure	(437)	(28)	-	(9,619)

The Group report in Great British pounds (GBP) but has significant revenues and particularly costs as well as assets and liabilities that are denominated in Euros (EUR).

The table below sets out the prevailing exchange rates in the periods reported.

	Year ended 31 December		At 31 December	
	2016 Average	2015 Average	2016 Closing	2015 Closing
EUR/GBP	0.8227	0.7245	0.8562	0.734

The following table illustrates the sensitivity of the reported loss before tax and equity for 2016 to material exchange rate movements in the pound relative to the Euro.

It assumes a +/- 10% change in GBP relative to the closing rates for this currency employed in 2016.

If the GBP had strengthened against the EUR by 10%, the impact, in GBP terms, on the financial statements would have been:

	GBP'000	
	2016	**2015**
Profit before tax	1,513	1,013
Equity	1,513	1,013

If the GBP had weakened against the EUR by 10%, the impact, in GBP terms, on the financial statements would have been:

	GBP'000	
	2016	**2015**
Profit before tax	(1,513)	(1,013)
Equity	(1,513)	(1,013)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity
The Group has taken out bank facilities to finance its operation as disclosed in note 25.

The Group's and the Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually at fixed rates.

Management monitor the movement in interest rates and, where possible, mitigate material movements in such rates by restructuring the Group's financing structure.

At 31 December 2016, the Group is exposed to changes in market interest rates through short-term bank borrowings at variable interest rates and interest receivable on cash balances. The Group considers its exposure to interest rate risk to be immaterial.

26.2 Credit risk
Credit risk is the risk that a counterparty fails to discharge an obligation to the Group or Company. The Group and the Company are exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc.

The Group and the Company do not have a significant concentration of risk, with exposure spread over a number of third parties.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group's and Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised below:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Cash and cash equivalents	664	1,710	-	-
Receivables	80	74	68	74
Trade and other receivables	1,629	1,768	4,767	5,538
	2,373	3,552	4,835	5,612

The Group and the Company continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls.

The Group's and the Company's management consider that all of the above financial assets that are not impaired or past due for each of the 31 December reporting dates under review are of good credit quality.

At 31 December 2016 and 2015, the Group and the Company have certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. Further information regarding the impairment of trade receivables is disclosed in note 22.

In respect of trade and other receivables, the Group and the Company are not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

26.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company might be unable to meet its obligations. The Group and the Company manage its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.
Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group and the Company can meet liabilities as they fall due, and ensuring adequate working capital using bank borrowing arrangements.

In managing liquidity risk, the main objective of the Group and the Company is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group and the Company monitor levels of working capital to ensure that it can meet its liability payments as they fall due.

The Group and the Company consider expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's cash resources, trade receivables and continued support from Idox Group ensure it has access to sufficient cash to meet its cash outflow requirements.

Group

The tables below show the undiscounted cash flows on the Group's financial liabilities as at 31 December 2016 and 2015, on the basis of their earliest possible contractual maturity:

At 31 December 2016

	Total GBP'000	Within 1 year GBP'000	Years 2-5 GBP'000	Greater than 5 years GBP'000
Trade payables	804	804	-	-
Other payables	376	376	-	-
Accruals	2,623	2,623	-	-
Bank overdrafts	2,189	2,189	-	-
Bank loans	811	331	480	-
Bonds in issue	16,240	568	2,271	13,401
	23,043	6,891	2,751	13,401

At 31 December 2015

	Total GBP'000	Within 1 year GBP'000	Years 2-5 GBP'000	Greater than 5 years GBP'000
Trade payables	848	848	-	-
Accruals	2,006	2,006	-	-
Bank overdrafts	1,963	1,963	-	-
Bank loans	565	342	223	-
Bonds in issue	14,409	487	1,947	11,975
	19,791	5,646	2,170	11,975

Company

The tables below show the undiscounted cash flows on the Company's financial liabilities as at 31 December 2016 and 2015, on the basis of their earliest possible contractual maturity:

At 31 December 2016

	Total GBP'000	Within 1 year GBP'000	Years 2-5 GBP'000	Greater than 5 years GBP'000
Other payables	376	376	-	-
Accruals	318	318	-	-
Bonds in issue	16,240	568	2,271	13,401
	16,934	1,262	2,271	13,401

At 31 December 2015

	Total GBP'000	Within 1 year GBP'000	Years 2-5 GBP'000	Greater than 5 years GBP'000
Accruals	211	211	-	-
Bonds in issue	14,409	487	1,947	11,975
	14,620	698	1,947	11,975

27. Fair value measurement

27.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year (2015: none).

There are no financial assets or liabilities measured at fair value on a recurring basis as at 31 December 2016 or 31 December 2015.

Financial instruments measured at amortised cost for which the fair value is disclosed are detailed in notes 22, 24 and 25

27.2 Fair value measurement of non-financial instruments - Group

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2016 and 31 December 2015:

31 December 2016	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Investment property:				
Office building in Malta	-	-	724	724

31 December 2015	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Investment property:				
Office building in Malta	-	-	602	602

Fair value of the Group's investment property asset is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and audit committee at each reporting date.

Further information is set out below.

Office building in Malta

The fair values of the office building is estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments has been made to the estimated rental value.

The most significant input, which is unobservable, is the estimated rental value. The estimated fair value increases if the estimated rental increases. The overall valuations are sensitive to this assumption. The inputs used in the valuations at 31 December 2016 were:

	Malta
Rental value	€ 2,300 /sqm

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

2016	**Investment properties Malta GBP'000**
Balance at 1 January 2016	602
Gains recognised in profit or loss:	
Increase in fair value of investment property	122
Balance at 31 December 2016	724
Total amount included in profit or loss for unrealised gains on Level 3 assets	122

2015	**Investment properties Malta GBP'000**
Balance at 1 January 2015	639
Gains recognised in profit or loss:	
Increase in fair value of investment property	(37)
Balance at 31 December 2015	602
Total amount included in profit or loss for unrealised loss on Level 3 assets	(37)

28. Equity

28.1 Share capital

The total allotted share capital of the Company is:

2016	Authorised GBP'000	Issued and called up GBP'000
25,000,000 ordinary shares of GBP0.20 each (20,571,508 of which have been issued and called up)	5,000	4,151

2015	Authorised GBP'000	Issued and called up GBP'000
25,000,000 ordinary shares of GBP0.20 each (20,571,508 of which have been issued and called up)	5,000	4,151

Share capital amounts are presented net of transactions costs of GBP46,000 in all periods presented.

Share transactions effected during the current year:
No share transactions were effected during 2016.

Share transactions effected during the prior year:
On 25 June 2015, by virtue of an extraordinary resolution, the Company allotted 1 share for every 50 shares held to shareholders on its register as at 26 May 2015 equivalent to 411,430 ordinary shares. These shares were allotted at par value of GBP0.20 each (totalling GBP62,286).

Rights and obligations
Ordinary shares carry one vote per share and carry a right to dividends.

28.2 Share premium

The share premium account represents amounts received on issue of shares in excess of their nominal value. In 2015, it was used to fund a bonus issue of new shares at nominal value to existing shareholders on a 1 for 50 basis.

28.3 Other components of equity

The other component of equity is the translation reserve. The translation reserve arises on consolidation of overseas subsidiaries as an exchange difference arises on retranslation for consolidation.

29. Capital management

The Group's and the Company's capital management objectives are:

- To ensure the Group's and the Company's ability to continue as a going concern; and
- To provide long-term returns to shareholders by pricing products and services commensurately with the level of risk.

The Group and the Company define and monitor capital on the basis of the carrying amount of equity plus its outstanding borrowings, less cash and cash equivalents as presented on the face of the statement of financial position and as follows:

	Group 2016 GBP'000	Group 2015 GBP'000	Company 2016 GBP'000	Company 2015 GBP'000
Equity	(13,825)	(499)	(6,809)	4,210
Borrowings and bonds in issue	(13,975)	(11,899)	(10,975)	(9,371)
Cash and cash equivalents	(664)	(1,710)	-	-
	(28,464)	(14,108)	(17,784)	(5,161)

The Board of Directors monitors the level of capital as compared to the Group's and the Company's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares or adjusting the level of debt.

30. Related party transactions

6PM Holdings p.l.c. is the parent Company of the Group and the parent Company of the undertakings described in note 13. As at 31 December 2016, the equity of the Company was quoted on the Malta Stock Exchange. No entity or individual controlled the majority of the Company's voting rights.

The Group's related parties include its associates, key management and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. The terms and conditions do not specify the nature of the consideration to be provided in settlement.

All related party transactions were made on an arm's length basis.

30.1 Company related party transactions

The related party transactions of 6PM Holdings p.l.c., the Company, solely relate to cash flows on related party payables and receivables. There are no related party trading transactions to be disclosed.

The amounts due from related parties of the Company at the reporting date are as disclosed below:

	2016 GBP'000	2015 GBP'000
Amounts receivable from related parties:		
6pm Limited	4,225	5,011
6pm Management Cons UK Ltd	150	150
Blithe Computer Systems Ltd	168	168
6pm Infrastructure Ltd (formerly Compunet Ltd)	103	101
6pm Agencies Ltd	105	105
Total	4,751	5,535

There were no amounts due to related parties as at the end of the reporting periods presented above.

30.2 Transactions with associates and other related undertakings

During the financial year, in addition to transactions with key management personnel and guarantees provided for group bank facilities, the Group entered into transactions with related parties as follows:

	2016 Related party activities GBP'000	2015 Related party activities GBP'000
Sales:		
Related party transactions with:		
Associates	-	13
Other related parties	117	148
Cost of sales:		
Related party transactions with:		
Associates	-	153
Other related parties	17	38
Finance costs:		
Related party transactions with:		
Other related undertakings	-	23

No expense has been recognised in any period presented for impairment of receivables in respect of amounts due from related parties.

30.3 Transactions with key management personnel

Total remuneration received by the Directors of the Company and other key management personnel are as follows:

	2016 GBP'000	2015 GBP'000
Remuneration of Directors:		
Remuneration	226,206	211,717
Social security costs	25,819	25,358
Company pension contributions to defined contributions scheme	160	-
	252,185	237,075
Remuneration of other key management personnel:		
Remuneration	926,430	728,366
Social security costs	98,196	75,692
Company pension contributions to defined contributions scheme	8,603	6,946
	1,033,229	811,004
Total	1,285,414	1,048,079

Dividends on ordinary shares were paid to key management as follows:

	2016 GBP'000	2015 GBP'000
Nazzareno Vassallo (incl. dividends paid to Vassallo Group companies)	-	79,520
Ivan Bartolo	-	53,352
Stephen Wightman	-	14,371
Robert Borg	-	735
Hector Joseph Spiteri	-	242
Other key management personnel	-	15,973
	-	164,193

31. Ultimate controlling party

6PM Holdings p.l.c. is the parent Company of the Group. As at 31 December 2016, the equity of the Company was quoted on the Malta Stock Exchange. No entity or individual controlled the majority of the Company's voting rights.

32. Post-reporting date events

As outlined in the Directors' report, the entire share capital of the Company was acquired by Idox plc on 9 March 2017. The shares in the Company were then de-listed from the Malta Stock Exchange effective from 27 July 2017.

33. Authorisation of financial statements

The consolidated financial statements for the year ended 31 December 2016 (including comparatives) were approved by the Board of Directors on 9 October 2017.

Independent auditor's report

To the shareholders of 6PM Holdings p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of 6PM Holdings p.l.c. (the "Company") and of the Group of which it is the parent, set out on pages FS-1 to FS-58, which comprise the statements of financial position as at 31 December 2016, and the statements of total comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company and the Group for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 26 April 2016.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. In determining the key audit matters we have taken into consideration, amongst other matters, the breakdown in internal controls identified by the Board of Directors. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue and cost of sales

Key audit matter

A significant part of the Group's revenue is derived from a small number of high value contracts entered into with third parties. Revenue is recognised once a contract is signed and the related services and/or products are delivered. In those cases where the services and/or products are not fully delivered by balance sheet date, the Group assesses the percentage of completion of the related works and estimates the amount of revenue that should be recognised in the financial statements. The related cost of sales is likewise so estimated.

Management has conducted an extensive exercise and determined that, for the reasons outlined in Note 5A – *Revenue* and 5B – *Cost of sales*, consolidated revenue and related cost of sales recognised for the years ended 31 December 2014 and 31 December 2015 were materially misstated. Accordingly, management passed prior period adjustments to rectify these misstatements. This exercise also identified adjustments that were required to revenue and related cost of sales for the year ended 31 December 2016.

We focussed on this area because of the significance of the adjustments passed in prior periods and of the amounts recognised for the year ended 31 December 2016. Furthermore, as explained above, the Group's revenue is derived from a small number of high value contracts and in some cases judgement needs to be exercised to determine part of revenue and cost of sales.

How the key audit matter was addressed in our audit

We obtained an understanding of the methodology used by management to arrive at revenue and cost of sales for the year ended 31 December 2016 and that should have been recognised for the years ended 31 December 2014 and 31 December 2015. We also tested the arithmetical accuracy of the workings and ensured that these were backed by supporting documentation. We also attended meetings with management and an external consultant who was engaged to conduct this exercise and noted that they were able to provide satisfactory responses to our questions.

Based on the audit work done we did not identify any material misstatements in the consolidated revenue and cost of sales for the year ended 31 December 2016.

2. Assessment of carrying amount of goodwill and intangible assets

Key audit matter

During the year ended 31 December 2016 management carried out an assessment to establish whether goodwill and other intangible assets should continue to be recognised or if any part should be impaired.

On the basis of this assessment, as explained in Note 5F – *Intangible Assets*, management concluded that a gross revaluation of intangible assets amounting to GBP 12.5 million that was recognised in the year ended 31 December 2015 should not have been recognised and was therefore reversed as a prior period adjustment. The deferred tax liability that arose on the revaluation was also reversed.

Management's assessment also revealed that an amount of GBP 651,000 and GBP 1.7 million, respectively representing part of the goodwill and part of other intangible assets (refer to Notes 5E – *Goodwill* and 5F - *Intangible Assets*) that were recognised up to 31 December 2015, should also be impaired.

For the year ended 31 December 2016, management concluded that all the remaining goodwill, amounting to GBP 6.8 million and GBP 461,000 of intangible assets were impaired. These impairments totalling GBP 7.2 million were recognised in the statement of total comprehensive income for the year ended 31 December 2016. Following these adjustments at 31 December 2016 the carrying amount of the Group's intangible assets amounted to GBP 2.2 million.

We focussed on this area because of the significance of the amounts impaired during the year ended 31 December 2016 and in the prior years, and of the carrying amount at 31 December 2016, and because the determination of whether elements of goodwill and intangible assets are impaired involves complex and subjective judgements by the Directors about the future results of the relevant parts of the business.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the impairment methodology applied by management and engaged our internal specialist resources to review and challenge the methodology and the underlying assumptions. We also evaluated management's assessment of the revaluation of intangible assets that was recognised in the year ended 31 December 2015 and their conclusion that it should not have been recognised.

We communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions. We also assessed the adequacy of the disclosures made in note 15 of the financial statements relating to goodwill including those regarding the key assumptions used in assessing its carrying amount.

On the basis of our work we determined that management's decision to reverse the revaluation of intangible assets recognised in the year ended 31 December 2015 and to impair goodwill and part of the intangible assets during the year ended 31 December 2016, and that no impairment of the remaining intangible assets was required, was reasonable.

3. Assessment of carrying amount of investments in subsidiaries and other investments

Key audit matter

During the year ended 31 December 2016 management carried out an assessment to establish whether the carrying amount of investments in subsidiaries and other investments in the financial statements of the Company at 31 December 2016 should continue to be recognised or if any part should be impaired. In view of the impairments and adjustments that were recognised in the financial statements of certain subsidiaries (refer to key audit matters 1 and 2) management concluded that an amount of GBP 8.6 million should be impaired. Following this adjustment, at 31 December 2016 the carrying amount of the Company's investments in subsidiaries and other investments amounted to GBP 23,000 and GBP 20,000 respectively.

We focussed on this area because of the significance of the amounts impaired during the year ended 31 December 2016 and because the assessment carried out by management involves subjective judgements by the Directors about the future results of the Company's subsidiaries and other investments.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the impairment methodology applied by management. We also communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions.

As a result of our work we determined that management's decision to recognise an impairment charge of GBP 8.6 million during the year ended 31 December 2016 was reasonable.

4. Going concern

Key audit matter

At balance sheet date the Company and Group had net liabilities amounting to GBP 13.8 million and GBP 6.8 million respectively. Consequently, this warrants specific audit focus.

As explained in note 4.1 – *Going Concern*, the Directors have obtained assurance that the majority shareholder of the Company will continue to support the Company and the Group financially on an ongoing basis, to enable them to meet their liabilities as and when they fall due.

How the key audit matter was addressed in our audit

We obtained written confirmation from the majority shareholder of the Company that it will continue to support the Company and the Group to ensure that they will be able to meet their liabilities as they fall due and that they will continue operating as a going concern. We have also assessed the financial strength of the shareholder and ensured that they have sufficient financial resources to support the Company and the Group as required. We also assessed the adequacy of the disclosures made in note 4.1 - *Going concern*, of the financial statements.

Based on the audit work done we concluded that management's use of the going concern assumption in the preparation of the financial statements is appropriate.

Other information

The Directors are responsible for the other information. The other information comprises (i) the Directors' Report, (ii) the Statement by the Directors on the Financial Statements and Other Information included in the Annual Report, (iii) the Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance, (iv) Remuneration Statement and (v) Other Disclosures in terms of the Listing Rules, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Directors' Report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' Report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Report on other legal and regulatory requirements

Report on the Statement of Compliance with the Code of Principles of Good Corporate Governance

The Listing Rules issued by the Listing Authority (the "Listing Rules") require the Directors to prepare and include in their Annual Report a Statement of Compliance with the Code of Principles of Good Corporate Governance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

Listing Rules also require us, as the auditor of the Company, to include a report on the Statement of Compliance with the Code of Principles of Good Corporate Governance prepared by the Directors.

We read the Statement of Compliance with the Code of Principles of Good Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance with the Code of Principles of Good Corporate Governance cover all risks and controls, or form an opinion in the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance with the Code of Principles of Good Corporate Governance set out on pages 14 to 19 has been properly prepared in accordance with the requirements of the Listing Rules.

Other matters on which we are required to report by exception

We also have responsibilities

- under the Companies Act, Cap 386 to report to you if, in our opinion:
    - adequate accounting records have not been kept
    - the financial statements are not in agreement with the accounting records
    - we have not received all the information and explanations we require for our audit.

- in terms of Listing Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

Mark Bugeja (Partner) for and on behalf of
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