’15

6PM
GROUP

Annual Report

& Financial Statements 2015

’15

6PM GROUP

Annual Report
& Financial Statements 2015

Contents

Chairman's statement

I am pleased to submit my annual report to you of 6PM Holdings plc. This is my fifth report to you since my election to the Chair and I must first start by thanking you and the Board of Directors for your sustained and loyal support.

2015 has been another year of successful business and achievements. In 2015 the business growth was a result of the increased investment and the acquisition of Blithe Computer Systems Limited in the United Kingdom. In addition, last year **6PM** reached another milestone. The Bond Issue of thirteen million Euro was fully subscribed by our shareholders. Again, I must take this opportunity to express my gratitude to our long-standing shareholders for the trust they have shown us in the past years.

FINANCIAL RESULTS

In 2015 the **6PM Group** continued to secure positive results and build on the achievements that were reported in 2014. With an increase of 73% in profitability before tax, increased investment in sales and business development resulted in an increase in expenditure. The increase in profits was surely a huge achievement and augurs well for the future.

The determination of the CEO and the Executive Team is undoubtedly second to none. Together with a strong and dynamic committed Board of Directors, **6PM Holdings plc** has yet again managed to deliver a positive year translating into significant shareholder value both in terms of increased share price and distributable profits.

2016 – WHAT'S ON THE RADAR?

We have kicked off this year with the announcement of the 50% acquisition of the shares held by CareMalta Limited in **emCare360 Limited**. This business decision made perfect sense as **emCare** has increasingly become a technology company rather than a health service provider.

The synergies between **6PM** and **emCare** have already kicked in as we have already witnessed significant operational cost decline translating it in to a positive operation.

The **6PM Group** is currently undertaking several investment initiatives. We are expecting these to translate into successes during the current financial year and most definitely in the years to come. Through the current investments we aim to increase the Group's annuity revenue. We are aiming to close our annuity revenue at GBP 6 million by the end of this financial year.

THE FUTURE

"It is not in the stars to hold our destiny but in ourselves." William Shakespeare.

6PM is truly a success story. My conviction enables me to state that I believe that **6PM** has many more chapters ahead of it and I believe that 2016 will be the start of chapter two.

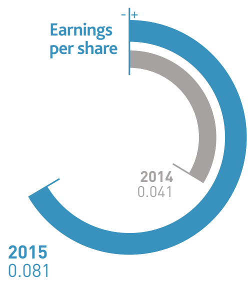
Nazzareno Vassallo
Chairman

"6PM is truly a success story."

NAZZARENO VASSALLO, MARCH 2016

Chief Executive Officer's review

In 2015, 6PM had to step up a gear to ensure that its shareholders continue to reap benefits derived from financial growth.



OVERVIEW

Step up a gear is exactly what we did.

By the end of 2014, **6PM** had reached its objective of transforming itself into a health solutions provider. To complete this journey, during 2015, it was necessary to totally replace the non-health related revenue with health related revenue. To accomplish this business goal, the **6PM Group** had one thing left to do – **FOCUS**.

Our focus on health solutions led us to close down the Compunet retail outlet, exit from our investment in Vid&Co and Makeezi and sell Agilis which operated in the local market in non-health related business activity. This gave us the opportunity to focus and commit all of our energy on our health business.

Focus and commitment led us to:

- Acquire Blithe Computer Systems Limited in the UK during July 2015. Through this acquisition we have grown our customer base, our products portfolio and our annuity business.
- Acquire the 50% shareholding in **emCare** held by Care Malta Limited. This immediately translated to an increase of GBP 350,000 in annuity revenue.

Our efforts to focus have also translated to several tactical opportunities that our business is now actively pursuing. These include the shaping and soon to be launched new business propositions that have only become feasible and possible due to the size of our customer base in the UK.

BUSINESS PERFORMANCE

Financial Highlights

In the financial year ending 2015 the Group registered a profit after tax of GBP 1,692,201 (2014 a profit of GBP 822,121). The profit per share amounts to GBP 0.081 whereas the profit per share in 2014 amounted to GBP 0.041.

The gross profit for the period amounted to GBP 6,065,839 (2014 – GBP 4,585,610) equivalent to 54% (2014 – 47%) of total revenue. Administrative expenses amounted to GBP 4,137,094 (2014 – GBP 3,552,847). Group total equity at year end amounted to GBP 15,803,431 (2014 – GBP 5,660,002).

During the year the Group changed its Depreciation and Amortization policy from Net Book Value to Net Present Value. While investment in software development has continued, the treatment has been completely changed to better reflect the value of the Intellectual Property owned by the Group. The investment amount in product development during the year amounted to GBP 953,780 (2014 – GBP 1,077,217) which represents primarily labour costs and expenses incurred in the development of health products.

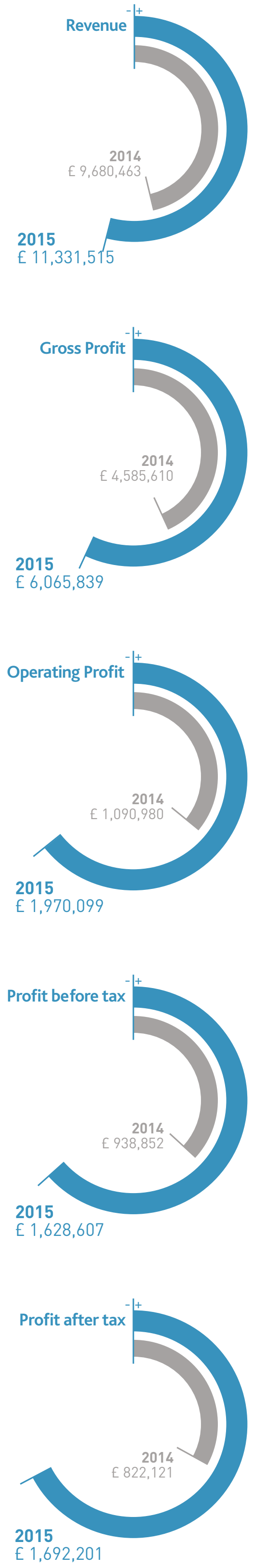
Key points to note

The most significant point to note is the bottom line. In real terms, in 2014, the Group registered a profit before tax of GBP 938,852 compared to the registered profit before tax in 2015 amounting to GBP 1,628,607. This equates to an absolute variance of GBP 689,755 (73%).

"6PM's business vision is to empower Patients through Innovation where cutting edge Technology combined with transformational Thinking is made available to all Stakeholders for consumption in a Mobile environment"

IVAN BARTOLO, MARCH 2016

Chief Executive Officer's review *...continued*



BUSINESS VISION AND STRATEGY

6PM's business vision is – "To empower Patients through Innovation where cutting edge Technology combined with transformational Thinking is made available to all Stakeholders for consumption in a Mobile environment".

Our business strategy continues to deliver success. During 2016 we are focusing on the development of the consumption model with a view to take this revenue model to market by not later than quarter four.

Healthcare continues to dominate as one of the fastest growing industries across the globe. In the UK, the Department of Health has mandated several standards and changes and these have been endorsed in the report published by Lord Carter in February 2016. All of the recommended reforms aiming to reduce cost within the NHS by £5 billion by 2020 sit well within the **6PM** business strategy. **6PM** must therefore continue to focus on the development and evolution of the **iFIT™** suite of products.

iFIT™ will continue to transform legacy health workflows and care pathways with a clear objective to reduce cost and improve patient outcome without compromising patient safety.

LOOKING FORWARD

At the time of writing this report, **6PM** has reached the end of quarter one in 2016. With confidence it is surely a pleasure to inform all shareholders that the company continues to grow from strength to strength.

So far I believe that we were very fortunate with the lack of competition in certain business dimensions that we operate within. As the health market keeps falling onto every CEO's radar, competition will become stiffer and we must therefore remain very focused on nurturing our unique selling propositions that are purely founded on principles that only aim to deliver business benefits and patient safety.

6PM's opportunity to continue growing and achieving positive results is real and we continue to look into the future with an amazing amount of excitement, passion and commitment.

Ivan Bartolo
Chief Executive Officer

Gaining international rewards from product development

During the last 18 months of **6PM**'s journey we have increased our focus on the development of our product portfolio both in terms of the software itself as well as the defining collateral. It is this collateral which will support sales via partners and other extended sales agreements such as resellers.

During our partner selection, **6PM** attempts to seek certain criteria to support the achievement of our objectives. Due to the size and specialisation of the health industry it is important that **6PM**'s partners and resellers are located in a country with a sound economy and have a good understanding of the health market, ideally with an established footprint within the industry. **6PM** has products which are well received and can bring benefits to hospitals in all countries, however it is clear that those with more developed health economies find it easier to identify and prioritise the benefits promised by the **6PM** portfolio.

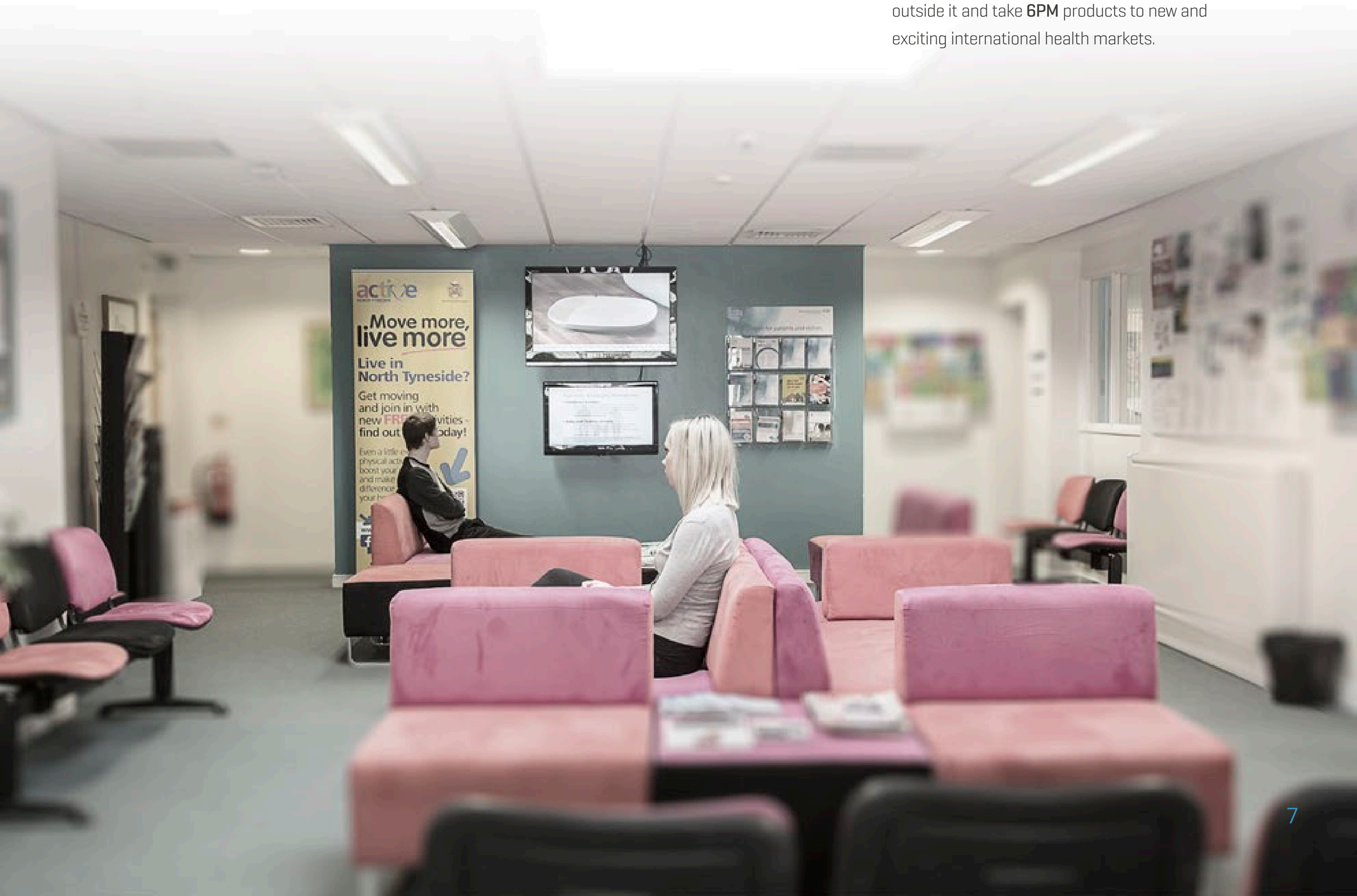
Once the country and the partner are identified, **6PM** assesses its benefits driven sales process. While achieving benefits remains the key goal, the messaging of the value proposition often needs to change depending on the objectives of the territory. In the end a balance needs to be established in each country between focus on return on investment, patient care and supporting additional productivity with the same or reduced head count.

One of the main regions which has seen progress is the Middle East with reseller agreements signed with companies in The Kingdom of Saudi Arabia and Jordan plus discussions at a developed stage with a company headquartered in Dubai. These agreements have already led to a number of opportunities which are being chased down by the respective partners with support from **6PM** with regards to product materials, knowledge and pricing structures.

As always the first sales are expected to be an initial hurdle as the lack of a local reference site is always a potential stumbling block, however recent visits to the UK by partners and potential clients have encouraged us and this is a hurdle that can be overcome. This has also led us to believe that the products have strong enough benefits for potential clients to begin the process of implementing them within these countries.

In addition to the Middle East, **6PM** has developing contacts in Canada and Australia which are places of significant interest as they have been identified as health systems and economies which can relate to the benefits which **6PM**'s products can bring.

While we are all encouraged by the progress being made, our feet remain firmly on the ground as we go through the inevitable process of gaining acceptance in other countries. However, just as we maintained a focus and determination to achieve within the UK, so we will continue to strive for success outside it and take **6PM** products to new and exciting international health markets.



The Executive Committee

From Left to Right: Adrian Scicluna, Brian Zarb Adami, Ivan Bartolo (Chief Executive Officer), Michel Macelli, Steve Wightman, John Deguara

Business Directors

Directors' report

Year ended 31 December 2015

The directors have pleasure in submitting their report and the audited financial statements of the group and the company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The group is a leading IT and software solutions company 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. The company acts as a holding company.

PERFORMANCE REVIEW

The 2015 **6PM Group** consolidated results showed a substantial improvement over the previous period. This was achieved due to the added focus that the Group is achieving within the Health Products sphere, mainly within the Clinical and Hospital Management products. Following the bond issue and the acquisition of Blithe Computer Systems Ltd, both done in July 2015, the Group continued to experience growth in all streams (revenue and profitability). Furthermore, the directors have included a change in the policy to value its core products thus strengthening the statement of financial position and to capitalize the fact that **6PM** is considered a Health Products company.

The consolidated financial statements cover **6PM Holdings p.l.c.** (parent) and its subsidiaries **6PM** Management Consultancy (UK) Limited, **6PM** Limited, **Agilis6** Limited (until 9 October 2015), **6PM** Nearshore DOOEL, Compunet Ltd, **6PM** Agencies Ltd, **6PM** (Gibraltar) Limited, **SIX-PM Health Solutions** (Ireland) Limited and Blithe Computer Systems Limited (from 10 June 2015).

The group's pre-tax profit was GBP1,628,607 (2014 – GBP938,852). The gross profit for the year amounted to GBP6,065,839 (2014 – GBP4,585,610) equivalent to 54% (2014 – 47%) of total revenues. Administrative expenses amounted to GBP4,137,094 (2014 – GBP3,552,847).

Group total equity at the year-end amounted to GBP15,803,431 (2014 – GBP5,660,002).

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2015 are shown in the statements of profit or loss and other comprehensive income on page 21. The group registered a profit after tax of GBP1,692,201 (2014 – GBP822,121). The company registered a loss after tax of GBP22,739 (2014 – profit after tax of GBP469,726).

In the circumstances and in line with the announcement on the interest from prospective investors, the directors feel that it is prudent not to declare a dividend.

LIKELY FUTURE BUSINESS DEVELOPMENTS

The group's aim is to continue further on the current streams of clinical and hospital management, together with the introduction of the electronic and mobile care products through the full acquisition of one of the associates. The introduction of the new acquisition (Blithe) during the current year will continue to provide benefits to the group in terms of client base, annuity revenues, and ultimately profits.

DIRECTORS

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

- Mr Nazzareno Vassallo – Chairman
- Mr Ivan Bartolo – Chief Executive Officer
- Mr Hector Spiteri – Deputy Chairman
- Mr Stephen Wightman – Deputy CEO
- Mr Robert Borg
- Mr Tonio Depasquale (as from 25 June 2015)
- Mr Brian Zarb Adami (up to 25 June 2015)

In accordance with article 55.1 of the company's articles of association, the directors shall be appointed by the shareholders during the forthcoming annual general meeting.

AUDITOR

The auditors, Nexia BT, have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

From Left to Right: Stephen Wightman, Robert Borg, Tonio Depasquale, Hector Spiteri, Nazzareno Vassallo (Chairman), Dr Ivan Gatt LL.D. (Company Secretary), Ivan Bartolo (Chief Executive Officer).

GOING CONCERN

As required by Listing Rule 5.62, and after due consideration of the Company's profitability, statement of financial position, capital adequacy and solvency, the directors are satisfied that at the time of approval of the financial statements, the Company has adequate resources to continue to operate as a going concern for the foreseeable future.

Information required by the Malta Financial Services Authority Listing Rule

The information required to be published in the directors' report pursuant to Listing Rule 5.64 is set out in pages 53 to 56.

Approved by the board of directors and signed on its behalf on 26 April 2016 by:

Ivan Bartolo	**Nazzareno Vassallo**
Chief Executive Officer	Chairman

Directors, officer & other information

Directors:	Mr Nazzareno Vassallo – Chairman Mr Ivan Bartolo – Chief Executive Officer Mr Hector Spiteri – Deputy Chairman Mr Stephen Wightman – Deputy CEO Mr Robert Borg Mr Tonio Depasquale [as from 25 June 2015] Mr Brian Zarb Adami [up to 25 June 2015]
Secretary:	Dr Ivan Gatt LL.D.
Registered office:	6PM Business Centre, Triq it-Torri, Swatar, Birkirkara, BKR 4012, Malta.
Country of incorporation:	Malta
Company registration number:	C 41492
Auditors:	Nexia BT, The Penthouse, Suite 2, Capital Business Centre, Entrance C, Triq taz-Zwejt, San Gwann SGN 3000, 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:	Gatt Tufigno Gauci Advocates, 66, Old Bakery Street, Valletta VLT 1454, Malta.

Statement of Directors' responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU, which give a true and fair view of the state of affairs of the company and the group at the end of each financial year and of the profit or loss of the company and its group for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company and the group will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and the group and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining 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.

The directors are also responsible for safeguarding the assets of the company and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of responsibility persuant to the Listing Rules issued by the Listing Authority

We, the undersigned declare that to the best of our knowledge, the consolidated financial statements set out on pages 21 to 52 are 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 profit and loss of the company and the group included in the consolidation taken as a whole and that the directors' report includes a fair review of the development and performance of the business and the position of the company and the group included in the consolidation taken as a whole, together with a description of the principle risks and uncertainties that they face.

Signed on behalf of the board of directors on 26 April 2016 by:

Ivan Bartolo
Chief Executive Officer

Nazzareno Vassallo
Chairman

Corporate governance report

6PM Holdings p.l.c. ("the Company") is committed to observing the principles of transparent, responsible corporate governance aimed at maximizing value. The Board considers compliance with corporate governance principles to constitute an important means of instilling confidence on the part of present and future shareholders, creditors, employees, business partners and the public in national and international markets.

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 2015, 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 Second Part, the Company has fully implemented the Principles set out in the Code.

FIRST PART
COMPLIANCE WITH THE CODE

Principle 1 – The Board

The composition of the Board of Directors ensures that the Company is led by individuals who not only have the necessary skill and diversity of knowledge but who also possess leadership qualities whilst maintaining integrity and the Company's interests in all their decision-making.

The Board supplements the executive management team in delivering sustainable added value for shareholders. It considers strategic issues, key projects and major investments and regularly monitors performance against delivery of the key targets of the business plan. It approves the corporate plan and the annual budget and reviews performance against targets at every meeting.

Principle 2 – Chairman and Chief Executive

The roles of the Chairman and the Chief Executive, set out in writing and agreed by the Board, are held separately in order to ensure that there is a clear distinction between the running of the Board and the executive responsibility for the running of the business of the Company.

The interplay between Mr Ivan Bartolo as the Chief Executive Officer - responsible for the day-to-day management of the Company and Mr Nazzareno Vassallo, a stalwart of the Maltese business community as Chairman of the Company has ensured that both the senior managers as well as the Board are not only able to deliver what is expected from them but are also prepared for the expansion strategy of the Company.

Principle 3 – Composition of the Board

The number of Directors shall be not less than three (3) and not more than six (6) individuals. This range provides diversity of thought and experience without hindering effective discussion or diminishing individual accountability.

The Board of the Company is currently composed 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

The Board considers that, save for as indicated in Part 2 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.

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. Annually, the Board receives the strategic plan and critical issues and opportunities from senior management.

Succession planning for the top positions in the Company is also an agenda item for at least one Board meeting annually.

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, Dr Ivan Gatt, the Company Secretary distributes the agenda of the meeting along with any such papers and documentation as may be necessary for the directors to prepare themselves for the items to be discussed.

The Company Secretary keeps record of the attendance and minutes all the discussions and decisions adopted by the Board that are 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		13 [14]
Mr Ivan Bartolo		13 [14]
Mr Stephen Wightman		10 [14]
Mr Hector Spiteri		14 [14]
Mr Robert Borg		13 [14]
Mr Brian Zarb Adami	Up to 25/6/2015	7 [14]
Mr Tonio Depasquale	As from the 25/6/2015	7 [14]

Each director is expected to attend all meetings of the Board and Board committees of which the director is a member. The Board recognizes 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 organization.

The CEO, appointed by the Board is responsible to establish and implement schemes which are aimed for maintaining and recruiting 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, management will provide an orientation program to enable the new director promptly to gain an understanding of the Company and its industry. Each director is encouraged to participate in continuing education programs 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 Committee and the Remuneration Committee.

Corporate governance statement ...continued

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		4 [5]
Mr Hector Spiteri		5 [5]
Mr Robert Borg	No longer in office from 25/6/2015	2 [5]
Mr Tonio Depasquale	Appointed as from 25/6/2015	3 [5]

The Board considers that Mr Hector Spiteri possesses the required competence in accounting and/or auditing. Mr Hector 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.

Other executive directors or members of management are normally requested to attend when required.

Remuneration Committee

The Remuneration Committee is responsible for the development and implementation of the remuneration and related policies of the group, particularly to attract, retain and motivate directors, senior management and employees through incentive based remuneration and share option plans, and for ensuring compliance with the relevant provisions and of good corporate governance on remuneration and related matters.

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

	Meetings Attended / [Meetings Held]
Mr Hector Spiteri	2 [2]
Mr Robert Borg	2 [2]

Remuneration Statement

The Remuneration Committee of the Company is composed of two (2) individuals being Hector Spiteri (as Chairman) and Robert Borg.

The 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 proper management.

Throughout 2015, the Committee met twice and all the members attended such meetings.

There is no significant change in the Company's remuneration policy for senior management and directors during the financial year under review and there are no planned changes for the following financial year.

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 shall be determined by the shareholders in a general meeting.

Save for the Chairman of the Company, all other directors have service contracts with the Company.

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.

Code provision 8.A.5

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

	Fixed Remuneration	Variable Remuneration	Share options	Other
Senior Executives	GBP 184,703	–	–	–
Directors	GBP 263,989	GBP 9,836	–	–

Principle 9 & 10 – Relations with Shareholders and with the Market & Institutional Shareholders

The CEO is responsible for establishing effective communications with all the stakeholders notably shareholders, customers, employees, suppliers, media, government and corporate partners.

In limited circumstances, the Chairman will speak on behalf of the Board.

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.

Principle 11 – Conflict 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.

Each director has declared his interest in the share capital of the Company distinguishing between beneficial and non-beneficial interest.

Principle 12 – Corporate Social Responsibility

6PM is committed to being a responsible company and making a positive contribution to society and the environment. This helps us inspire trust in our brand, 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. It also aims to improve the quality of life of the local communities it supports.

In the past years various initiatives were taken to build upon this concept. The **6PM** Charity Foundation was set up in 2008 with the objective to provide sustained and substantial support to underprivileged children and families in Malta and in the UK.

During the year 2015 the **6PM** Charity Foundation:

- Paid for further tuition fees to enable a Uganda-East Africa Seminarian to pursue his studies and Formation to Priesthood.
- Assisted a student with the enrolment in a University course and donated an amount towards the course fees, on a long term basis.
- Gave a donation to Dar Tal-Providenza (Homes of Persons with Disabilities).
- Continued to assist a family with financial difficulties due to the main bread winner's inability to continue working.
- Gave a Donation towards a fund raising event – whereby a volunteer aimed to climb Mount Kilimanjaro, in Tanzania, to raise funds to build a kindergarten school in Ethiopia.
- Organized a football tournament for **6PM** employees. Money raised from this event was donated to Inspire Foundation.
- Held 'The pink day at work'; employees were encouraged to make a small donation towards Breast Cancer Awareness.
- A donation given to an deceased ex employee's family for the schooling of his children.

6PM Foundation Committee has already put together a calendar of fund raising activities for the forthcoming year in order to continue to provide assistance to families, children and communities in need.

Corporate governance statement ...continued

SECOND PART
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 notably 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.

Approved by the Board of directors on 26 April 2016 and signed on its behalf by:

Ivan Bartolo
Chief Executive Officer

Nazzareno Vassallo
Chairman

Independent auditors' report to 6PM Holdings p.l.c. on corporate governance

Pursuant to the Listing Authority Rules issued by the Malta Financial Services Authority, the directors are required to include in their annual report a Statement of Compliance to 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 with these principles.

Our responsibility as laid down by Listing Rule 5.98 requires us to include a report on the Statement of Compliance.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We are not required to perform additional work necessary to, and we do not, express an opinion on the effectiveness of either the company's system of internal control or its corporate governance procedures.

In our opinion, the Statement of Compliance set out on pages 14 to 18 has been properly prepared in accordance with the requirements of the Listing Rules.

Mr Manuel Castagna

For and on behalf of
NEXIA BT
Certified Public Accountants

Date: 26 April 2016

NEXIA BT
Certified Public Accountants

The Penthouse, Suite 2,
Capital Business Centre, Entrance C,
Triq Taz-Zwejt,
San Gwann SGN 3000,
Malta.

Independent auditors' report to the members of 6PM Holdings p.l.c.

We have audited the accompanying consolidated financial statements, which comprise the statements of financial position of the group and the company as at 31 December 2015, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the group and the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2015 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Maltese Companies Act, 1995.

Mr Manuel Castagna

For and on behalf of
NEXIA BT
Certified Public Accountants

Date: 26 April 2016

NEXIA BT
Certified Public Accountants

The Penthouse, Suite 2,
Capital Business Centre, Entrance C,
Triq Taz-Zwejt,
San Gwann SGN 3000,
Malta.

Statements of profit or loss and other comprehensive income

Year ended 31 December 2015

	Notes	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Revenue	6	**11,331,515**	**208,304**	9,680,463	450,000
Cost of sales		**(5,265,676)**	-	(5,094,853)	-
Gross profit		**6,065,839**	**208,304**	4,585,610	450,000
Other operating income		**41,354**	**69,282**	58,217	64,557
Administrative expenses		**(4,137,094)**	**(61,652)**	(3,552,847)	(22,236)
Operating profit		**1,970,099**	**215,934**	1,090,980	492,321
Investment income	7	**13,726**	-	4,966	-
Finance costs	8	**(340,204)**	**(200,171)**	(147,735)	-
Share of losses of associates	16	**(15,014)**	-	(9,359)	-
Profit before tax	9	**1,628,607**	**15,763**	938,852	492,321
Income tax credit/ (charge)	12	**63,594**	**(38,502)**	(116,731)	(22,595)
Profit/ (loss) for the year		**1,692,201**	**(22,739)**	822,121	469,726
Attributable to:					
Owners of the company		**1,690,930**		810,878	
Non-controlling interest		**1,271**		11,243	
		1,692,201		822,121	
Other comprehensive income/ (expense)					
Exchange differences arising on translation of foreign operations		**(221,709)**	-	(284,236)	-
Revaluation of intangible assets		**12,734,954**	-	-	-
Deferred tax thereon		**(3,640,520)**	-	-	-
Other comprehensive income/ (expense) for the year		**8,872,725**	-	(284,236)	-
Total comprehensive income for the year		**10,564,926**	**(22,739)**	537,885	469,726
Attributable to:					
Owners of the company		**10,563,655**		526,642	
Non-controlling interest		**1,271**		11,243	
		10,564,926		537,885	
Earnings per share	5	**0.081**		0.041	

Statements of financial position

31 December 2015

	Notes	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
ASSETS AND LIABILITIES					
Non-current assets					
Intangible assets	13	22,771,993	-	3,804,815	-
Property, plant and equipment	14	828,628	-	953,750	-
Investment property	15	601,880	-	638,698	-
Investments in subsidiaries	16	-	6,681,840	-	2,541,007
Investments in associates	16	310,238	494,254	160,483	323,863
Financial assets	17	1,190,494	1,190,494	943,477	943,477
Deferred tax assets	18	-	-	1,544,273	-
		25,703,233	8,366,588	8,045,496	3,808,347
Current assets					
Inventories	19	528,142	-	590,050	-
Trade and other receivables	20	7,574,198	5,692,083	3,566,408	925,887
Current tax recoverable		-	8,562	-	-
Cash and cash equivalents	26	1,711,450	26	344,154	8,073
		9,813,790	5,700,671	4,500,612	933,960
Total assets		35,517,023	14,067,259	12,546,108	4,742,307
Current liabilities					
Trade and other payables	21	5,402,618	225,744	3,269,396	22,162
Other financial liabilities	22	107,485	9,375	202,017	417
Bank overdrafts and loans	23	2,270,322	-	3,061,944	-
Current tax liabilities		36,322	-	1,128	-
		7,816,747	235,119	6,534,485	22,579
Non-current liabilities					
Bank loans	23	260,060	-	351,621	-
Debt securities in issue	24	9,522,332	9,522,332	-	-
Deferred tax liabilities	18	2,114,453	54,798	-	30,549
Total non-current liabilities		11,896,845	9,577,130	351,621	30,549
Total liabilities		19,713,592	9,812,249	6,886,106	53,128
Net assets		15,803,431	4,255,010	5,660,002	4,689,179
EQUITY					
Share capital	25	4,150,811	4,150,811	4,068,525	4,068,525
Share premium		412	412	82,698	82,698
Exchange translation reserve		(482,538)	-	(260,829)	-
Revaluation reserve		9,153,367	-	58,933	-
Retained earnings		2,958,932	103,787	1,699,432	537,956
Non-controlling interest		22,447	-	11,243	-
Total equity		15,803,431	4,255,010	5,660,002	4,689,179

These financial statements were approved by the Board of Directors, authorised for issue on 26 April 2016 and signed on its behalf by:

Ivan Bartolo
Chief Executive Officer

Nazzareno Vassallo
Chairman

Statements of changes in equity

Year ended 31 December 2015

GROUP

	Share capital GBP	Share premium GBP	Exchange translation reserve GBP	Revaluation reserve GBP	Retained earnings GBP	Attributable to owners of the company GBP	Non-controlling interest GBP	Total GBP
Balance at 1 January 2014	**3,910,283**	**240,940**	**23,407**	**-**	**1,343,094**	**5,517,724**	**-**	**5,517,724**
Profit for the year	-	-	-	-	810,878	810,878	11,243	822,121
Other comprehensive income for the year	-	-	(284,236)	-	-	(284,236)	-	(284,236)
Total comprehensive (expense) /income for the year	-	-	(284,236)	-	810,878	526,642	11,243	537,885
Dividends	-	-	-	-	(395,607)	(395,607)	-	(395,607)
Capitalisation of share premium (note 25)	158,242	(158,242)	-	-	-	-	-	-
Revaluation of investment property	-	-	-	58,933	(58,933)	-	-	-
Balance at 1 January 2015	4,068,525	82,698	(260,829)	58,933	1,699,432	5,648,759	11,243	5,660,002
Profit for the year	-	-	-	-	1,690,930	1,690,930	1,271	1,692,201
Other comprehensive expense for the year								
Foreign exchange difference	-	-	(221,709)	-	-	(221,709)	-	(221,709)
Revaluation of intangible assets	-	-	-	12,734,954		12,734,954	-	12,734,954
Deferred tax on revaluation of intangible asset	-	-	-	(3,640,520)	-	(3,640,520)	-	(3,640,520)
Total other comprehensive income	-	-	(221,709)	9,094,434	-	8,872,725	-	8,872,725
Total comprehensive (expense)/ income for the year	-	-	(221,709)	9,094,434	1,690,930	10,563,655	1,271	10,564,926
Movement in minority interest	-	-	-	-	-	-	9,933	9,933
Dividends	-	-	-	-	(431,430)	(431,430)	-	(431,430)
Capitalisation of share premium (note 25)	82,286	(82,286)	-	-	-	-	-	-
Balance at 31 December 2015	**4,150,811**	**412**	**(482,538)**	**9,153,367**	**2,958,932**	**15,780,984**	**22,447**	**15,803,431**

HOLDING COMPANY

	Share capital GBP	Share premium GBP	Retained earnings GBP	Total GBP
Balance at 1 January 2014	3,910,283	240,940	463,837	4,615,060
Profit for the year	-	-	469,726	469,726
Total comprehensive income for the year	-	-	469,726	469,726
Capitalisation of share premium (note 25)	158,242	(158,242)	-	-
Dividends	-	-	(395,607)	(395,607)
Balance at 1 January 2015	4,068,525	82,698	537,956	4,689,179
Loss for the year	-	-	(22,739)	(22,739)
Total comprehensive expense for the year	-	-	(22,739)	(22,739)
Capitalisation of share premium (note 25)	82,286	(82,286)	-	-
Dividends	-	-	(411,430)	(411,430)
Balance at 31 December 2015	**4,150,811**	**412**	**103,787**	**4,255,010**

Statements of cash flows

Year ended 31 December 2015

	Notes	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Cash flows from operating activities					
Profit before tax		1,628,607	15,763	938,852	734,629
Adjustments for:					
Depreciation and amortisation		682,220	-	380,775	-
Interest expense		340,204	200,171	147,735	-
Interest income		(13,726)	-	(4,966)	-
Loss on disposal of property, plant and equipment		17,487	-	14,150	-
Unrealised profits on sales to associates		-	-	4,076	-
Group loss relief		-	(5,949)	-	-
Capitalisation of bond issue costs		(19,668)	(19,668)	-	-
Loss of control of assets on sale of subsidiary		51,357	-	-	-
Share of losses from associates		15,014	-	-	-
Movement in goodwill		(5,441,163)	-	-	-
Other movement in minority interest		9,933	-	-	-
Loss on write off/ disposal of investments		1,720	19,170	-	-
Operating (loss) / profit before working capital movements		(2,728,015)	209,487	1,480,622	734,629
Movement in inventories		61,908	-	(145,677)	-
Movement in trade and other receivables		(4,021,493)	(4,839,855)	(1,576,725)	1,083,432
Movement in trade and other payables		2,038,691	3,411	1,487,449	15,042
Cash flows (used in) / from operations		(4,648,909)	(4,626,957)	1,245,669	1,833,103
Net income taxes refunded/(paid)		38,603	(16,866)	24,676	(242,308)
Net cash flows (used in)/ from operating activities		(4,610,306)	(4,643,823)	1,270,345	1,590,795
Cash flows from investing activities					
Acquisition of property, plant and equipment		(738,572)	-	(345,196)	-
Proceeds from disposal of property, plant and equipment		43,329	-	25,702	-
Acquisition of intangible assets		(955,872)	-	(1,255,112)	-
Acquisition / further investment in subsidiaries		(220,627)	(4,246,676)	(1,108,036)	(1,139,939)
Interest income		13,726	-	4,966	-
Proceeds from disposal of investments		-	88,392	-	-
Movement in other investments		-	(345,468)	9,924	-
Net cash flows used in investing activities		(1,858,016)	(4,503,752)	(2,667,752)	(1,139,939)
Cash flows from financing activities					
Movement in related party balances		-	8,958	118,478	(49,269)
Movement in bank borrowings		(1,883,969)	-	1,729,264	-
Interest paid		(340,204)	-	(147,735)	-
Issue of bonds		9,560,096	9,560,096	-	-
Dividends		(431,430)	(411,430)	(395,607)	(395,607)
Net cash flows from/ (used in) financing activities		6,904,493	9,157,624	1,304,400	(444,876)
Net movement in cash and cash equivalents		436,171	10,049	(93,007)	5,980
Cash and cash equivalents at the beginning of year		(836,380)	8,073	(746,008)	2,093
Effect of foreign exchange rates		128,841	(18,096)	2,635	-
Cash and cash equivalents at the end of year	26	(271,368)	26	(836,380)	8,073

Notes to the financial statements

Year ended 31 December 2015

1. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards, as adopted by the EU. As further disclosed in note 4, EU-endorsed IFRSs may differ from IFRSs as published by the International Accounting Standards Board ('IASB') if, at any point in time, new or amended IFRSs have not been endorsed by the EU. The significant accounting policies adopted are set out in note 2 below.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

The acquisition of subsidiaries is accounted for by applying the acquisition method. The consideration is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred, except for costs to issue debt or equity securities. An adjustment to the cost of the combination contingent on future events is measured at the acquisition-date fair value. 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 that are not measurement period adjustments are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised. The acquiree's identifiable assets and liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, which are recognised and measured at fair value less costs to sell. A contingent liability assumed in a business combination is recognised at the acquisition date if there is a present obligation that arises from past events and its fair value can be measured reliably. Such contingent liabilities are subsequently measured at the higher of the amount that would be recognised in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, if appropriate, cumulative amortisation.

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

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for in the separate financial statements of the holding company on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses.

The results of associates are included in the consolidated financial statements using the equity method of accounting from the date that significant influences commences until the date that significant influence ceases. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter for the post-acquisition change in the company's share of net assets of the associates, less any impairment in the value of individual investments.

Notes to the financial statements ...continued

The company's share of the post-acquisition profit or loss of the associates controlled entities is recognised in profit or loss and the company's share of the post-acquisition changes in other comprehensive income is recognised in other comprehensive income. Distributions received from an investee reduce the carrying amount of the investment. 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.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of (a) the aggregate of: (i) the consideration transferred; (ii) the amount of any non-controlling interests in the acquiree; and (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Any gain on a bargain purchase, after reassessment, is recognised immediately in the statement of profit or loss and other comprehensive income.

Non-controlling interests in the acquiree may be initially measured either at their proportion of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis. After initial recognition, non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the holding company's owners' equity therein. Non-controlling interests in the statement of profit or loss and other comprehensive income of consolidated subsidiaries are also disclosed separately. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, in preparing these financial statements, appropriate adjustments are made to the financial statements of associates to bring their accounting policies in line with those used by group entities.

Intangible assets

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

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

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

(i) Developed software

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the group's development of software is recognised only if all of the following can be demonstrated by the group:

(a) the technical feasibility, the availability of resources and the intention and ability of completing the asset so that it will be available for use or sale,

(b) how the asset will generate probable future economic benefits, and

(c) the ability to measure reliably the expenditure attributable to the asset during its development.

This is being measured at fair value less costs to sell, with any changes therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets.

(ii) Computer software and licences

In determining the classification of an asset that incorporates both intangible and tangible elements, judgment is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the group's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at fair value less costs to sell.

(iii) Agencies

Agencies represent the rights over a number of brands which enhance the future earning capacity of the group. Agencies are not being amortised and are considered to have an indefinite useful life.

(iv) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets.

Property, plant and equipment

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

Property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

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

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

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

- Buildings - 2% per annum
- Motor vehicles - 20% per annum with a residual value of 25%
- Furniture, fittings & other equipment - 6.67%-20% per annum with residual values of 15%-20%

No depreciation is charged on freehold land.

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment property

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

Notes to the financial statements ...continued

Other financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the entity becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the entity has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Trade and other receivables

Trade and other receivables are classified with current assets and are stated at their nominal value unless the effect of discounting is material, in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(ii) Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method.

Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

(iii) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(iv) Trade and other payables

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

(v) Shares issued by the holding company

Ordinary shares issued by the holding company are classified as equity instruments.

Redemptions or refinancing of equity instruments are recognised as changes in equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Inventories

Inventories are stated at the lower of cost and net realisable value. 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 estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Impairment

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

Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually, irrespective of whether an indication of impairment exists.

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

In the case of financial assets that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss events; significant financial difficulty of the issuer, adverse changes in the payment status of the borrower and adverse changes in industry conditions that affect the borrowers.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from a sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Goodwill is allocated to the group's cash-generating units expected to benefit from the synergies of the combination. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Impairment losses are recognised immediately in profit or loss.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the 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 in prior years.

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

Notes to the financial statements ...continued

Revenue recognition

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

(i) Provision of services

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.

(ii) Sale of goods

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

(iii) Government grants

Government grants are recognised when there is reasonable assurance that all conditions attaching to them are complied with and the grants will be received.

Government grants related to income are recognised in profit or loss over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis. Such grants are deducted in reporting the related expense.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Taxation

Current and deferred tax is recognised to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carry forward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries where the group is 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities/assets are expected to be settled or recovered.

Employee benefits

Contributions towards the state pension are made in accordance with local legislation. The only obligation is to make the required contributions. Costs are expensed in the period in which they are incurred.

Currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each group entity are expressed in Pound Sterling, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the company transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency of the company are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss.

For the purpose of presenting these consolidated financial statements, income and expenses of foreign operations having a different functional currency to that of the group are translated to Pound Sterling at the exchange rates ruling on the date of transaction whereas assets and liabilities are translated to Pound Sterling at the exchange rate ruling at the end of the reporting period. Exchange differences are recognised within the Exchange Reserve as a separate component of equity. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Foreign exchange gains and losses are 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 case of exchange gains and losses arising on intra-group balances of a capital nature, which are recognised within the capital exchange reserve.

Notes to the financial statements ...continued

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. 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.

Dividends

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared. Dividends to holders of equity instruments are debited directly to equity.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

1) The crystallisation of deferred tax assets

2) The carrying amount of goodwill

3) The carrying amount of other intangible assets

These assessments have been based on the group's business plan for the 3-year period ending 31 December 2017 which is in turn based on a number of underlying assumptions relating to:

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

Inherent in any forecast, actual results may differ significantly from projected results. In addition to variances arising from the above assumptions, the directors' expectations are subject to uncertainties considering the group's current situation and general economic uncertainty, especially in the UK, where the group continues to generate a significant part of its revenue.

4. INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

At the date of the approval of these financial statements, a number of standards and interpretations issued by the International Accounting Standards Board were either not yet endorsed by the EU or were not yet applicable to the group and the company.

IFRS 9 – Financial Instruments

IFRS 9 was issued in November 2009 and amended in October 2010. IFRS 9 represents the completion of the classification and measurement part of the IASB's project to replace IAS 39. This Standard addresses the classification and measurement of certain financial assets and financial liabilities. IFRS 9 requires financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the assets. The Standard requires financial assets to be subsequently measured at amortised cost or at fair value. The requirements for financial liabilities address the problem of volatility in profit or loss arising from measuring own debt at fair value. Under IFRS 9, any entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income. By virtue of the December 2011 Amendment, IFRS 9 is applicable for annual periods beginning on or after 1 January 2018. IFRS 9 has not yet been endorsed by the EU.

IFRS 15 – Revenue from Contracts from Customers

IFRS 15 requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. Subject to adoption by the EU, IFRS 15, will be effective for financial periods beginning on, or after, 1 January 2018.

The directors are assessing their potential impact, if any, on the financial statements of the group in the period of initial application.

5. EARNINGS PER SHARE

The basic earnings per share for the group has been calculated on the profits attributable to shareholders as recognised in the consolidated statement of profit or loss and other comprehensive income divided by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of ordinary shares outstanding during the period amounted to 20,785,677 (2014 – 20,205,130).

There is no difference between the basic and diluted earnings per share.

Notes to the financial statements ...continued

6. SEGMENT INFORMATION

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 makers in order to allocate resources to the segments and to assess their performance.

Information reported to the group's chief operating decision makers for the purpose of resource allocation and assessment performance is focused 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 Segment revenues and results

Group revenue represents the amount primarily 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:

	Segment revenue		Segment profit	
	2015 GBP	2014 GBP	**2015 GBP**	2014 GBP
Licences and products	**4,687,787**	4,241,174	**2,134,842**	2,009,946
Services	**4,008,660**	3,903,516	**1,747,146**	1,810,012
Support and Maintenance	**2,635,069**	1,535,773	**2,183,851**	765,652
	11,331,515	9,680,463	**6,065,839**	4,585,610
Other operating income			**41,354**	58,217
Administrative expenses			**(4,137,094)**	(3,552,847)
Operating profit			**1,970,099**	1,090,980
Finance costs			**(340,204)**	(147,735)
Investment income			**13,726**	4,966
Share of losses of associates			**(15,014)**	(9,359)
Profit before tax			**1,628,607**	938,852

Revenue reported above represents revenue from external customers. The accounting policies of the reportable segments are the same as the group accounting policies described in note 2. Segment profit represents the profit earned 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 Segment current assets and liabilities

Current assets	2015 GBP	2014 GBP
Licences and products	**4,375,451**	1,432,760
Services	**1,772,670**	1,144,361
Support and Maintenance	**903,426**	657,011
Total segment current assets	**7,051,547**	3,234,132
Unallocated*	**2,762,243**	1,266,480
Consolidated current assets	**9,813,790**	4,500,612

* The unallocated amounts include the current tax asset, cash and cash equivalents, other cash at bank, prepayments, other receivables and related party receivables.

Current liabilities	2015 GBP	2014 GBP
Licences and products	**813,387**	1,240,673
Services	**2,505,850**	1,512,887
Support and Maintenance	**1,446,200**	183,026
Total segment current liabilities	**4,765,437**	2,936,586
Unallocated*	**3,051,310**	3,597,899
Consolidated current liabilities	**7,816,747**	6,534,485

* The unallocated amounts include current tax liabilities, bank overdraft and loans, other payables, other taxes and social security, payments received on account and general administrative accruals.

6.3 Non-current assets and liabilities

Non-current assets and liabilities are not analysed on a segmental basis by the chief operating decision makers and are thus considered unallocated.

6.4 Geographical information

The group operates in four geographical areas – United Kingdom, Malta, Macedonia and Ireland. The group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2015 GBP	2014 GBP	2015 GBP	2014 GBP
United Kingdom	**8,338,928**	6,752,027	**2,818,571**	24,654
Malta	**2,644,361**	2,518,627	**22,817,976**	7,921,685
Macedonia	**–**	75,617	**22,542**	30,140
Ireland	**348,226**	334,191	**44,144**	69,017
Consolidated total	**11,331,515**	9,680,462	**25,703,233**	8,045,496

Notes to the financial statements ...continued

6.5 Information about major customers

Group revenue includes GBP 934,520 of licences and product sales (2014 – GBP 1,868,784), GBP 500,590 of services (2014 – GBP 1,073,261) and GBP 510,366 of support and maintenance (2014 – GBP 404,083) that cumulatively amount to 17% (2014 – 35%) of total group revenue, which arose from sales to the group's two largest customers (2014 – five largest customers).

6.6 Information about Holding company revenue

	2015 GBP	2014 GBP
Dividends receivable	208,304	450,000

7. INVESTMENT INCOME

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Interest income on bank deposits	13,726	–	4,996	–
	13,726	–	4,996	–

8. FINANCE COSTS

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Interest on bank overdrafts and loans	125,620	–	138,962	–
Interest on bonds	200,171	200,171	–	–
Other interest	14,413	–	8,773	–
	340,204	200,171	147,735	–

9. PROFIT BEFORE TAX

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
This is stated after charging/(crediting):				
Amortisation of intangible assets	3,535	–	269,304	–
Depreciation of property, plant and equipment and investment property	187,178	–	111,471	–
Net exchange differences	51,416	(69,282)	45,574	(65,954)

The group profit before tax is also stated after charging auditors' fees of GBP42,047 (2014 – GBP38,723). The profit before tax of the holding company is also stated after charging auditors' fees of GBP8,300 (2014 – GBP8,361). Fees charged by the auditors for non-audit services amounted to GBP25,700 (2014: GBP -).

10. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Directors' compensation:				
Short-term benefits:				
Management remuneration	**273,285**	**–**	320,736	–
Other key management personnel compensation:				
Short-term benefits:				
Salaries and social security contributions	**184,703**	**–**	196,900	–
Total key management personnel compensation:				
Short-term benefits	**457,988**	**–**	517,636	–

During 2014, there was included within directors' compensation GBP68,695 which was capitalised with software development costs.

11. STAFF COSTS AND EMPLOYEE INFORMATION

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Staff costs:				
Wages and salaries	**2,431,693**	**-**	2,865,509	-
Social security costs	**182,849**	**-**	199,824	-
	2,614,542	**-**	3,065,333	-

The average number of persons employed by the group during the year, including executive directors, was made up as follows:

	Group 2015	Holding company 2015	Group 2014	Holding company 2014
Sales and operations	**129**	**-**	106	-
Administration	**19**	**-**	19	-
	148	**-**	125	-

Notes to the financial statements ...continued

12. INCOME TAX (CHARGE) / CREDIT

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Current tax	(31,463)	(14,253)	103,160	-
Current tax re previous year	34,872	-	-	-
Deferred tax (note 18)	60,185	(24,249)	(219,891)	(22,595)
	63,594	(38,502)	(116,731)	(22,595)

Tax applying the statutory domestic income tax rate and the income tax (charge)/credit for the year are reconciled as follows:

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Profit before tax	1,628,607	15,763	938,852	492,322
Tax at the applicable rate of 35%	(570,012)	(5,517)	(328,598)	(172,313)
Tax effect of:				
Deferred tax not accounted for	276,461	-	(26,044)	-
Depreciation charges not deductible by way of capital allowances in determining taxable income	(5,993)	-	(5,006)	-
Unabsorbed capital allowances	-	-	(32,754)	-
Local income taxed at 15%	2,744	-	1,647	-
Different tax rates in foreign jurisdictions	6,231	-	(7,454)	-
Disallowed expenses	(141,263)	(91,639)	(44,595)	7,782
Movement in unabsorbed investment tax credits	410,384	-	393,485	-
Exchange differences	-	-	(39,335)	-
Dividend income - exempt	64,603	64,603	-	157,500
Capital gains tax	(5,949)	(5,949)	-	-
Provision for bad debts	3,688	-	(4,175)	-
Revaluation of property	-	-	(20,626)	-
Share of losses in associates	(5,255)	-	(3,276)	-
Group loss relief	27,955	-	-	-
Income tax credit/ (charge) for the year	63,594	(38,502)	(116,731)	(22,595)

13. INTANGIBLE ASSETS

Group

	Computer software and licences GBP	Developed software GBP	Web page design GBP	Goodwill GBP	Agencies GBP	Total GBP
Cost/ fair value						
At 01.01.2014	381,254	2,094,194	36,191	1,468,273	319,307	4,299,219
Additions	4,712	1,077,217	1,959	-	-	1,083,888
Net foreign currency exchange differences	(22,425)	(138,373)	(2,378)	(16,403)	(20,988)	(200,567)
At 01.01.2015	363,541	3,033,038	35,772	1,451,870	298,319	5,182,540
Additions	-	953,780	2,092	5,067,114	-	6,022,986
Additions on acquisition of subsidiary	-	-	-	982,926	-	982,926
Disposal upon removal of subsidiary	(6,108)	(23,580)	-	-	-	(29,688)
Disposal	-	(29,117)	-	-	-	(29,117)
Disposal on acquisition of subsidiary	-	(3,288)	-	-	-	(3,288)
Revaluations	-	11,517,381	(18,002)	-	-	11,499,379
Net foreign currency exchange differences	(20,958)	(173,134)	(2,094)	(13,470)	(17,197)	(226,853)
At 31.12.2015	**336,475**	**15,275,080**	**17,768**	**7,488,440**	**281,122**	**23,398,885**
Accumulated amortisation						
At 01.01.2014	277,022	891,588	23,766	-	-	1,192,376
Provision for the year	21,431	242,468	5,405	-	-	269,304
Net foreign currency exchange differences	(18,946)	(63,265)	(1,744)	-	-	(83,955)
At 01.01.2015	279,507	1,070,791	27,427	-	-	1,377,725
Provision for the year	-	-	-	3,535	-	3,535
Reversal on revaluation	(283,140)	(954,937)	(7,971)	-	-	(1,246,048)
Additions on acquisition of subsidiary	-	-	-	605,589	-	605,589
Disposal upon removal of subsidiary	(4,015)	(14,138)	-	-	-	(18,153)
Disposals	-	(29,117)	-	-	-	(29,117)
Net foreign currency exchange differences	7,648	(72,599)	(1,688)	-	-	(66,639)
At 31.12.2015	**-**	**-**	**17,768**	**609,124**	**-**	**626,892**
Carrying amount						
At 31.12.2015	336,475	12,945,615	-	9,208,781	281,122	22,771,993
At 31.12.2014	**84,034**	**1,962,247**	**8,345**	**1,451,870**	**298,319**	**3,804,815**

The amortisation expense is included in the line item 'administrative expenses' in the statement of comprehensive income.

The amounts capitalised as developed software during the year amounting to GBP973,015 (2014 – GBP1,077,217) represent primarily labour costs and expenses incurred in the development of three major products, which the group expects to generate significant revenues in the next few years.

Notes to the financial statements ...continued

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings GBP	Furniture, fittings and other equipment GBP	Motor vehicles GBP	Total GBP
Cost				
At 01.01.2014	38,513	1,154,498	313,937	1,506,948
Additions	-	255,296	3,349	258,645
Disposals	(35,981)	(44,698)	-	(80,679)
Net foreign currency exchange differences	(2,532)	(55,384)	(39,057)	(96,973)
At 01.01.2015	-	1,309,712	278,229	1,587,941
Additions	-	112,612	-	112,612
Additions on acquisition of subsidiary	-	434,538	191,422	625,960
Disposal	-	-	(162,278)	(162,278)
Disposal upon removal of subsidiary	-	(21,510)	(56,371)	(77,881)
Net foreign currency exchange differences	-	(105,077)	(16,040)	(121,117)
At 31.12.2015	**-**	**1,730,275**	**234,962**	**1,965,237**
Accumulated depreciation				
At 01.01.2014	2,711	431,834	144,370	578,915
Provision for the year	-	85,790	25,681	111,471
Elimination on disposal	(2,606)	(4,719)	-	(7,325)
Net foreign currency exchange differences	(105)	(20,134)	(28,631)	(48,870)
At 01.01.2015	-	492,771	141,420	634,191
Provision for the year	-	143,483	43,695	187,178
Additions on acquisition of subsidiary	-	378,615	112,892	491,507
Disposal	-	-	(101,462)	(101,462)
Disposal upon removal of subsidiary	-	(12,692)	(25,367)	(38,059)
Net foreign currency exchange differences	-	(27,841)	(8,905)	(36,746)
At 31.12.2015	**-**	**974,336**	**162,273**	**1,136,609**
Carrying amount				
At 31.12.2015	-	755,939	72,689	828,628
At 31.12.2014	**-**	**816,941**	**136,809**	**953,750**

15. INVESTMENT PROPERTY

Group	Freehold land and buildings GBP
Fair Value	
At 01.01.2014	667,555
On revaluation	(15,548)
Net foreign currency exchange differences	(13,309)
At 01.01.2015	638,698
Net foreign currency exchange differences	(36,818)
At 31.12.2015	**601,880**
Depreciation	
At 01.01.2014	47,000
Charge for the year	6,796
Reversal of depreciation charge on revaluation	(6,796)
On revaluation	(47,000)
At 31.12.2014/ 31.12.2015	-
Carrying amount	
At 31.12.2015	601,880
At 31.12.2014	**638,698**

Based on an independent architect's valuation dated 14 April 2015, the fair value of the investment property stated at fair value is GBP 601,880.

Included in revenue is an amount of GBP23,794 (2014: GBP23,250), which represents rental income from investment property.

Notes to the financial statements ...continued

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries

In the separate financial statements of the holding company, shares in subsidiary undertakings are accounted for at cost.

The group financial statements consolidate the results and position of the following subsidiary undertakings which all have co-terminous year ends with that of the holding company:

Name of subsidiary and place of incorporation	Proportion of ownership interest and voting power held	
	2015	2014
	%	%
6PM Limited, **6PM** Business Centre, Triq it-Torri, Swatar, Birkirkara BKR 4012, Malta.	**99.99**	99.99
6PM Management Consultancy (UK) Limited 4, Office Village, Forder Way, Hampton, Peterborough, PE7 8GX, United Kingdom.	**100**	100
6PM Nearshore DOOEL 5, Vasil Gjorgov Street, 1000 Skopje, Macedonia.	**100**	100
Compunet Ltd **6PM** Business Centre, Triq it-Torri, Swatar, Birkirkara BKR 4012, Malta.	**100**	100
6PM Agencies Ltd **6PM** Business Centre, Triq it-Torri, Swatar, Birkirkara BKR 4012, Malta.	**100**	100
Agilis6 Limited **6PM** Business Centre, Triq it-Torri, Swatar, Birkirkara BKR 4012, Malta.	**–**	100
6PM (Gibraltar) Limited Suite 4, First Floor, 23, Engineer Lane, PO Box 926, Gibraltar.	**100**	100
SIX-PM Health Solutions (Ireland) Limited (note 29) Unit H, L.E.D.P., Roxboro, Limerick, Ireland.	**70**	70
Blithe Computer Systems Limited Blakenhall Park, Barton Under Needwood Burton On Trent, Staffordshire, DE13 8AJ, United Kingdom.	**100**	-

Investments in associates

In the separate financial statements of the holding company, shares in associate undertakings are accounted for at cost.

The group financial statements include the results and position of the following associate undertakings which all have co-terminous year ends with that of the holding company using the equity method of accounting:

Name of associate and place of incorporation	Proportion of ownership interest and voting power held	
	2015	2014
	%	%
Vid&Co. Business Consultants Ltd **6PM** Business Centre, Triq it-Torri, Swatar, Birkirkara BKR 4012, Malta.	**–**	33.33
emCare360 Ltd The Three Arches, Valletta Road, Mosta, MST 9016, Malta.	**50**	50
Makeezi Limited The Three Arches, Valletta Road, Mosta, MST 9016, Malta.	**42.9**	42.9
emCare Group Malta Limited (sub-associate) The Three Arches, Valletta Road, Mosta, MST 9016, Malta.	**50**	50

During 2015 Vid&Co. Business Consultants Ltd was liquidated. During 2015, the company acquired 100% shares in Blithe Computer Systems Limited and disposed its investment in **Agilis6** Limited.

Summarised financial information in respect of associates is set out below:

	2015 GBP	2014 GBP
Total assets	**2,152,325**	1,731,229
Total liabilities	**(1,550,065)**	(1,729,969)
	602,260	1,260
Group's share of the aggregate share capital and reserves	**307,208**	1,921
Revenue	**359,018**	510,593
Loss for the year	**(66,346)**	(67,180)
Group's share of loss for the year	**(15,014)**	(9,359)

Unrealised profits amounting to GBP17,711 (2014 – GBP6,271) in connection with the provision of services by the group's subsidiaries to the group's associates have been netted off against the carrying amount of the associates.

17. FINANCIAL ASSETS

	2014 GBP	2013 GBP
Available for sale investment	**1,116,834**	943,477
Non-current loan	**73,660**	–
	1,190,494	943,477

Available for sale investment relates to the acquisition of 22.5% (2014: 10%) shareholding by **6PM Holdings p.l.c.** in Javali LLC, a company incorporated in the state of Utah, in United States of America.

Non-current loan is to be paid in installments of €20,000 per annum till 2021. The current loan is being shown with trade and other receivables in note 20.

Notes to the financial statements ...continued

18. DEFERRED TAX (LIABILITIES)/ ASSETS

The balances at 31 December 2015 and 31 December 2014 for the group can be analysed as follows:

Arising on:	2015 GBP	2014 GBP
Unabsorbed investment tax credits	2,025,778	1,866,616
Allowance for doubtful debts	-	996
Excess of tax allowances over depreciation	(480,768)	(265,344)
Tax losses brought forward	-	21,225
Unrealised difference on exchange	29,207	(28,124)
Revaluation of invetsment property	(48,150)	(51,096)
Revaluation of intangible assets	(3,640,520)	-
	(2,114,453)	1,544,273

19. INVENTORIES

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Goods held for resale	528,142	–	590,050	–

20. TRADE AND OTHER RECEIVABLES

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Trade receivables	1,708,739	-	1,622,727	-
Other receivables	165,532	14,732	107,638	-
Prepayments and accrued income	5,342,808	151,468	1,611,406	-
Amounts owed by subsidiaries	-	5,525,883	-	925,887
Amounts owed by other related undertakings	357,119	-	224,637	-
	7,574,198	5,692,083	3,566,408	925,887

Amounts owed by subsidiaries, associates and other related undertakings are unsecured, interest-free and have no fixed date of repayment.

Allowance for estimated irrecoverable amounts

Total allowance for estimated irrecoverable amounts at year end amounts to GBP250 (2014 – GBP35,936).

21. TRADE AND OTHER PAYABLES

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Trade payables	988,236	-	1,215,321	-
Other payables	304,432	2,033	95,362	-
Other taxes and social security	322,749	-	237,449	-
Accruals and deferred income	3,777,201	223,711	1,721,264	22,162
	5,402,618	225,744	3,269,396	22,162

No interest is payable on trade and other payables.

22. OTHER FINANCIAL LIABILITIES

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Amounts owed to related undertakings	107,485	9,375	202,017	417

Amounts owed to other related undertakings are unsecured, interest-free and have no fixed date of repayment.

Notes to the financial statements ...continued

23. BANK OVERDRAFTS AND LOANS

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Bank overdrafts	1,982,818	-	982,033	-
Bank loans	547,564	-	2,431,532	-
	2,530,382	-	3,413,565	-
Less: amount falling due within one year	(2,270,322)	-	(3,061,944)	-
Amount falling due after one year	260,060	-	351,621	-

Bank overdrafts and loans are repayable as follows:

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
On demand or within one year	2,270,322	-	3,061,944	-
In the second year	139,744	-	159,631	-
In the third year	55,509	-	63,491	-
In the fourth year	57,857	-	58,713	-
After five years	6,950	-	69,786	-
	2,530,382	-	3,413,565	-

At year-end, the company had bank overdraft facilities of €1,095,000 concerning two different facilities. One facility is secured by a general hypothec over the company's assets, by pledges taken over bills of exchange, and by guarantees given by the parent company. It bears interest at 5.65% and per annum. The other facility of €500,000 is secured by a general hypothec over the company's assets, by a special hypothec over property in Naxxar, by pledges taken over an insurance policy and a bank balance by guarantees of a related company. It bears interest at 5.65% per annum. Another overdraft facility amounted to GBP300,000 and credit card facility of GBP28,000. The latter are security by debenture including fixed charge over all present freehold and leasehold property; First fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First floating charge over all assets and undertaking both present and future.

The bank loans are secured by a general hypothec over the company's assets, present and future, by a special hypothec over property in Naxxar, by pledges taken over an insurance policy and a bank balance, and by guarantees of a related party. A balance of €121,511 bears interest at 3.82% per annum, and is repayable by monthly instalments of €9,620 inclusive of interest. A balance of £110,000 bears interest at 3.5% per annum, and is repayable by monthly instalments of £6,482 inclusive of interest. Another balance of €306,086 bears interest at 4.15% per annum, and is repayable by monthly instalments of €6,750 inclusive of interest. A balance of €3,937 bears interest at 8.2% per annum and is repayable by monthly instalments of €421 inclusive of interest. Another balance of €2,080 bears interest of 8.2% per annum and is repayable by monthly instalments of €222 inclusive of interest.

24. DEBT SECURITIES IN ISSUE

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
At beginning of year	-	-	-	-
Issue of new bonds	9,560,096	9,560,096	-	-
	9,560,096	9,560,096	-	-
Unrealised difference on exchange	(18,096)	(18,096)	-	-
Capitalisation of bond issue costs	(19,668)	(19,668)	-	-
Amount falling due after more than five years	9,522,332	9,522,332	-	-

As at year end, the company had a balance of GBP9,542,000 from the bond issue of €13 million 5.1% bonds of €100 nominal value each, redeemable at par in 2025. Interest on the bonds is due and payable annually in arrears on 31 July of each year at the above mentioned rate.

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

25. SHARE CAPITAL

2015	Authorised GBP	Issued and called up GBP
25,000,000 ordinary shares of GBP0.20 each (20,982,938 of which have been issued and called up)	5,000,000	4,196,588
Transaction costs	-	(45,777)
	5,000,000	4,150,811

2014	Authorised GBP	Issued and called up GBP
25,000,000 ordinary shares of GBP0.20 each (20,571,508 of which have been issued and called up)	5,000,000	4,114,302
Transaction costs	-	(45,777)
	5,000,000	4,068,525

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

On 19 June 2014, by virtue of an extraordinary resolution the company allotted 1 share for every 25 shares held to shareholders on its register as at 20 May 2014 equivalent to 791,290 ordinary shares. The said shares were allotted at GBP0.20 each (total of GBP158,242) and credited against the share premium account.

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. The said shares were allotted at GBP0.20 each (total of GBP82,286) and credited against the share premium account.

Notes to the financial statements ...continued

26. CASH AND CASH EQUIVALENTS AND OTHER CASH AT BANK

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	Group 2015 GBP	Holding company 2015 GBP	Group 2014 GBP	Holding company 2014 GBP
Cash at bank and on hand	**1,711,450**	**26**	145,653	8,073
Bank overdrafts	**(1,982,818)**	**-**	(982,033)	-
Cash and cash equivalents in the statement of cash flows	**(271,368)**	**26**	(836,380)	8,073

During 2014, there were other cash at bank amounting to GBP198,501 which consisted of a fixed deposit earning interest at 1.89% per annum which was pledged as collateral against the group's bank borrowings.

27. RELATED PARTY DISCLOSURES

The holding company is the parent company of the undertakings described in note 16. The equity of the holding company is quoted on the Malta Stock Exchange. No entity or individual controls the majority of the company's voting rights.

During the year under review, in addition to transactions with key management personnel and guarantees provided for group bank facilities as disclosed in notes 10 and 23 to these financial statements, the group entered into transactions with related parties as set out below.

During the year the group entered into the following related party transactions:

	2015			2014		
	Related party activity GBP	Total activity GBP	%	Related party activity GBP	Total activity GBP	%
Sales:						
Related party transactions with:						
Associates	12,831	11,331,515	0	72,761	9,680,463	1
Cost of sales:						
Related party transactions with:						
Associates	153,126	5,265,676	3	45,958	5,094,853	1
Finance costs:						
Related party transactions with:						
Other related undertakings	22,645	184,893	12	25,205	147,735	17

No expense has been recognised in the period for bad or doubtful debts in respect of amounts due by related parties.

Prior Year

During 2014, the group increased the shareholding in **emCare** 360 Limited to 50%. The company now owns 100% of **emCare** Group Malta Limited. During 2014, **emCare** group has been re-organized in a way that **emCare360 Limited** owned 100% on the share capital of **emCare** Group (Malta) Limited.

Current Year

During 2015 the company acquired 100% shares in Blithe Computer Systems Limited. It also sold its shares in **Agilis6** Limited. During 2015, Vid&Co. Business Consultants Ltd was liquidated.

The amounts due by/to related parties at year end are disclosed in notes 20 and 22 to these financial statements. The terms and conditions do not specify the nature of the consideration to be provided in settlement. No other guarantees have been given or received, except as disclosed in note 23.

All related party transactions were made on terms equivalent to those prevailing in arm's length transactions.

28. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At 31 December 2015 and 31 December 2014 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities. The fair values of non-current financial liabilities are not materially different from their carrying amounts.

29. FINANCIAL RISK MANAGEMENT

The exposures to risk and the way risks arise, together with the group's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where possible, the group aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements. The financial risk management strategy has remained unchanged from the prior year.

Credit risk

Financial assets which potentially subject the group to concentrations of credit risk consist principally of receivables and cash at bank.

Receivables are presented net of an allowance for estimated irrecoverable amounts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to receivables is limited due to credit control procedures and the credit quality of customers comprising the group's debtor base. Cash at bank is placed with reliable financial institutions.

The maximum exposure to credit risk for trade receivables at the reporting date, net of impairment losses, by type of customer is as follows:

	2015 GBP	2014 GBP
Trade receivables by class:		
Public interest entities	**1,285,408**	911,916
Other entities	**708,918**	710,811
	1,994,326	1,622,727

Notes to the financial statements ...continued

As at 31 December 2015, 22% (2014 - 0%) of the carrying amounts of trade receivables were due from one major customer (2014 – no major customers) which individually owed amounts higher than 10% of total trade receivables. There are no other concentrations of credit risk.

The group assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors. Management considers the credit quality of its financial assets as being acceptable.

Included in the group's trade receivables balance are the following debtors which are past due at the end of the reporting period for which the group has not provided as the amounts are still considered recoverable.

	2015 GBP	2014 GBP
31 - 60 days	**180,671**	381,037
61 - 90 days	**65,854**	153,262
91 - 180 days	**21,896**	293,605
181 - 365 days	**(7,691)**	232,791
Over 365 days	**216,753**	107,680
	477,483	1,168,375

Interest rate risk

The group has taken out bank facilities to finance its operations as disclosed in note 23. The interest rates thereon and the terms of such borrowings are disclosed accordingly in the note. The group is exposed to cash flow interest rate risk on bank borrowings carrying a floating interest rate. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing structure.

The carrying amounts of the group's financial instruments carrying a rate of interest at the reporting date are disclosed in the notes to the financial statements. The directors are of the view that any variation in interest rates will not significantly impact the group's results.

Liquidity risk

The group monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows, and by monitoring the availabilty of raising funds to meet commitments associated with its financial liabilities by means of cash flow forecasts on the basis of expected cash flows over a twelve month period which is then monitored on a monthly basis.

The group is exposed to liquidity risk in relation to meeting the future obligations associated with its financial liabilities, which comprise principally trade payables and interest bearing bank borrowings (note 23). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availablity of an adequate amount of funding to meet the group's obligations.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the group can be required to pay. The analysis includes both interest and principal cashflows.

2015	On demand or within one year GBP	In the second year GBP	In the third year GBP	In the fourth year GBP	After five years GBP	Total GBP
Non-derivative financial liabilities						
Non-interest bearing	5,546,425	-	-	-	-	5,546,425
Variable rate instruments	2,284,568	146,761	59,454	59,454	6,981	2,557,218
Fixed rate instruments	486,642	486,642	486,642	486,642	12,259,085	14,205,653
	8,137,635	**633,403**	**546,096**	**546,096**	**12,266,066**	**22,309,296**
2014						
Non-derivative financial liabilities						
Non-interest bearing	3,472,541	-	-	-	-	3,472,541
Variable rate instruments	3,061,944	159,633	63,491	58,713	69,786	3,413,565
	6,534,485	159,633	63,491	58,713	69,786	6,886,106

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2014. The capital structure of the group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents and other cash at bank as disclosed in note 26 and items presented within equity in the statement of financial position.

The group's directors manage the group's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the group may balance its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The group is not subject to any externally imposed capital requirements.

Currency risk

Foreign currency transactions arise when the group enters into transactions denominated in a foreign currency or when the group incurs or settles liabilities in a foreign currency. Foreign currency transactions comprise mainly transactions denominated in Euro and Macedonian Dollar. The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

Notes to the financial statements ...continued

30. ACQUISITION OF SUBSIDIARIES

On 1 July 2015, **6PM Holdings p.l.c.** aquired 100% of Blithe Computer Systems Limited, a company incorporated under the Laws of England.

31. SIGNIFICANT NON-CASH TRANSACTIONS

In prior year, as disclosed in note 24, the company allotted new shares against the credit of the share premium account for a total of GBP158,242.

This was repeated in the current year, as the company allotted new shares against the credit of the share premium account for a total of GBP82,286.

32. COMPARATIVES

Certain comparatives have been restated in order to conform to the current year's presentation.

Information required by listing rules

PURSUANT TO LISTING RULE 5.144

5.144 THE ISSUER SHALL DISCLOSE ALL RELATED PARTY TRANSACTIONS EX POST FACTO IN THE ANNUAL FINANCIAL REPORT.

Full details of the related party transactions have been disclosed in note 27.

PURSUANT TO LISTING RULE 5.62

Upon due consideration of the Company's profitability, balance sheet, capital adequacy and solvency, the directors are satisfied that at the time of approval of the financial statements, the Company has adequate resources to continue to operate as a going concern for the foreseeable future.

PURSUANT TO LISTING RULE 5.64

5.64.1 THE STRUCTURE OF THEIR CAPITAL, INCLUDING SECURITIES WHICH ARE NOT ADMITTED TO TRADING ON A REGULATED MARKET IN A MEMBER STATE, WHERE APPROPRIATE WITH AN INDICATION OF THE DIFFERENT CLASSES OF SHARES AND, FOR EACH CLASS OF SHARES, THE RIGHTS AND OBLIGATIONS ATTACHING TO IT AND THE PERCENTAGE OF TOTAL SHARE CAPITAL THAT IT REPRESENTS;

The authorised share capital of the Company is of five million pounds sterling (GBP5,000,000). The issued share capital of the Company is of four million one hundred and fifty thousand and eight hundred and eleven pounds sterling (GBP4,150,811) divided into twenty million nine hundred and eighty two thousand nine hundred and thirty eight shares (20,982,938) of twenty pence (GBP0.20) each.

All the share capital is admitted to trading on the Regulated Market and there are no different Classes of Shares.

All the shares in the Company have the same rights and entitlement and rank pari passu between themselves.

The following are highlights of the rights attaching to the Shares:

Dividends:	The shares carry equal right to participate in any distribution of dividend declared by the company;
Voting Rights:	Each share shall be entitled to one vote at the meetings of the shareholders;
Pre-emption Rights:	Subject to the limitations contained in the Memorandum and Articles of Association, shareholders are entitled to be offered any new shares to be issued by the Company, in proportion to their current shareholding, before such shares are offered to the public or to any person not being a shareholder;
Transferability:	The shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange applicable from time to time;
Other	The shares are not redeemable.

5.64.2 ANY RESTRICTIONS ON THE TRANSFER OF SECURITIES, SUCH AS LIMITATIONS ON THE HOLDING OF SECURITIES OR THE NEED TO OBTAIN THE APPROVAL OF THE COMPANY OR OTHER HOLDERS OF SECURITIES;

In accordance with the provision of Article 5 of the Articles of Association of the Company, unless otherwise provided in the terms and conditions of issue thereof, all listed Equity Securities of the Company shall be freely transferable and shall be subject to the rules and regulations of the Malta Stock Exchange.

Persons discharging managerial responsibilities are, in accordance with the provisions of the Listing Rules and the Company's Internal Share Dealing Code, subject to certain restrictions and requirements.

Information required by the listing rules ...continued

5.64.3 ANY DIRECT AND INDIRECT SHAREHOLDINGS, INCLUDING INDIRECT SHAREHOLDINGS THROUGH PYRAMID STRUCTURES AND CROSS-SHAREHOLDINGS, IN EXCESS OF 5% OF THE SHARE CAPITAL;

On the basis of the register of members as at 31 December 2015, the following shareholders held in excess of 5% of the share-capital of the Company

Vassallo Builders Group Limited	3,901,029 Shares	18.60%
Charts Limited	6,445,974 Shares	30.72%
Ivan Bartolo	3,643,558 Shares	17.36%

As far as the Company is aware, no other person holds an indirect shareholding in excess of 5% of its total issued share capital.

5.64.4 THE HOLDERS OF ANY SECURITIES WITH SPECIAL CONTROL RIGHTS AND A DESCRIPTION OF THOSE RIGHTS;

The Company endeavours to ensure equality of treatment for all holders of all holders of such Equity Shares who are in the same position. No holder of any securities has any special control rights.

5.64.5 THE SYSTEM OF CONTROL OF ANY EMPLOYEE SHARE SCHEME WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES;

The Company's Share Option Scheme is administered by the Board of Directors. The decision of the Board on all disputes concerning the Share Option Scheme shall be final.

5.64.6 ANY RESTRICTION ON VOTING RIGHTS, SUCH AS LIMITATIONS OF THE VOTING RIGHTS OF HOLDERS OF A GIVEN PERCENTAGE OR NUMBER OF VOTES, DEADLINES FOR EXERCISING VOTING RIGHTS, OR SYSTEMS WHEREBY, WITH THE COMPANY'S COOPERATION, THE FINANCIAL RIGHTS ATTACHING TO SECURITIES ARE SEPARATED FROM THE HOLDING OF SECURITIES;

There are no restrictions on voting rights. In accordance with the provisions of the Companies Act, a resolution is deemed to be adopted if it receives the assent of more than fifty percent of the members voting and present at the meeting.

Any two shareholders of the Company holding at least ten percent of the Shares conferring a right to attend and vote at the general meeting are empowered to convene an extraordinary general meeting.

A shareholder or a number of shareholders holding not less than 0.5 percent of the issued share capital of the Company having voting rights shall be entitled to nominate a fit and proper person for appointment of Director at the following annual general meeting.

5.64.7 ANY AGREEMENTS BETWEEN SHAREHOLDERS WHICH ARE KNOWN TO THE COMPANY AND MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SECURITIES AND/OR VOTING RIGHTS;

The Company is not aware of any agreement which may result in restrictions on the transfer of securities and/or voting rights.

5.64.8 THE RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF BOARD MEMBERS AND THE AMENDMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION;

The Memorandum and Articles of the Company regulates the appointment of directors. Article 55.1 of the Articles of Association provides a member holding not less than 0.5 per cent 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 per cent 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 directors, 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.

Any director may be removed at any time by the Company in a General Meeting, provided that the director who is to be removed shall be given the opportunity of making representations. A resolution for the appointment and/or removal of a director shall be considered to be adopted if it received the assent of more than fifty percent of the members present and voting at the general meeting.

In accordance with the provisions of the Companies Act states, an extra ordinary resolution must be filed in order to amend the Memorandum and Articles of Association of the Company.

Clause 53 of the Articles of Association of the Company and Article 135 of the Companies Act specify the requirements of an extraordinary resolution.

Without prejudice to the above, the Listing Rules require that prior written authorisation is obtained from the Listing Authority following which a Company Announcement and a Circular explaining the proposed changes to the Memorandum and Articles of Association of the Company must be made.

5.64.9 THE POWERS OF THE DIRECTORS, AND IN PARTICULAR THE POWER TO ISSUE OR BUY BACK SHARES;

The board of directors shall be responsible for the business and affairs of the Company. Article 75 of the Articles of Association of the Company stipulates that the Board of Directors shall have power to transact all business of whatever nature not expressly reserved by the Memorandum and Articles of Association of the Company to be exercised by the Company in general meeting or by any provision contained in any law for the time being in force.

In accordance with the provisions of Article 7(d) of the Memorandum of the Company, any unissued shares in the capital of the Company shall be at the disposal of the Board of Directors who, subject to any provision in the Memorandum and Articles of Association, may allot, issue or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such times as the Board of Directors shall think fit.

No issue of Shares can be made which would dilute a substantial interest without prior approval of the shareholders in general meeting.

Article 10 of the Articles of Association of the Company authorises the Board, subject to such restrictions, limitations and conditions contained in the Companies Act, to acquire its own Equity Securities.

Information required by the listing rules ...continued

5.64.10 ANY SIGNIFICANT AGREEMENT TO WHICH THE COMPANY IS A PARTY AND WHICH TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID, AND THE EFFECTS THEREOF, EXCEPT WHERE THEIR NATURE IS SUCH THAT THEIR DISCLOSURE WOULD BE SERIOUSLY PREJUDICIAL TO THE COMPANY AND THIS WITHOUT PREJUDICE TO DUTY OF THE COMPANY TO DISCLOSE SUCH INFORMATION ON THE BASIS OF OTHER LEGAL REQUIREMENTS;

Most of **6PM** Limited's significant fixed price contracts and framework agreements with one of its large prime contractor customers ("the Customer") include a competitor provision in respect of change of ownership. The provision grants the Customer a right of termination in the event that ownership of **6PM** Limited is transferred and/or acquired by one of the Customer's competitors. The Customer must in all cases prove that any new owner is actually a competitor. An arbitration clause regulates any disputes that may arise.

5.64.11 ANY AGREEMENTS BETWEEN THE COMPANY AND ITS BOARD MEMBERS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE MADE REDUNDANT WITHOUT VALID REASON OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A TAKEOVER BID.

In the event that any Director is removed by the Company without just cause, the Company undertakes to pay such Director the amount which such Director would have earned during the remaining period of the contract.

The statutory notice period and the other conditions stipulated in the Employment and Industrial Relations Act apply to all employees.

In accordance with the provisions of the Transfer of Business (Protection of Employment) Regulations, the transfer of an undertaking, business or part of an undertaking or business shall not in itself constitute sufficient grounds for dismissal of employees by the transferor or the transferee. Provided that this provision shall not stand in the way of dismissals that may take place for economic, technical or organisational reasons entailing changes in the workforce.

Whenever a transfer which involves a substantial change in working conditions to the detriment of the employee results in the termination of the contract of employment, the employer shall be regarded as having been responsible for such a termination.

5.70.1 THE NATURE AND DETAILS OF ANY MATERIAL CONTRACT TOGETHER WITH THE NAMES OF THE PARTIES TO THE CONTRACT, IRRESPECTIVE OF WHETHER THE TRANSACTION IS A RELATED PARTY TRANSACTION OR NOT, SUBSISTING DURING THE PERIOD UNDER REVIEW, TO WHICH THE ISSUER, OR ONE OF ITS SUBSIDIARY UNDERTAKINGS, IS A PARTY AND IN WHICH A DIRECTOR OF THE ISSUER IS OR WAS DIRECTLY OR INDIRECTLY INTERESTED.

There were no material transactions in which a director of the issuer is or was directly or indirectly interested.

5.70.2 THE NAME OF THE COMPANY SECRETARY, THE REGISTERED ADDRESS AND ANY OTHER CONTACT DETAILS.

Company Secretary:	Dr Ivan Gatt,
Registered address:	6PM Business Centre, Triq it-Torri, Swatar BKR 4012, Malta.
Telephone:	(+356) 2258 4500
Email:	info@6pmsolutions.com
Website:	www.6pmsolutions.com

Approved by the Board of directors on 26 April 2016 and signed on its behalf by:

Ivan Bartolo
Chief Executive Officer

Nazzareno Vassallo
Chairman

Designed by JPA

6PM Holdings plc

6PM Business Centre,
Triq it-Torri, Swatar,
B'Kara BKR 4012
Malta

Tel: +356 2258 4500
Email: info@6pmsolutions.com
Website: www.6pmsolutions.com