'13

6PM GROUP

# Annual Report

## & Financial Statements 2013

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## Contents

# Chairman's statement

It is indeed my pleasure to present to you on behalf of the Board of Directors of 6PM Holdings plc this year's Annual Report and Audited Financial Statements. On this third occasion of addressing you I must primarily start with thanking you and my fellow directors for the trust shown in me through my election to the Chair.

The year 2013 has proved to be a year of achievements where in line with my Chairman's statement from last year we have witnessed the consolidation of our business. The Business Strategy was designed to continue being pursued in 2014 but since the Group has now achieved all of its business goals based on the 2011 – 2014 strategy we commenced with a new business strategy for 2014 onwards that will enable the **6PM Group** to grow into new markets.

One must note and mention the inauguration of the new corporate offices in Malta. The **6PM** Business Centre has given the **6PM Group** a new outlook. The employees, customers, suppliers, business partners and shareholders have all acknowledged that this strategic investment has translated into an immensely positive outcome.

## FINANCIAL RESULTS

In 2013 the **6PM Group** continued to secure positive results and to build on the achievements that were reported in 2012. With an increase of 47% in profitability, increased investment in business areas such as Human Resources, Marketing and Business Development resulted in an increased expenditure. The increased profits are surely a huge achievement and augur well for the years to come.

The determination of the CEO and the Executive Team is without doubt second to none. Thus, coupled 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.

## 2014 – THE NEW BUSINESS STRATEGY

The **6PM Group** will continue to strive and grow. The new business strategy is about regeneration, innovation and growth.

**Regeneration:** The **6PM Group** will regenerate itself by ensuring that, through effective and well planned business development, it will enter into new markets. In 2014 we have already witnessed the setup of the **6PM** office in Ireland and we are working very hard to have new offices in Scotland, Turkey and Canada. In line with this business strategy the Group has just reached agreement to open new offices in Macedonia to accommodate additional employees to work in sales and business development in the Balkan states. These new offices will be inaugurated in June 2014.

**Innovation:** With our young and dynamic workforce innovation is never missing at **6PM**. After several considerations and lessons learnt in 2013, in 2014 we shall be investing more in Innovation to reduce our dependency on third party software which was having a negative impact on our profitability. Given our innovation expertise and our current propositions **6PM** will, in 2014 and 2015, extend and grow its **iFIT** (Intelligent File & Inventory Tracking) product proposition by creating more verticals that will enable hospitals to track patients, employees, medical supplies, assets and much more.

**Growth:** In 2014 the **6PM Group** will be considering several financial instruments to raise more funds to continue its growth journey. The **6PM Group** aims to become a GBP 20 million business and while organic growth will remain to be a preferred growth path, the Group is seriously considering investing through acquisitions or joint ventures in Malta or overseas. To this effect the **6PM Group** has already agreed with the **CareMalta Group** to increase its shareholding in **emCare** from 25% to 50%.

**"In 2014 the 6PM Group will be considering several financial instruments to raise more funds to continue its growth journey."**

## THE FUTURE

A famous quote by the late Steve Jobs reads:

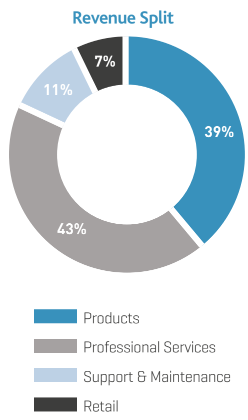
"Again, you can't connect the dots looking forward; you can only connect them looking backwards. So you have to trust that the dots will somehow connect in your future. You have to trust in something – your gut, destiny, life, karma, whatever. This approach has never let me down, and it has made all the difference in my life."

Given the success the **6PM Group** has enjoyed since the rights issue in 2011, given the team we are, given the products we have, given the global eHealth debate, given our experience and success to date, the future at **6PM** looks exciting and bright but surely never lacks challenges.

**Nazzareno Vassallo**
Chairman

# Chief Executive Officer's review

Success is the result of hard work, dedication to the job at hand and the team's determination that whether we win or lose we can all look each other in the eyes and say: 'We have all applied the best of ourselves to the task at hand'.




## OVERVIEW

On the 11th June 2013 I had the pleasure to once again address the Annual General Meeting of **6PM** Holdings PLC. During that meeting while I presented the 2012 financial results, I also spoke about the key business goals for 2013 that were Profit, Products and Positioning.

### How will 2013 go down in the 6PM book of history and lessons learnt?

Throughout 2013 we managed to continue building on the amazing achievements we secured during 2012. We registered record growth in terms of revenue, profit, business development and market positioning. Throughout 2013 we focused on business continuity and consolidation to ensure that during 2014 we are well positioned to regenerate ourselves as what the past has taught us is that we must regenerate ourselves every two years. Looking back at 2013 the following is what it shall be remembered for:

Profitability: The **6PM Group** has registered monthly profits since September 2011. There is no doubt that we have never taken this achievement for granted and on a monthly basis we continue to strive and face all the business challenges to ensure we continue to deliver positive financial results.

The main business challenge in 2013 was the revenue split. In line with our business vision and business objectives that were announced in 2011 at the time of the Rights Issue we have been working very hard to make the necessary business changes to secure revenue from products' licenses and not just professional services.

As shown on the pie chart on the left, the **6PM Group** has managed to deliver this revenue split with 43% of our revenues coming from professional services and 39% of our revenue coming from product licenses. This achievement translates to the following important business critical success factors.:

**Professional Services** – this revenue is generated from specialised skills pertaining to our own products and not industry commodity skills.

**Product Licenses** – this revenue is derived from the sales of our own or 3rd party products. What is important is the annuity revenue this revenue creates for the next three to five years in the form of Support and Maintenance.

**Products** – We continued to invest in our own products. The **6PM Group** today has several health products that have been implemented in England at NHS Hospitals. The most unique attribute to our products is the Intellectual Property ownership which in many cases is co-owned with the NHS. This product development strategy has proved to be the key to our success as we have Clinicians developing health products for Clinicians.

**Positioning** – Given the efforts invested in our products line the **6PM Group** is now positioned to venture into new markets outside England. In 2013 we saw our first major win when we implemented products in Georgia. In 2013 we have established the routes to entry into the Irish, Turkish, Canadian and Scottish markets.


## BUSINESS PERFORMANCE

### Financial Highlights

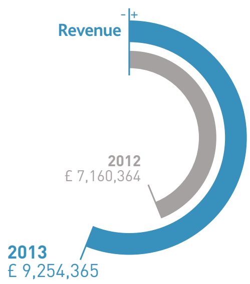
In the financial year ending 2013 the group registered a profit after tax of GBP 742,551 (2012 a profit of GBP 526,536). The profit per share amounts to GBP 0.08 whereas the profit per share in 2012 amounted to GBP 0.027.

The gross profit for the period amounted to GBP 3,620,634 (2012 – GBP 2,771,284) equivalent to 39% (2012 – 39%) of total revenue. Administrative expenses amounted to GBP 2,877,227 (2012 – GBP 2,238,779). Group total equity at year end amounted to GBP 5,517,724 (2012 – GBP 5,014,584).

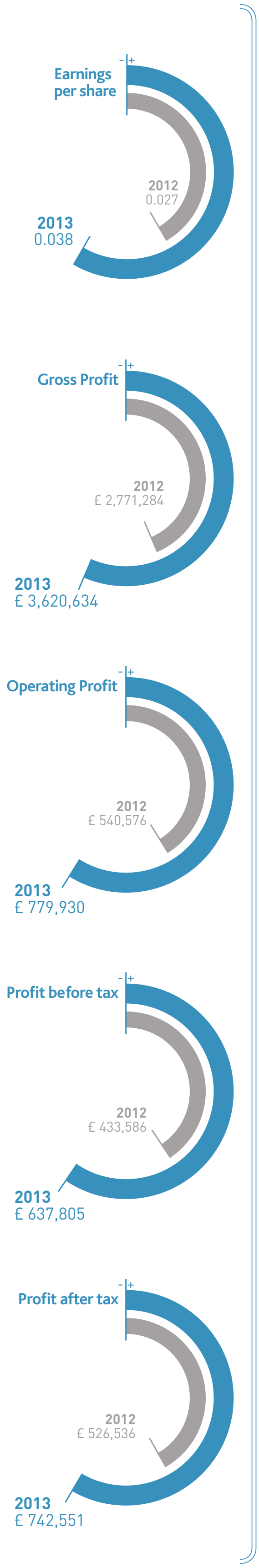
During the year the Group continued its investment in software development. The amounts capitalised during the year amounted to GBP 670,075 (2012 – GBP 551,001) which represent primarily labour costs and expenses incurred in the development of health and agile products.

### Key points to note

The most significant point to note is the bottom line. In real terms, in 2012, the Group registered a profit before tax of GBP 433,586 compared to the registered profit before tax in 2013 amounting to GBP 637,805. This equates to an absolute variance of GBP 204,219 (47%)



# Chief Executive Officer's report *...continued*




### Other points of interest are:-

The increase in Gross Profit contribution equates to an increase of 31%.

The increase of Administrative Expenses equates to GBP 638,448 (29%). This increase came about for two main reasons. In the first instance we are investing in new business roles such as Human Resources Management, Marketing and Business Development. In the second instance this increase has been experienced due to the fact that in 2012 the Group had a positive variance derived from the rate of exchange and these were accounted for under the capital exchange reserve.

The increase in investment in our own products equating to GBP 131,266 (25%)

## BUSINESS VISION AND STRATEGY

In line with our business vision and strategy the **6PM Group** has managed to transform itself from a customer driven organisation to a product driven organisation.

In 2013 we continued to invest in several products like **iFIT** (Intelligent File & Inventory Tracking), **Strokepad**, **Climate-HIV**, **Quick focus** and a new product called **SkySync**. This was in line with our strategy to continue positioning **6PM** within the health market.

In 2013 we saw the official launch of the **TeleCare Plus** service in collaboration with GO plc that have outsourced this to us. **emCare** now has over 10,000 clients in Malta and Gozo and very soon through this investment we shall be exporting services and products overseas. Our first two target markets are Turkey and Italy.

During 2013 we continued to focus on shareholder value. The business critical deliverables have been achieved, that is, profit, products and business positioning for further growth and success.

At the end of 2013 we made several decisions that required changes to the way we report to enable us better understand the strengths and weaknesses of our business model. This change has been fully implemented and it has also triggered an organisation restructuring that is now complete.

## LOOKING FORWARD

We are now at the end of Quarter 1 of 2014 and the business continues to achieve significant positive results. In late 2013 we took a conscientious decision to replace some of the 3rd party software components from our key product propositions. To this effect we are currently working very hard to ensure that this business objective is reached by latest July 2014. If all goes in line with our 2014 business plan, this will translate to increased pre-tax profit.

We started the year 2014 with the opening of our office in Ireland where we are now actively marketing our products and services. We aim to do the same in Scotland by the end of Q3 2014 and in Turkey and Canada by the end of 2014.

The **6PM** share price commenced 2013 at GBP 0.31p per share and it ended the year at GBP 0.70p per share. This is an absolute increase of GBP 0.39p per share (125%).

I take this opportunity to thank all the shareholders for their continued support and participation in our journey to making **6PM** the top Maltese owned ICT Group.

**Ivan Bartolo**
Chief Executive Officer

# A look at some of our flagship products

## SKYSYNC

**SkySync** by **6PM** introduces an alternative to the myriad of file sharing services found in the market. It has been designed and built for business, keeping in mind that businesses want to have control over confidential information.

**SkySync** thus strives to match its products to your security needs. It makes sure that only authorised files can be opened besides securing data in transit and on every device. It allows one to share documents among colleagues, suppliers, etc while retaining control over company files even on devices that one does not have control on.

The benefit of **SkySync** is that it offers access to files both online and offline, besides ensuring a true file synchronisation to any device whether it is a laptop, desktop or mobile device. **SkySync** is easy to control and track and offers a single sign-on integration. It ensures that you can remotely back-up the contents of your file service and remotely wipe your devices.

Cloud saves your files, documents or photos not only on your computer or other devices but also in a data centre on premise. The cloud's value proposition to companies includes lowered costs and handling of technical headaches to a third party. But barriers to adoption for enterprises include data sovereignty and worries over the stability of handing IT functions over to a vendor.

## IFIT

**6PM**'s **iFIT** Solution gives hospitals the tools to manage their paper-based health records alongside their physical assets including medical equipment, medical supplies, porters, etc. Underpinning **iFIT** is the basic principle that any paper record or physical asset which moves around hospital locations can be tagged and tracked, allowing for a full audit trail.

**iFIT** allows for immediate cash-releasing opportunities in library overheads. By attaching Radio Frequency Identification passive (RFID) tags to the patient's health records and fixed RFID readers in key traffic areas around the hospital, patient records can be tracked through their movements round the hospital.

**iFIT** offers an integrated paper management system, improves information governance by providing a full audit trail of records, actively improves statutory reporting and reduces administration overheads.

Although initially NHS Trusts are using the platform to track medical records many are planning to use **iFIT** to track assets, medical devices, Pathology samples, porters, staff as well as vulnerable patients. Basically if it moves, you tag it and **iFIT** will track it.

## STROKEPAD

**Strokepad** serves as a comprehensive digital record, digitising data at the point-of-care. It allows the clinician to deal with the patient while taking down notes on the system wherever he might be. Not only does it make the data gathering process transparent but also automates data transformation tasks that clinicians currently have to do unassisted, such as generating discharge summaries.

**Strokepad** is a joint venture between the University College London Hospitals NHS Foundation Trust and **6PM**. It is beneficial for clinicians; it saves time and money and guarantees a quick Return on Investment. Presently the system is being applied in the treatment of stroke patients but in the future it could also be applied in other areas of care such as cardiology.

# The Executive Team

Ivan Bartolo
Chief Executive Officer

Brian Zarb Adami
Chief Technical Officer

Frank Psaila
Group Human Resources Manager

Karen Cuschieri
PMO Director

Peter Bugeja
Chief Operations Officer

John Deguara
Chief Strategy Officer

Adrian Scicluna
Chief Financial Officer

Steve Wightman
Deputy Chief Executive Officer

Daphne Tabone
Group Marketing Manager

# Members of the team



1 2 3
4 5 6 7
8 9 10 11
12 13 14
15 16

1. Kevin Ellul
2. Ron Burdis
3. Carmen Vella
4. Antonella Buttigieg
5. Carlo Ellul
6. Dave Bryan
7. Robertus Oosterwijk
8. Simon Sant Cassia
9. Kyle Bartolo
10. Maria Colette Attard
11. James Ciantar
12. Jason Muscat
13. Annaliz Camilleri
14. Aleksandar Tasevski
15. Goran Hristov
16. Milica Kjurchievska

# Directors' report

Year ended 31 December 2013

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 2013.

## PRINCIPAL ACTIVITIES

The group provides a range of benefit directed IT and business solutions complemented with specialised services enabling organisations to enhance and optimise business efficiency. These include product solutions and consultancy aimed at the UK National Health Services and HR resourcing providing consultancy and IT services to a variety of other companies in diverse market verticals. **6PM Group** is also involved in ICT retail, ICT infrastructure and related services mainly in the local market. The company acts as a holding company.

## PERFORMANCE REVIEW

In 2013 **6PM** managed to improve its performance and maintained momentum over the results of the previous years. This was mainly attributed to the increase in revenues, especially one project with the NHS which generated the biggest sale in the Group's history. The Group also managed to capitalize from the synergies within the Group companies, a trend which is expected to remain in future years.

The consolidated financial statements cover **6PM Holdings p.l.c.** (parent) and its subsidiaries **6PM** Management Consultancy (UK) Limited, **6PM** Limited, **Agilis6** Limited, **6PM** Nearshore DOOEL, **Compunet** Ltd (formerly known as **Compunet** Operations Ltd), **6PM** Agencies Ltd (formerly known as **Compunet** Agencies Limited), and **6PM** (Gibraltar) Limited.

The group's pre-tax profit was GBP 637,805 (2012 –GBP 433,586). The gross profit for the year amounted to GBP 3,620,634 (2012 – GBP 2,771,284) equivalent to 39% (2012 – 39%) of total revenues. Administrative expenses amounted to GBP 2,877,227 (2012 – GBP 2,238,779).

Group total equity at the year-end amounted to GBP 5,517,724 (2012 – GBP 5,014,584).

## RESULTS AND DIVIDENDS

The results for the year ended 31 December 2013 are shown in the statements of profit or loss and other comprehensive income on page 21. The group registered a profit after tax of GBP 742,551 (2012 – GBP 526,536). The company registered a profit after tax of GBP 685,467 (2012 – loss after tax GBP 11,860).

The Directors propose a payment of a final net divided of GBP 0.02 per share. The Directors further propose that a bonus issue of 1 share for every 25 shares held on 20 May 2014 (the record date) equivalent to GBP 158,242 is allocated from the share premium account.

## LIKELY FUTURE BUSINESS DEVELOPMENTS

The aim of the group is to further develop sales, especially in the newly-developed products, while also investing in getting annuity revenue. These, coupled with the cost containment efforts and building on synergies within the group, will help to sustain the profitability of the group within the foreseeable future.

## 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 Brian Zarb Adami
- Mr Robert Borg

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:** Dr Ivan Gatt LL.D. (Company Secretary), Hector Spiteri, Stephen Wightman, Nazzareno Vassallo (Chairman), Ivan Bartolo (Chief Executive Officer), Robert Borg, Brian Zarb Adami.

## GOING CONCERN

As required by Listing Rule 5.62, and after 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.

### 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 14 April 2014 by:

**Ivan Bartolo**
Chief Executive Officer

**Nazzareno Vassallo**
Chairman

# Directors, officer & other information

| | |
|---|---|
| **Directors:** | Mr Nazzareno Vassallo – Chairman<br>Mr Ivan Bartolo – Chief Executive Officer<br>Mr Hector Spiteri – Deputy Chairman<br>Mr Stephen Wightman – Deputy CEO<br>Mr Brian Zarb Adami<br>Mr Robert Borg |
| **Secretary:** | Dr Ivan Gatt LL.D. |
| **Registered office:** | 6PM Business Centre,<br>Triq it-Torri,<br>Swatar,<br>Birkirkara, BKR 4012,<br>Malta. |
| **Country of incorporation:** | Malta |
| **Company registration number:** | C 41492 |
| **Auditors:** | Nexia BT,<br>The Penthouse, Suite 2,<br>Capital Business Centre, Entrance C,<br>Triq taz-Zwejt,<br>San Gwann SGN 3000,<br>Malta. |
| **Bankers:** | Bank of Valletta p.l.c.,<br>58, Zachary Street,<br>Valletta,<br>Malta. |
| **Legal advisers:** | Gatt Tufigno Gauci Advocates,<br>66, Old Bakery Street,<br>Valletta,<br>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 the 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 14 April 2014 by:

**Ivan Bartolo**
Chief Executive Officer

**Nazzareno Vassallo**
Chairman

# Corporate governance statement

**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 2013, 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<br>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 Hector Spiteri | Deputy Chairman | Non-Executive |
| Mr Stephen Wightman | Deputy CEO | Executive |
| Mr Brian Zarb Adami | | Executive |
| Mr Robert Borg | | 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 held [11]

| | | Attended |
|---|---|---|
| Mr Nazzareno Vassallo | Chairman | 11 [11] |
| Mr Ivan Bartolo | CEO | 11 [11] |
| Mr Hector Spiteri | Deputy Chairman | 9 [11] |
| Mr Stephen Wightman | Deputy CEO | 11 [11] |
| Mr Robert Borg | | 11 [11] |
| Mr Brian Zarb Adami | | 11 [11] |

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.

Directors have access to the advice and services of the company secretary and are regularly informed of their dealing in securities of the company within the parameters of law and the code.

## 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.

## 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.

### 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 held [4]

| | Attended |
|---|---|
| Mr Hector Spiteri | 4 [4] |
| Mr Robert Borg | 4 [4] |
| Mr Ivan Bartolo | 4 [4] |

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.

# Corporate governance statement ...continued

## 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 regulations 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 held [1]

| | Attended |
|---|---|
| Mr Hector Spiteri | 1 [1] |
| Mr Robert Borg | 1 [1] |
| Mr Ivan Bartolo | 1 [1] |

## Remuneration Statement

The Remuneration Committee of the Company is composed of three (3) individuals being Hector Spiteri (as Chairman), Robert Borg and Ivan Bartolo. 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 2013, the Committee met once and all the members attended such meetings.

There was 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.

All the directors of the Company, except for the chairman, 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 a 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 217,209 | – | – | – |
| Directors | GBP 312,053 | GBP 56,876 | – | – |

## 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** aims to act responsibly toward society at large. The company does not consider its Corporate Social Responsibility to be an overhead but as part of its commitment to behave ethically.

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.

In its relations with its employees the **6PM** group encourages open communication and personal development. It also creates opportunities based on performance, creativity and initiative. The group is committed towards the social well-being of its workforce and their family members. 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.

In 2013, the **6PM** Charity Foundation sponsored the Alive Charity Foundation: 2013 Cycling Challenge for Cancer. One of our employees also took part in this event.

During the year the Foundation:

- Purchased footballs for children in Kenya
- Gave a donation to l-Istrina
- Sponsored IT equipment at St Elmo Primary School in Valletta through the council of Save a Life Foundation
- Gave a donation to assist a widow
- An employee was given a sponsorship which allowed them to send their child to summer school.
- A 3-week period rehabilitation was sponsored for one of the members of an employee's family.
- During the Christmas festivities, a party was organised and held at our **6PM** premises in Swatar for a group of young refugees.
- Continuous financial assistance is given to one of our employees.

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

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. Notwithstanding this, the Board will retain under review the issue relating to the setting up of a Nomination Committee.

### 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 and signed on its behalf on 14 April 2014 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: 14 April 2014

NEXIA BT
Certified Public Accountants

The Penthouse, Suite 2,
Capital Business Centre,
Entrance C,
Triq Taz-Zwejt,
San Gwann,
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 2013, 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 2013 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: 14 April 2014

NEXIA BT
Certified Public Accountants

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

# Statements of profit or loss and other comprehensive income

Year ended 31 December 2013

| | Notes | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|---|
| Revenue | 6 | 9,254,365 | 832,900 | 7,160,364 | – |
| Cost of sales | | (5,633,731) | – | (4,389,080) | – |
| Gross profit | | 3,620,634 | 832,900 | 2,771,284 | – |
| Other operating income | | 36,523 | – | 8,071 | – |
| Administrative expenses | | (2,877,227) | (30,900) | (2,238,779) | (7,456) |
| Operating profit/(loss) | | 779,930 | 802,000 | 540,576 | (7,456) |
| Finance costs | 8 | (103,313) | (1,466) | (81,992) | (4,404) |
| Investment income | 7 | 14,980 | 3 | 20,832 | - |
| Share of losses of associates | 16 | (53,792) | – | (45,830) | – |
| Profit/(loss) before tax | 9 | 637,805 | 800,537 | 433,586 | (11,860) |
| Income tax credit/(charge) | 12 | 104,746 | (115,070) | 92,950 | - |
| **Profit/(loss) for the year** | | 742,551 | 685,467 | 526,536 | (11,860) |
| Attributable to: | | | | | |
| Owners of the company | | 744,657 | | 512,684 | |
| Non-controlling interest | | (2,106) | | 13,852 | |
| | | 742,551 | | 526,536 | |
| **Other comprehensive expense** | | | | | |
| Exchange differences arising on translation of foreign operations | | (71,304) | – | (37,879) | – |
| Exchange differences arising on capital items | | 136,205 | – | (136,205) | – |
| Other comprehensive income/(expense) for the year | | 64,901 | | (174,084) | |
| **Total comprehensive income/(expense) for the year** | | 807,452 | 685,467 | 352,452 | (11,860) |
| Attributable to: | | | | | |
| Owners of the company | | 809,558 | | 338,600 | |
| Non-controlling interest | | (2,106) | | 13,852 | |
| | | 807,452 | | 352,452 | |
| **Earnings per share** | 5 | 0.038 | | 0.027 | |

# Statements of financial position

31 December 2013

| | Notes | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | 13 | 3,106,843 | – | 2,668,183 | – |
| Property, plant and equipment | 14 | 928,033 | – | 1,108,773 | – |
| Investment property | 15 | 620,555 | – | - | – |
| Investments in subsidiaries | 16 | – | 2,517,933 | – | 2,499,048 |
| Participating interests investments | 16 | - | 150,475 | 62,430 | 150,058 |
| Deferred tax assets | 17 | 1,764,164 | – | 1,566,538 | – |
| | | 6,419,595 | 2,668,408 | 5,405,924 | 2,649,106 |
| **Current assets** | | | | | |
| Inventories | 18 | 444,373 | – | 386,050 | – |
| Trade and other receivables | 19 | 1,989,683 | 2,009,319 | 2,885,860 | 1,678,285 |
| Other cash at bank | 24 | 208,425 | – | 408,050 | – |
| Cash and cash equivalents | 24 | 241,015 | 2,093 | 70,448 | 10,270 |
| | | 2,883,496 | 2,011,412 | 3,750,408 | 1,688,555 |
| **Total assets** | | 9,303,091 | 4,679,820 | 9,156,332 | 4,337,661 |
| **Current liabilities** | | | | | |
| Trade and other payables | 20 | 1,781,947 | 7,120 | 2,513,000 | 3,915 |
| Other financial liabilities | 21 | 83,539 | 49,686 | 167,626 | 99,841 |
| Bank overdrafts and loans | 22 | 1,257,151 | – | 947,368 | – |
| Current tax liabilities | | 230,590 | – | 52,574 | – |
| | | 3,353,227 | 56,806 | 3,680,568 | 103,756 |
| **Non-current liabilities** | | | | | |
| Bank loans | 22 | 432,140 | – | 461,180 | – |
| Deferred tax liability | | - | 7,954 | - | - |
| **Total liabilities** | | 3,785,367 | 64,760 | 4,141,748 | 103,756 |
| **Net assets** | | 5,517,724 | 4,615,060 | 5,014,584 | 4,233,905 |
| **EQUITY** | | | | | |
| Share capital | 23 | 3,910,283 | 3,910,283 | 3,758,127 | 3,758,127 |
| Share premium | | 240,940 | 240,940 | 393,096 | 393,096 |
| Exchange translation reserve | | 23,407 | – | 94,711 | – |
| Capital exchange reserve | | - | – | (136,205) | – |
| Retained earnings | | 1,343,094 | 463,837 | 902,749 | 82,682 |
| Non-controlling interest | | - | – | 2,106 | – |
| **Total equity** | | 5,517,724 | 4,615,060 | 5,014,584 | 4,233,905 |

These financial statements were approved by the Board of Directors, authorised for issue on 14 April 2014 and signed on its behalf by:

**Ivan Bartolo**
Chief Executive Officer

**Nazzareno Vassallo**
Chairman

# Statements of changes in equity

Year ended 31 December 2013

## GROUP

| | Share capital GBP | Share premium GBP | Exchange translation reserve GBP | Capital exchange reserve GBP | Retained earnings GBP | Attributable to owners of the company GBP | Non-controlling interest GBP | Total GBP |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2012** | 3,611,823 | 539,400 | 132,590 | – | 390,065 | 4,673,878 | (11,746) | 4,662,132 |
| Profit for the year | – | – | – | – | 512,684 | 512,684 | 13,852 | 526,536 |
| Other comprehensive expense for the year | – | – | (37,879) | (136,205) | – | (174,084) | – | (174,084) |
| Total comprehensive income/ (expense) for the year | – | – | (37,879) | (136,205) | 512,684 | 338,600 | 13,852 | 352,452 |
| Capitalisation of share premium (note 23) | 146,304 | (146,304) | – | – | – | – | – | – |
| **Balance at 1 January 2013** | 3,758,127 | 393,096 | 94,711 | (136,205) | 902,749 | 5,012,478 | 2,106 | 5,014,584 |
| Profit for the year | – | – | – | – | 744,657 | 744,657 | (2,106) | 742,551 |
| Other comprehensive (expense)/income for the year | – | – | (71,304) | 136,205 | – | 64,901 | – | 64,901 |
| Total comprehensive (expense)/income for the year | – | – | (71,304) | 136,205 | 744,657 | 809,558 | (2,106) | 807,452 |
| Dividends | – | – | – | – | (304,312) | (304,312) | - | (304,312) |
| Capitalisation of share premium (note 23) | 152,156 | (152,156) | – | – | – | – | – | – |
| **Balance at 31 December 2013** | **3,910,283** | **240,940** | **23,407** | **-** | **1,343,094** | **5,517,724** | **-** | **5,517,724** |

## HOLDING COMPANY

| | Share capital GBP | Share premium GBP | Retained earnings GBP | Total GBP |
|---|---|---|---|---|
| **Balance at 1 January 2012** | 3,611,823 | 539,400 | 94,542 | 4,245,765 |
| Loss for the year | – | – | (11,860) | (11,860) |
| Total comprehensive expense for the year | – | – | (11,860) | (11,860) |
| Capitalisation of share premium (note 23) | 146,304 | (146,304) | – | – |
| **Balance at 1 January 2013** | 3,758,127 | 393,096 | 82,682 | 4,233,905 |
| Profit for the year | – | – | 685,467 | 685,467 |
| Total comprehensive expense for the year | – | – | 685,467 | 685,467 |
| Capitalisation of share premium (note 23) | 152,156 | (152,156) | – | – |
| Dividends | - | - | (304,312) | (304,312) |
| **Balance at 31 December 2013** | **3,910,283** | **240,940** | **463,837** | **4,615,060** |

# Statements of cash flows

Year ended 31 December 2013

| | Notes | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit/(loss) before tax | | 637,805 | 800,537 | 433,586 | (11,860) |
| Adjustments for: | | | | | |
| Depreciation and amortisation | | 372,379 | – | 283,489 | – |
| Interest expense | | 103,313 | 1,466 | 81,992 | 4,404 |
| Interest income | | (14,980) | (3) | (20,832) | – |
| Gain on sale of property, plant and equipment | | (15,396) | – | – | – |
| Unrealised profits on sales to associates | | 65,744 | – | 68,050 | – |
| Operating profit/(loss) before working capital movements | | 1,148,865 | 802,000 | 846,285 | (7,456) |
| Movement in inventories | | (58,323) | – | (120,882) | – |
| Movement in trade and other receivables | | 896,177 | (331,034) | (1,115,787) | – |
| Movement in trade and other payables | | (731,052) | 3,205 | 890,321 | (1,363) |
| Cash flows from operations | | 1,255,667 | 474,171 | 499,937 | (8,819) |
| Net income taxes refunded/(paid) | | 113,840 | (107,116) | 31,148 | – |
| Net cash flows from/(used in) operating activities | | 1,369,507 | 367,055 | 531,085 | (8,819) |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | (579,187) | – | (271,340) | – |
| Net proceeds from disposal of property, plant and equipment | | 28,103 | – | – | – |
| Payments to acquire intangible assets | | (670,075) | – | (551,001) | – |
| Acquisition / further investment in associates | | - | (19,302) | (62,209) | (62,209) |
| Interest income | | 14,980 | 3 | 20,832 | – |
| Movement in other investments | | 199,625 | - | - | - |
| Net cash flows used in investing activities | | (1,006,554) | (19,299) | (863,718) | (62,209) |
| **Cash flows from financing activities** | | | | | |
| Movement in related party balances | | (84,087) | (50,155) | (2,025) | 75,403 |
| Movement in bank borrowings | | 88,720 | – | 10,922 | – |
| Interest paid | | (103,313) | (1,466) | (81,992) | (4,404) |
| Dividends | | (304,312) | (304,312) | - | – |
| Net cash flows from/(used in) financing activities | | (402,992) | (355,933) | (73,095) | 70,999 |
| **Net movement in cash and cash equivalents** | | (40,039) | (8,177) | (405,728) | (29) |
| **Cash and cash equivalents at the beginning of year** | | (724,552) | 10,270 | (230,874) | 10,299 |
| **Effect of foreign exchange rates** | | 18,583 | – | (87,950) | – |
| **Cash and cash equivalents at the end of year** | 24 | (746,008) | 2,093 | (724,552) | 10,270 |

# Notes to the financial statements

Year ended 31 December 2013

## 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 profit or loss.

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

The acquisition of subsidiaries is accounted for by applying the acquisition method. The consideration is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred, except for costs to issue debt or equity securities.

An adjustment to the cost of the combination contingent on future events is measured at the acquisition-date fair value. 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 profit or loss.

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.

# Notes to the financial statements ...continued

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. 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 profit or loss.

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 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.

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

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.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. After initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives from the date when they become available for use, which is generally assumed to be five years.

**(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 cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over five to ten years.

**(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.

## 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 cost less accumulated depreciation and less accumulated impairment losses.

Depreciation is provided at rates intended to write down the cost of investment property over its expected useful life. The annual rates used are as follows:

- Buildings – 2% Straight Line
- No depreciation is charged on freehold land.

# 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 is 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 attached 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.

## 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.

# Notes to the financial statements ...continued

## 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 2015 which is in turn based on a number of underlying assumptions relating to:

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

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 uncertainty 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.

### Other intangible assets

During the year management has reassessed the recoverability of the value of the group's intangible assets which are included in the statement of financial position at GBP 1,638,570 [2013 – GBP 1,205,178] by applying discounting cash flow techniques to the cash flows included in the group's strategic business plan that relate to the specific intangibles. The key assumptions are the same as those disclosed above. Based on the above assessment management expects the carrying amount of other intangible assets to be recoverable and therefore the Directors consider that there is no impairment in the carrying value of other intangible assets as at 31 December 2013.

### Capital exchange reserve

A separate exchange reserve has been created in view of the consideration that certain transactions within intra-group balances relate to funds which were obtained from capital sources. It is being disclosed separately to provide an indication of the magnitude of the effect of foreign exchange movement on such intra-group funding.

## 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 2015. IFRS 9 has not yet been endorsed by the EU.

### IFRS 10 – Consolidated Financial Statements

IFRS 10 was issued in May 2011. IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (that is, whether an entity is controlled through voting rights of the investors or otherwise). IFRS 10 supersedes SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. IFRS 10 is applicable for annual periods beginning on or after 1 January 2013 and has been endorsed by the EU for annual periods beginning on or after 1 January 2014.

### IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 was issued in May 2011. IFRS 12 Disclosure of Interests in Other Entities addresses disclosure requirements for certain interests in other entities, including joint arrangements, associates, subsidiaries and unconsolidated structured entities. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 is applicable for annual periods beginning on or after 1 January 2013 and has been endorsed by the EU for annual periods beginning on or after 1 January 2014.

### IAS 34 Amendment – Interim Financial Reporting

The amendment to IAS 34 clarifies the requirements for the reporting of segment information for total assets in order to enhance consistency with the requirements of IFRS 8 Operating Segments. IAS 34 Amendment is applicable for annual periods beginning on or after 1 January 2013 and has not yet been endorsed by the EU.

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 19,399,911 (2012 – 18,717,718).

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:

- Resourcing;
- Product solutions and consultancy; and
- Retail, infrastructure and related services.

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 | |
|---|---|---|---|---|
| | **2013 GBP** | 2012 GBP | **2013 GBP** | 2012 GBP |
| Resourcing | **1,128,554** | 848,829 | **393,093** | 135,835 |
| Product solutions and consultancy | **6,555,659** | 4,564,158 | **2,715,789** | 2,223,421 |
| Retail, infrastructure and related services | **1,570,152** | 1,747,377 | **511,752** | 412,028 |
| | **9,254,365** | 7,160,364 | **3,620,634** | 2,771,284 |
| Other operating income | | | **36,523** | 8,071 |
| Administrative expenses | | | **(2,877,227)** | (2,238,779) |
| **Operating profit** | | | **779,930** | 540,576 |
| Finance costs | | | **(103,313)** | (81,992) |
| Investment income | | | **14,980** | 20,832 |
| Share of losses of associates | | | **(53,792)** | (45,830) |
| **Profit before tax** | | | **637,805** | 433,586 |

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 | 2013 GBP | 2012 GBP |
|---|---|---|
| Resourcing | 143,221 | 74,339 |
| Product solutions and consultancy | 1,199,007 | 1,860,013 |
| Retail, infrastructure and related services | 469,257 | 656,599 |
| Total segment current assets | 1,811,485 | 2,590,951 |
| Unallocated* | 1,072,011 | 1,159,457 |
| Consolidated current assets | 2,883,496 | 3,750,408 |

* 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 | 2013 GBP | 2012 GBP |
|---|---|---|
| Resourcing | – | 100,793 |
| Product solutions and consultancy | 1,054,820 | 1,025,902 |
| Retail, infrastructure and related services | 118,674 | 130,144 |
| Total segment current liabilities | 1,173,494 | 1,256,839 |
| Unallocated* | 2,179,733 | 2,423,729 |
| Consolidated current liabilities | 3,353,227 | 3,680,568 |

* 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 Gibraltar. 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 | |
|---|---|---|---|---|
| | 2013 GBP | 2012 GBP | 2013 GBP | 2012 GBP |
| United Kingdom | 6,204,238 | 4,477,928 | 41,574 | 46,498 |
| Malta | 2,703,715 | 2,682,436 | 6,343,121 | 5,348,768 |
| Macedonia | – | – | 8,423 | 10,658 |
| Gibraltar | 88,318 | - | - | - |
| Georgia | 185,620 | - | - | - |
| Other | 72,474 | - | - | - |
| **Consolidated total** | 9,254,365 | 7,160,364 | 6,393,118 | 5,405,924 |

# Notes to the financial statements ...continued

### 6.5 Information about major customers

Group revenue includes GBP 4,269,355 of product solutions and consultancy (2012 – GBP 2,844,727), GBP 82,278 of resourcing (2012 – GBP 588,435) and GBP 411,784 (2012 – GBP 639,487) of retail, infrastructure and related services that cumulatively amount to 57% (2012 – 57%) of total group revenue, which arose from sales to the group's six largest customers (2012 – nine largest customers).

### 6.6 Information about Holding company revenue

| | 2013 GBP | 2012 GBP |
|---|---|---|
| Dividends received | 832,900 | – |

## 7. INVESTMENT INCOME

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Interest income on bank deposits | 5,208 | 3 | 5,692 | – |
| Interest income on financial assets | 9,772 | – | 15,140 | – |
| | 14,980 | 3 | 20,832 | – |

## 8. FINANCE COSTS

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Interest on bank overdrafts and loans | 96,399 | – | 74,038 | – |
| Interest on amounts owed to related undertakings | – | 1,466 | 4,404 | 4,404 |
| Other interest | 6,914 | – | 3,550 | – |
| | 103,313 | 1,466 | 81,992 | 4,404 |

## 9. PROFIT/(LOSS) BEFORE TAX

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| This is stated after charging/(crediting): | | | | |
| Amortisation of intangible assets | 255,142 | – | 212,856 | – |
| Depreciation of property, plant and equipment and investment property | 117,237 | – | 70,633 | – |
| Net exchange differences | 17,700 | 10,408 | (110,099) | (11,108) |

The group profit/ (loss) before tax is also stated after charging auditors' fees of GBP 37,453 (2012 – GBP 29,894).
The loss before tax of the holding company is also stated after charging auditors' fees of GBP 8,000 (2012 – GBP 3,917).

## 10. KEY MANAGEMENT PERSONNEL COMPENSATION

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| **Directors' compensation:** | | | | |
| Short-term benefits: | | | | |
| Management remuneration | **368,929** | **–** | 301,870 | – |
| **Other key management personnel compensation:** | | | | |
| Short-term benefits: | | | | |
| Salaries and social security contributions | **217,209** | **–** | 188,169 | – |
| **Total key management personnel compensation:** | | | | |
| Short-term benefits | **586,138** | **–** | 490,039 | – |

Included within directors' compensation is GBP 79,981 (2012 – GBP 89,371) which was capitalised with software development costs.

## 11. STAFF COSTS AND EMPLOYEE INFORMATION

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| **Staff costs:** | | | | |
| Wages and salaries | **2,618,689** | **–** | 2,103,810 | – |
| Social security costs | **203,820** | **–** | 159,659 | – |
| | **2,822,509** | **–** | 2,263,469 | – |

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

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Sales and operations | **99** | **–** | 89 | – |
| Administration | **20** | **–** | 19 | – |
| | **119** | **–** | 108 | – |

# Notes to the financial statements ...continued

## 12. INCOME TAX CREDIT / (CHARGE)

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Current tax | (64,176) | (107,116) | (31,912) | – |
| Deferred tax (note 17) | 168,921 | (7,954) | 124,862 | – |
| | 104,746 | (115,070) | 92,950 | – |

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

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Profit/(loss) before tax | 637,805 | 800,539 | 433,586 | (11,860) |
| Tax at the applicable rate of 35% | (223,232) | (280,189) | (151,755) | 4,151 |
| Tax effect of: | | | | |
| Deferred tax not accounted for | (7,954) | (7,954) | 29,270 | – |
| Depreciation charges not deductible by way of capital allowances indetermining taxable income | (7,088) | – | (9,519) | – |
| Local income taxed at 15% | 1,089 | – | 1,122 | – |
| Different tax rates in foreign jurisdictions | 1,140 | – | (8,938) | – |
| Changes in tax rates in foreign jurisdictions | 3,888 | – | (1,877) | – |
| Disallowed expenses | (30,779) | (11,327) | (10,514) | (4,151) |
| Movement in unabsorbed investment tax credits | 388,459 | – | 238,994 | – |
| Exchange differences | 1,985 | – | 25,681 | – |
| Dividend income – exempt | – | 184,400 | – | – |
| Unrealised profits on intercompany transactions | (3,935) | – | (3,473) | – |
| Share of losses in associates | (18,827) | – | (16,041) | – |
| Income tax credit/(charge) for the year | 104,746 | (115,070) | 92,950 | – |

## 13. INTANGIBLE ASSETS

### Group

| | Computer software and licences GBP | Developed software GBP | Web page design GBP | Goodwill GBP | Agencies GBP | Total GBP |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| At 01.01.2012 | 378,891 | 885,239 | 25,635 | 1,468,752 | 319,920 | 3,078,437 |
| Additions | 15,308 | 529,363 | 6,330 | – | – | 551,001 |
| Net foreign currency exchange differences | (7,949) | (17,216) | (552) | (5,747) | (7,354) | (38,818) |
| At 01.01.2013 | 386,250 | 1,397,386 | 31,413 | 1,463,005 | 312,566 | 3,590,620 |
| Additions | 5,270 | 660,629 | 4,176 | – | – | 670,075 |
| Net foreign currency exchange differences | (10,266) | 36,179 | 602 | 5,268 | 6,741 | 38,524 |
| **At 31.12.2013** | **381,254** | **2,094,194** | **36,191** | **1,468,273** | **319,307** | **4,299,219** |
| Accumulated amortisation | | | | | | |
| At 01.01.2012 | 244,199 | 476,580 | 3,728 | – | – | 724,507 |
| Provision for the year | 38,810 | 164,875 | 9,171 | – | – | 212,856 |
| Net foreign currency exchange differences | (4,916) | (9,979) | (31) | – | – | (14,926) |
| At 01.01.2013 | 278,093 | 631,476 | 12,868 | – | – | 922,437 |
| Provision for the year | 529 | 243,799 | 10,814 | – | – | 255,142 |
| Net foreign currency exchange differences | (1,600) | 16,313 | 84 | – | – | 14,797 |
| **At 31.12.2013** | **277,022** | **891,588** | **23,766** | **–** | **–** | **1,192,376** |
| Carrying amount | | | | | | |
| At 31.12.2012 | 108,157 | 765,910 | 18,545 | 1,463,005 | 312,566 | 2,668,183 |
| **At 31.12.2013** | **104,232** | **1,202,606** | **12,425** | **1,468,273** | **319,307** | **3,106,843** |

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

Included in the cost of intangible assets is internal software development costs amounting to GBP 2,094,195 (2012 – GBP 1,397,386) which are amortised over 5 years.

The amounts capitalised as developed software during the year amounting to GBP 654,560 (2012 – GBP 529,363) 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 01.01.2012 | 707,422 | 494,391 | 134,082 | 1,335,895 |
| Additions | 8,829 | 145,616 | 116,895 | 271,340 |
| Net foreign currency exchange differences | (16,208) | (9,576) | (2,390) | (28,174) |
| At 01.01.2013 | 700,043 | 630,431 | 248,587 | 1,579,061 |
| Additions | – | 527,459 | 51,728 | 579,187 |
| Disposals | – | (7,306) | (11,457) | (18,763) |
| Transfer to investment property | (667,555) | – | – | (667,555) |
| Net foreign currency exchange differences | 6,025 | 3,914 | 25,079 | 35,018 |
| **At 31.12.2013** | **38,513** | **1,154,498** | **313,937** | **1,506,948** |
| **Accumulated depreciation** | | | | |
| At 01.01.2012 | 33,204 | 304,278 | 70,312 | 407,794 |
| Provision for the year | 8,492 | 38,896 | 23,245 | 70,633 |
| Net foreign currency exchange differences | (713) | (5,947) | (1,479) | (8,139) |
| At 01.01.2013 | 40,983 | 337,227 | 92,078 | 470,288 |
| Provision for the year | 8,435 | 75,052 | 26,631 | 110,118 |
| Elimination on disposal | – | (5,181) | (875) | (6,056) |
| Transfer to investment property | (39,881) | – | – | (39,881) |
| Net foreign currency exchange differences | (6,826) | 24,736 | 26,536 | 44,446 |
| **At 31.12.2013** | **2,711** | **431,834** | **144,370** | **578,915** |
| Carrying amount | | | | |
| At 31.12.2012 | 659,060 | 293,204 | 156,509 | 1,108,773 |
| **At 31.12.2013** | **35,802** | **722,664** | **169,567** | **928,033** |

## 15. INVESTMENT PROPERTY

| Group | Freehold land and buildings GBP |
|---|---|
| **Cost** | |
| Transfer from property, plant and equipment | 667,555 |
| **At 31.12.2013** | **667,555** |
| **Depreciation** | |
| Transfer from property, plant and equipment | 39,881 |
| Charge for the year | 7,119 |
| **At 31.12.2013** | **47,000** |
| **Net book value At 31.12.2013** | **620,555** |

In the Directors' opinion and according to the architect's valuation, the fair value of the investment property stated at cost is GBP 687,803. Included in revenue is an amount of GBP 4,748, which represents rental income from investment property related to the months of November and December.

## 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 | |
|---|---|---|
| | **2013** | 2012 |
| | **%** | % |
| 6PM Limited,<br>6PM Business Centre,<br>Triq it-Torri, Swatar, Birkirkara BKR 4012,<br>Malta. | **99.99** | 99.99 |
| **6PM** Management Consultancy (UK) Limited<br>4, Office Village, Forder Way,<br>Hampton, Peterborough,<br>PE7 8GX, United Kingdom. | **100** | 100 |
| **6PM** Nearshore DOOEL (note 28)<br>18/1/1, Rajko Zinzifov Street,<br>1000 Skopje,<br>Macedonia. | **100** | 100 |
| **Compunet** Ltd<br>(formerly **Compunet** Operations Ltd) (note 28)<br>6PM Business Centre,<br>Triq it-Torri, Swatar, Birkirkara BKR 4012,<br>Malta. | **100** | 100 |
| **6PM** Agencies Ltd<br>(formerly **Compunet** Agencies Limited) (note 28)<br>6PM Business Centre,<br>Triq it-Torri, Swatar, Birkirkara BKR 4012,<br>Malta. | **100** | 100 |
| **Agilis6** Limited (note 28)<br>6PM Business Centre,<br>Triq it-Torri, Swatar, Birkirkara BKR 4012,<br>Malta. | **100** | 70 |
| **6PM** (Gibraltar) Limited<br>Suite 4, First Floor, 23, Engineer Lane,<br>PO Box 926,<br>Gibraltar. | **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 subsidiary and place of incorporation | Proportion of ownership interest and voting power held | |
|---|---|---|
| | **2013** | 2012 |
| | **%** | % |
| Vid&Co. Business Consultants Ltd<br>(formerly DSG Consulting Limited)<br>6PM Business Centre,<br>Triq it-Torri,<br>Swatar, Birkirkara BKR 4012,<br>Malta. | **33.33** | 33.33 |
| **emCare**360 Ltd (note 28)<br>The Three Arches,<br>Valletta Road,<br>Mosta, MST 9016,<br>Malta. | **25** | 25 |
| **Makeezi Limited** (note 28)<br>The Three Arches,<br>Valletta Road,<br>Mosta, MST 9016,<br>Malta. | **42.9** | 42.9 |
| **emCare** Group Malta Limited (note 28)<br>The Three Arches,<br>Valletta Road,<br>Mosta, MST 9016,<br>Malta. | **25** | - |

# Notes to the financial statements ...continued

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

| | 2013 GBP | 2012 GBP |
|---|---|---|
| Total assets | **1,588,280** | 1,250,215 |
| Total liabilities | **(1,715,860)** | (1,052,465) |
| | **(127,580)** | 197,750 |
| Group's share of the aggregate share capital and reserves | **(20,666)** | 66,319 |
| Revenue | **320,079** | 308,285 |
| Loss for the year | **(214,645)** | (190,495) |
| Group's share of loss for the year | **(53,792)** | (45,830) |

Unrealised profits amounting to GBP 11,952 (2012 – GBP 22,220) 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. A deferred tax asset of GBP 4,183 (2012 – GBP 7,777) has been recognised in this regard.

## 17. DEFERRED TAX ASSETS

The balances at 31 December 2013 and 31 December 2012 for the group can be analysed as follows:

| **2013**<br>Arising on: | Opening balance GBP | Recognised directly in equity GBP | Recognised in profit and loss GBP | **Closing balance GBP** |
|---|---|---|---|---|
| Unabsorbed investment tax credits | 1,549,444 | 41,587 | 296,026 | **1,887,057** |
| Allowance for doubtful debts | 5,788 | 135 | 367 | **6,290** |
| Unabsorbed capital allowances | 16,033 | (94) | (15,939) | **-** |
| Excess of tax allowances over depreciation | (114,319) | (19,297) | (50,750) | **(184,366)** |
| Tax losses brought forward | 96,644 | (354) | (65,224) | **31,066** |
| Unrealised difference on exchange | - | 6,728 | 258 | **6,986** |
| Unrealised profits on sales from subsidiaries to associates | 12,948 | – | 4,183 | **17,131** |
| | 1,566,538 | 28,705 | 168,921 | **1,764,164** |

| **2012**<br>Arising on: | Opening balance GBP | Recognised directly in equity GBP | Recognised in profit and loss GBP | Closing balance GBP |
|---|---|---|---|---|
| Unabsorbed investment tax credits | 1,339,831 | (29,383) | 238,996 | 1,549,444 |
| Allowance for doubtful debts | 1,068 | 3 | 4,717 | 5,788 |
| Unabsorbed capital allowances | 147,206 | (4,135) | (127,038) | 16,033 |
| Excess of tax allowances over depreciation | (91,620) | 1,906 | (24,605) | (114,319) |
| Tax losses brought forward | 72,628 | (999) | 25,015 | 96,644 |
| Unrealised profits on sales from subsidiaries to associates | 5,171 | – | 7,777 | 12,948 |
| | 1,474,284 | (32,608) | 124,862 | 1,566,538 |

The judgements involved in the recognition of the deferred tax asset are discussed in note 3.

# Notes to the financial statements ...continued

## 18. INVENTORIES

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Goods held for resale | **444,373** | **–** | 386,050 | – |

## 19. TRADE AND OTHER RECEIVABLES

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Trade receivables | **1,646,492** | **–** | 1,699,304 | – |
| Other receivables | **10,004** | **–** | – | – |
| Prepayments and accrued income | **333,187** | **–** | 998,663 | – |
| Amounts owed by subsidiaries | **–** | **2,009,319** | – | 1,678,285 |
| Amounts owed by associates | **-** | **–** | 178,443 | – |
| Amounts owed by other related undertakings | **-** | **–** | 9,480 | – |
| | **1,989,683** | **2,009,319** | 2,885,860 | 1,678,285 |

No interest is charged on trade and other receivables except for GBP 117,496 (2012 – GBP 194,956) which bear interest at 6.5% per annum.

Amounts owed by subsidiaries, associates and other related undertakings are unsecured, interest-free and repayable on demand.

### Allowance for estimated irrecoverable amounts

Total allowance for estimated irrecoverable amounts at year end amounts to GBP 15,407 (2012 – GBP 15,407).
The movement for the year relates to exchange differences on translation of foreign operations.

## 20. TRADE AND OTHER PAYABLES

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Trade payables | 1,101,977 | – | 936,193 | – |
| Other payables | 7,271 | – | 283,064 | – |
| Other taxes and social security | 75,851 | – | 55,696 | – |
| Accruals and deferred income | 596,848 | 7,120 | 1,238,047 | 3,915 |
| | 1,781,947 | 7,120 | 2,513,000 | 3,915 |

No interest is payable on trade and other payables.

## 21. OTHER FINANCIAL LIABILITIES

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Amounts owed to related undertakings | 85,539 | 49,686 | 167,626 | 99,841 |

Amounts owed to other related undertakings are unsecured, repayable on demand and interest-free.

# Notes to the financial statements ...continued

## 22. BANK OVERDRAFTS AND LOANS

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Bank overdrafts | **987,023** | **–** | 795,000 | – |
| Bank loans | **702,268** | **–** | 613,548 | – |
| | **1,689,291** | **–** | 1,408,548 | – |
| Less: amount falling due within one year | **(1,257,151)** | **–** | (947,368) | – |
| Amount falling due after one year | **432,140** | **–** | 461,180 | – |

Bank overdrafts and loans are repayable as follows:

| | Group 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| On demand or within one year | **1,257,151** | **–** | 947,368 | – |
| In the second year | **159,067** | **–** | 110,521 | – |
| In the third year | **74,805** | **–** | 41,752 | – |
| In the fourth year | **60,673** | **–** | 42,762 | – |
| After five years | **137,595** | **–** | 266,145 | – |
| | **1,689,291** | **–** | 1,408,548 | – |

At year-end, the company had bank overdraft facilities of €1,070,000 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. The other facility of €400,000 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 5.8% per annum.

The bank loans are 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, and by guarantees of a related party. A balance of €436,184 bears interest at 4.3% per annum, and is repayable by monthly instalments of €4,503 inclusive of interest. A balance of €74,281 bears interest at 5.8% per annum, and is repayable by monthly instalments of €3,044 inclusive of interest. A balance of €123,991 bears interest at 8.20% per annum, and are repayable by aggregate monthly instalments of €643 inclusive of interest.

The company had also a Jeremie loan of €185,349. This loan is secured by a general hypothec over the company's assets and over the assets of related parties. It bears interest at 3.97% per annum, and is repayable by monthly instalments of €9,620 inclusive of interest.

As at year-end the company had a factoring loan of €22,546. It bears interest at 7% per annum, and is repayable by monthly instalments of €682 inclusive of interest.

As at year-end the company also had factoring facilities. Such facilities are charged at three month LIBOR plus 1.25% charge for increased cost of funding plus an additional 4% margin per annum.

## 23. SHARE CAPITAL

| | 2013 Authorised GBP | 2013 Issued and called up GBP |
|---|---|---|
| 25,000,000 ordinary shares of GBP 0.20 each (19,780,298 of which have been issued and called up) | **5,000,000** | **3,956,060** |
| Transaction costs | **–** | **(45,777)** |
| | **5,000,000** | **3,910,283** |

| | 2012 Authorised GBP | 2012 Issued and called up GBP |
|---|---|---|
| 25,000,000 ordinary shares of GBP 0.20 each (19,019,520 of which have been issued and called up) | 5,000,000 | 3,803,904 |
| Transaction costs | – | (45,777) |
| | 5,000,000 | 3,758,127 |

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

On 31 May 2012, by virtue of an extraordinary resolution the company allotted 1 share for every 25 shares held to shareholders on its register as at 1 May 2012 equivalent to 731,520 ordinary shares. The said shares were allotted at GBP 0.20 each (total of GBP 146,304) and credited against the share premium account.

On 12 May 2013, by virtue of an extraordinary resolution the company allotted 1 share for every 25 shares held to shareholders on its register as at 1 May 2013 equivalent to 760,780 ordinary shares. The said shares were allotted at GBP 0.20 each (total of GBP 152,156) and credited against the share premium account.

## 24. 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 2013 GBP | Holding company 2013 GBP | Group 2012 GBP | Holding company 2012 GBP |
|---|---|---|---|---|
| Cash at bank and on hand | **241,015** | **2,093** | 70,448 | 10,270 |
| Bank overdrafts | **(987,023)** | **–** | (795,000) | – |
| Cash and cash equivalents in the statement of cash flows | **(746,008)** | **2,093** | (724,552) | 10,270 |

Other cash at bank amounting to GBP 208,425 (2012 – GBP 408,050) consists of a fixed deposit earning interest at 1.82% per annum which is pledged as collateral against the group's bank borrowings.

# Notes to the financial statements ...continued

## 25. 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 bank facilities undertaken by its subsidiary as disclosed in notes 10 and 22 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:

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Related party activity GBP | Total activity GBP | % | Related party activity GBP | Total activity GBP | % |
| **Sales:** | | | | | | |
| Related party transactions with: | | | | | | |
| Associates | **412,943** | **9,254,365** | **4** | 366,499 | 7,160,364 | 5.1 |
| Cost of sales: | | | | | | |
| Related party transactions with: | | | | | | |
| Associates | **271,071** | **5,633,731** | **4** | 258,551 | 4,389,080 | 5.9 |
| Finance costs: | | | | | | |
| Related party transactions with: | | | | | | |
| Other related undertakings | **6,112** | **103,313** | **5** | 4,404 | 81,992 | 5.4 |

The group also earned other income from associates amounting to GBP 6,112 (2012 – GBP 5,841) and recharged administrative expenses amounting to GBP 20,700 (2012 – GBP 8,243) to associates.

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

In prior year, 6PM Holdings p.l.c. acquired 42.9% of Makeezi Limited (note 28) which was ultimately controlled by one of the company's directors.

In the current year, 6PM Holdings p.l.c. acquired 33% of emCare Group Malta Limited (note 28) which was ultimately controlled by one of the company's directors.

On 10 May 2013, 6PM Holdings p.l.c. acquired 6,000 ordinary 'B' shares from the respective transferors, being Christopher Briffa, Franz Wirth and Alf. Mizzi & Sons Limited in Agilis6 Limited.

Also, on 29 May 2013, 6PM Holdings p.l.c. incorporated 100% investment in 6PM (Gibraltar) Limited, a company which is incorporated in Gibraltar.

The company incurred finance costs of GBP 6,112 (2012 – GBP 4,404) from other related undertakings.

The amounts due to/from related parties at year end are disclosed in notes 19 and 21 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 22.

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

## 26. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At 31 December 2013 and 31 December 2012 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.

## 27. 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:

| | 2013<br>GBP | 2012<br>GBP |
|---|---|---|
| Trade receivables by class: | | |
| Public interest entities | **862,449** | 792,956 |
| Other entities | **784,043** | 906,348 |
| | **1,646,492** | 1,699,304 |

As at 31 December 2013, 31% (2012 – 41%) of the carrying amounts of trade receivables were due from two major customers (2012 – two 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.

# Notes to the financial statements ...continued

| | 2013 GBP | 2012 GBP |
|---|---|---|
| 31 – 60 days | **511,445** | 500,099 |
| 61 – 90 days | **143,095** | 237,551 |
| 91 – 180 days | **176,901** | 86,383 |
| 181 – 365 days | **17,813** | 39,314 |
| Over 365 days | **47,404** | 50,906 |
| | **896,658** | 914,253 |

## Interest rate risk

The group has taken out bank facilities to finance its operations as disclosed in note 22. 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 availability 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 22). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability 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.

| 2013 | 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 | 2,096,076 | – | – | – | – | 2,096,076 |
| Variable rate instruments | 1,257,151 | 159,067 | 74,805 | 60,673 | 137,595 | 1,689,291 |
| | **3,353,227** | **159,067** | **74,805** | **60,673** | **137,595** | **3,785,367** |
| 2012 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Non-interest bearing | 2,587,715 | – | – | – | – | 2,587,715 |
| Variable rate instruments | 1,067,666 | 129,504 | 57,079 | 55,816 | 310,184 | 1,620,249 |
| | 3,655,381 | 129,504 | 57,079 | 55,816 | 310,184 | 4,207,964 |

## 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 2012. The capital structure of the group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and other cash at bank as disclosed in note 24 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

## 28. ACQUISITION OF SUBSIDIARIES

### Acquisition of subsidiaries

On 10 May 2013, 6pm Holdings p.l.c. acquired 6,000 ordinary 'B' shares in Agilis6 Limited. As at today, the company holds 100% of the respective company. Also, on 29 May 2013, 6PM Holdings p.l.c. incorporated 6pm (Gibraltar) Limited, a company registered in Gibraltar.

In prior year, 6pm Holdings p.l.c. acquired 42.9% shareholding in Makeezi Limited for a purchase consideration of Euro75,000 (GBP 60,330).

Also, 6pm Holdings p.l.c. advanced a further GBP 62,209 to emCare360 Limited. This amount and the prior year advances were converted to ordinary shares on 16 May 2012. All advances and the subsequent capitalisation were made pro-rata with the other shareholders and accordingly there was no change in ownership interest during the year.

## 29. SIGNIFICANT NON-CASH TRANSACTIONS

In prior year, as disclosed in note 23, the company allotted new shares against the credit of the share premium account for a total of GBP 146,304.

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 GBP 152,156.

## 30. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors proposed a payment of a net dividend of GBP 0.02 per share. The Directors further propose that a bonus issue of 1 share for every 25 shares held on 20 May 2014 (the record date) equivalent to GBP 158,242 is allocated from the share premium account.

## 31. 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 5.62

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 (GBP 5,000,000). The issued share capital of the Company is of three million nine hundred and fifty six thousand and fifty nine pounds sterling and sixty pence (GBP 3,965,059.60) divided into nineteen million seven hundred and eighty thousand two hundred and ninety eight Shares (19,780,298) of twenty pence (GBP 0.20) 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; |
| Capital Distributions: | The shares carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise; |
| 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 2013, the following shareholders held in excess of 5% of the share-capital of the Company

| | | |
|---|---|---|
| Vassallo Builders Group Limited | 3,677,440 Shares | 18.59% |
| Charts Limited | 6,287,389 Shares | 31.79% |
| Ivan Bartolo | 3,680,456 Shares | 18.60% |
| Alan Timothy West-Robinson | 1,056,647 Shares | 5.34% |
| Stephen David Wightman | 1,168,448 Shares | 5.90% |
| Brian Zarb Adami | 1,132,432 Shares | 5.72% |

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 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 PART 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,<br>Triq it-Torri,<br>Swatar BKR 4012,<br>Malta. |
| Telephone: | (+356) 2258 4500 |
| Email: | info@6pmplc.com |
| Website: | www.6pmsolutions.com |

Approved by the Board of Directors and signed on its behalf on 14 April 2014 by:

**Ivan Bartolo**
Chief Executive Officer

**Nazzareno Vassallo**
Chairman

Designed by Visual Trends

6PM Holdings plc

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