

Condensed consolidated statement of total comprehensive income for the period ended 30 June 2017

	30 June 2017	Restated 30 June 2016
	GBP'000	GBP'000
Revenue	4,914	3,488
Cost of sales	(882)	(961)
Gross profit	<u>4,032</u>	<u>2,527</u>
Administrative and other expenses	(7,604)	(2,358)
Other operating income	25	70
	<u>(3,547)</u>	<u>239</u>
Finance costs	(1,051)	(1,523)
Loss before taxation	<u>(4,598)</u>	<u>(1,284)</u>
Tax expense	(28)	(1)
Loss after taxation	<u>(4,626)</u>	<u>(1,285)</u>
Loss for the period attributable to:		
Owners of the parent	(4,684)	(1,302)
Non-controlling interest	58	17
	<u>(4,626)</u>	<u>(1,285)</u>
Other comprehensive loss – items that may subsequently be reclassified to profit/loss:		
Foreign exchange loss on consolidation	(160)	(426)
	<u>(160)</u>	<u>(426)</u>
Other comprehensive loss for the period, net of tax	<u>(160)</u>	<u>(426)</u>
Total comprehensive loss for the period	<u>(4,786)</u>	<u>(1,711)</u>
Total comprehensive (loss) / income for the period attributable to:		
Owners of the parent	(4,844)	(1,728)
Non-controlling interest	58	17
	<u>(4,786)</u>	<u>(1,711)</u>
Basic loss per share	<u>(0.24)</u>	<u>(0.08)</u>
Diluted loss per share	<u>(0.24)</u>	<u>(0.08)</u>

Condensed consolidated statement of financial position as at 30 June 2017

	30 June 2017 GBP'000	31 December 2016 GBP'000	31 December 2015 GBP'000
ASSETS			
Non-current assets	2,183	4,497	10,648
Current assets	4,353	3,710	5,432
Total assets	6,536	8,207	16,080
LIABILITIES			
Current liabilities	(13,515)	(10,550)	(6,763)
Non-current liabilities	(11,605)	(11,455)	(9,794)
Total liabilities	(25,120)	(22,005)	(16,557)
Net liabilities	(18,584)	(13,798)	(477)
EQUITY			
Total equity	(18,584)	(13,798)	(477)

Consolidated statement of changes in equity

	Share capital GBP'000	Accumulated losses GBP'000	Translation reserve GBP'000	Equity attributable to owners of the parent GBP'000	Non- controlling interest GBP'000	Total GBP'000
Balance at 1 January 2016 (restated)	4,151	(4,432)	(218)	(499)	22	(477)
Loss for the period (restated)	-	(1,302)	-	(1,302)	17	(1,285)
Other comprehensive loss for the period (restated)	-	-	(426)	(426)	-	(426)
Total comprehensive (loss) / income for the period	-	(1,302)	(426)	(1,728)	17	(1,711)
Balance at 30 June 2016 (restated)	4,151	(5,734)	(644)	(2,227)	39	(2,188)
Loss for the period	-	(11,364)	-	(11,364)	(12)	(11,376)
Other comprehensive loss for the period	-	-	(234)	(234)	-	(234)
Total comprehensive loss for the period	-	(11,364)	(234)	(11,598)	(12)	(11,610)
Balance at 31 December 2016	4,151	(17,098)	(878)	(13,825)	27	(13,798)
Loss for the period	-	(4,684)	-	(4,684)	58	(4,626)
Other comprehensive loss for the period	-	-	(160)	(160)	-	(160)
Total comprehensive (loss) / income for the period	-	(4,684)	(160)	(4,844)	58	(4,786)
Balance at 30 June 2017	4,151	(21,782)	(1,038)	(18,669)	85	(18,584)

Condensed statement of cash flows for the period ended 30 June 2017

	30 June 2017 GBP'000	Restated 30 June 2016 GBP'000
Net cash inflow from operating activities	2,368	2,862
Net cash outflow from investing activities	(115)	(1,080)
Net cash outflow from financing activities	(316)	(1,114)
Net increase in cash and cash equivalents	1,937	668
Cash and cash equivalents at beginning of period	(1,524)	(253)
Exchange loss on cash and cash equivalents	(156)	(789)
Cash and cash equivalents at end of period	257	(374)

Selected explanatory notes

1. Principal activity

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

2. Basis of preparation

The published figures have been extracted from the unaudited management consolidated financial statements of 6PM Holdings p.l.c. (“the Group”) for the six months ended 30 June 2017 and the comparative period in 2016. Comparative balance sheet information as at 31 December 2016 has been extracted from the audited financial statements of the Group for the year ended on that date. This report is being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority – Listing Authority, and has been prepared in accordance with the applicable Listing Rules and International Accounting Standard 34, ‘Interim Financial Reporting’. In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group’s independent auditors.

3. Accounting policies

The accounting policies adopted in the preparation of the 2017 Group’s Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2016.

4. Review of performance

During the six months to 30 June 2017, there was a substantial increase in revenue compared to the restated revenue for the comparative period to 30 June 2016, owing largely to significant new iFIT and Lilie deals concluded during the period.

The loss before tax for the period reflects a mix of normal trading performance, large one-off acquisition and integration costs and the impact of the fair value adjustments passed post-acquisition, including GBP633,000 of adjustments to intangible assets (capitalised development costs) to remove capitalised costs for projects which are being discontinued and to bring the amortisation policy in line with the wider Idox group. Most of these fair value adjustments were processed through administrative and other expenses within the consolidated statement of comprehensive income.

In the second half of the year, the 6PM Group maintained the revenue levels achieved in the period to 30 June 2017 by continuing to secure new business, in particular new iFIT and Lilie contracts. Costs reduced significantly compared with the first half of the year as the acquisition costs and fair value adjustments that occurred in the period to 30 June 2017 were exclusive to the period.

It should also be noted that, owing to the integration process which commenced shortly after the acquisition by Idox plc in February 2017, there was a significant level of disruption to the day to day operations of the 6PM Group which adversely impacted the results to 30 June 2017. The ongoing integration process continued into the second half of the year.

5. Restatements

Certain transactions and balances for the comparative period (six months ended 30 June 2016) have been restated in this Half-Yearly Report in line with the restatements previously disclosed for the comparative period within the Group's financial statements for the year ended 31 December 2016.

The effects on profit for the period and on closing equity as at 30 June 2016 have been summarised in the following tables, with an explanation of each adjustment included below.

Effects of restatement on period ended 30 June 2016 profit arise as follows:

	As previously reported GBP'000	Adjustments GBP'000	As adjusted GBP'000	Notes
Revenue	5,427	(1,939)	3,488	A
Cost of sales	(1,551)	590	(961)	B
Gross profit (loss)	3,876	(1,349)	2,527	
Administrative and other expenses	(3,066)	708	(2,358)	C,E
Other operating income	-	70	70	C
	810	(571)	239	
Finance costs	(321)	(1,202)	(1,523)	C
Profit (loss) before taxation	489	(1,773)	(1,284)	
Tax expense	-	(1)	(1)	F
Profit (loss) after taxation	489	(1,774)	(1,285)	
Profit (loss) for the period attributable to:				
Owners of the parent	449	(1,751)	(1,302)	
Non-controlling interest	40	(23)	17	C
	489	(1,774)	(1,285)	
Other comprehensive income – items that may subsequently be reclassified to profit/loss:				
Foreign exchange loss on consolidation	(57)	(369)	(426)	A-F
Other comprehensive income for the period, net of tax	(57)	(369)	(426)	
Total comprehensive income for the period	432	(2,143)	(1,711)	
Total comprehensive income for the period attributable to:				
Owners of the parent	392	(2,120)	(1,728)	
Non-controlling interest	40	(23)	17	
	432	(2,143)	(1,711)	
Basic earnings (loss) per share (GBP)	0.02	(0.10)	(0.08)	
Diluted earnings (loss) per share (GBP)	0.02	(0.10)	(0.08)	

Effects of restatement on 30 June 2016 closing equity arise as follows:

	As previously reported GBP'000	Adjustments GBP'000	As adjusted GBP'000	Notes
ASSETS				
Non-current assets	29,960	(17,390)	12,570	C-E
Current assets	8,218	(818)	7,400	A,C
Total assets	38,178	(18,208)	19,970	
LIABILITIES				
Current liabilities	(6,934)	(4,321)	(11,255)	B,G
Non-current liabilities	(13,616)	2,713	(10,903)	C,G
Total liabilities	(20,550)	(1,608)	(22,158)	
Net assets (liabilities)	17,628	(19,816)	(2,188)	
EQUITY	17,628	(19,816)	(2,188)	A-F
Total equity	17,628	(19,816)	(2,188)	

The notes below summarise the impact of the restatements:

- A. Internal revenue recognition processes and controls were both inadequate and poorly enforced. Identified issues, such as failure to obtain or review sufficient sales documentation, inconsistent application of the relevant accounting standards, material errors in the calculation of revenue and lack of sufficient review of the monthly financial information at management level, contributed to revenue being materially misstated.
- B. The misstatement in cost of sales arose from the inconsistent application of the relevant accounting standards on revenue recognition.
- C. Some costs, including one-off transactions such as staff bonuses, had been treated incorrectly. A decision to impair a significant amount of capitalised development costs is also reflected in the administrative costs' adjustment.
- D. Original accounting treatments of investment in associates were found to be incorrect.
- E. Fair value revaluation accounted for in 2015 has been reversed in full on the basis that there is no active market for this niche and specialised developed software. Furthermore, a number of projects and products capitalised as at 31 December 2015 was determined to have no viable commercial future and therefore should have been fully impaired.
- F. In line with the intangible asset revaluation reversal, a corresponding reduction in the deferred tax liability that was originally recognised in the financial statements was warranted. Deferred tax asset arising on the cumulative losses (as restated) was not recognised.
- G. It was ascertained that certain items in the previously published financial statements had been classified incorrectly. These items have been reclassified accordingly.

Refer to the latest published annual financial statements (as at 31 December 2016) for more information regarding the restatement.

6. Segmental reporting

6.1 Operating segments

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

June 2017

GBP'000	Licences and products	Services	Support and maintenance	Unallocated	Total
Revenue	2,341	1,230	1,343	-	4,914
Gross profit	1,822	1,107	1,153	(50)	4,032
Administrative expenses	-	-	-	(7,604)	(7,604)
Other operating income	-	-	-	25	25
	1,822	1,107	1,153	(7,629)	(3,547)
Finance costs	-	-	-	(1,051)	(1,051)
Profit (loss) before tax	1,822	1,107	1,153	(8,680)	(4,598)
Depreciation and amortisation	-	-	-	2,067	2,067

June 2016

GBP'000	Licences and products	Services	Support and maintenance	Unallocated	Total
Revenue	1,123	666	1,178	521	3,488
Gross profit	999	776	796	(44)	2,527
Administrative expenses	-	-	-	(2,358)	(2,358)
Other operating income	-	-	-	70	70
	999	776	796	(2,332)	239
Finance costs	-	-	-	(1,523)	(1,523)
Profit (loss) before tax	999	776	796	(3,855)	(1,284)
Depreciation and amortisation	-	-	-	437	437

6.2 Geographic segments

	Malta	Other EU	Other	Total
June 2017				
GBP'000				
Revenue	3,091	1,823	-	4,914
Non-current assets	1,560	587	36	2,183
June 2016				
GBP'000				
Revenue	2,312	1,315	(139)	3,488
Non-current assets	11,871	646	53	12,570

The basis of segmentation and measurement of segment profit or loss is the same as that applied in the last annual audited financial statements.

7. Intangible assets

Intangible assets acquired during the period amounted to GBP74,000.

8. Property, plant and equipment

Property, plant and equipment acquired during the period amounted to GBP41,000.

9. Related party transactions

During the financial period, other than transactions with key management personnel and guarantees provided for Group bank facilities in line with those previously reported in the financial statements for the year ended 31 December 2016, the only material related party transactions entered into by the Group were with Idox Software Ltd, a subsidiary of Idox plc subsequent to the Group's acquisition by that company - of which 6PM Holding p.l.c. is also now a wholly owned subsidiary. Transactions with related parties are carried out on an arm's length basis and are for the benefit of the 6PM Group.

As at 30 June 2017 the Group's related party liability to Idox Software Ltd was GBP1,851,000 (2016: GBP nil). All transactions with companies forming part of 6PM Group have been eliminated in the preparation of this consolidated Half-Yearly Report.

10. Events after the interim period

The shares in the Company were delisted from the Malta Stock Exchange effective from 27 July 2017.

The accounting year end date was changed to 31 October, effective from 24 October 2017.

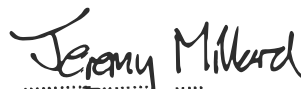
11. Statement in terms of Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed set of consolidated financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of 6PM Holdings p.l.c.; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



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Jane Mackie
Director



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Jeremy Millard
Director