



6PM HOLDINGS P.L.C.

FINANCIAL ANALYSIS SUMMARY

8 JULY 2015



The Directors
6PM Holdings p.l.c.
6PM Business Centre
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8 July 2015

Dear Sirs

6PM Holdings p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to 6PM Holdings p.l.c. (the “Group” or the “Company”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the latest three years (31 December 2012 to 2014) has been extracted from the audited consolidated financial statements of the Company.
- (b) The forecast data of the Group for the years ending 31 December 2015 and 31 December 2016 has been provided by management of the Company.
- (c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Company’s securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company’s securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company’s securities.

Yours faithfully,



Wilfred Mallia
Director

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PART 1

1. COMPANY'S KEY ACTIVITIES

The principal activity of 6PM Holdings p.l.c. (the “Company”, “Issuer” or the “Group”) is to carry on the business of a holding and finance company.

The Issuer was first established on 28 May 2007 as a private company under the Act. It is a holding company and accordingly the Issuer's main trading activity is to carry out and to hold investment of any type, particularly shares and investments in other companies. The Issuer derives the majority of the income from the revenue generated by the Issuer's subsidiaries and operating companies (collectively the “Operating Companies”). Prior to the listing of the Issuer's shares in September 2007 on the Malta Stock Exchange, the Issuer changed its status to a public limited company. The issued share capital as at the date of listing amounted to £1,500,000 divided into 7,500,000 ordinary shares of £0.20 each share.

In 2011, the Company raised additional funds through a rights issue of 10,788,000 new ordinary shares, of a nominal value of £0.20 each share, at the price of £0.25 per share.

On four occasions between 2012 and the date of this Prospectus, the Company increased its ordinary issued share capital by an aggregate amount of 2,694,938 ordinary shares of a nominal value of £0.20 each through the issuance of bonus shares to its shareholders.

2. DIRECTORS AND SENIOR MANAGEMENT

The Company is managed by a Board consisting of six directors entrusted with its overall direction and management.

Board of Directors

Nazzareno Vassallo	Chairman	Non-Executive
Ivan Bartolo	Chief Executive Officer	Executive
Hector Spiteri	Deputy Chairman	Non-Executive
Stephen Wightman	Deputy Chief Executive Officer	Executive
Robert Borg		Non-Executive
Tonio Depasquale		Non-Executive

Senior Management

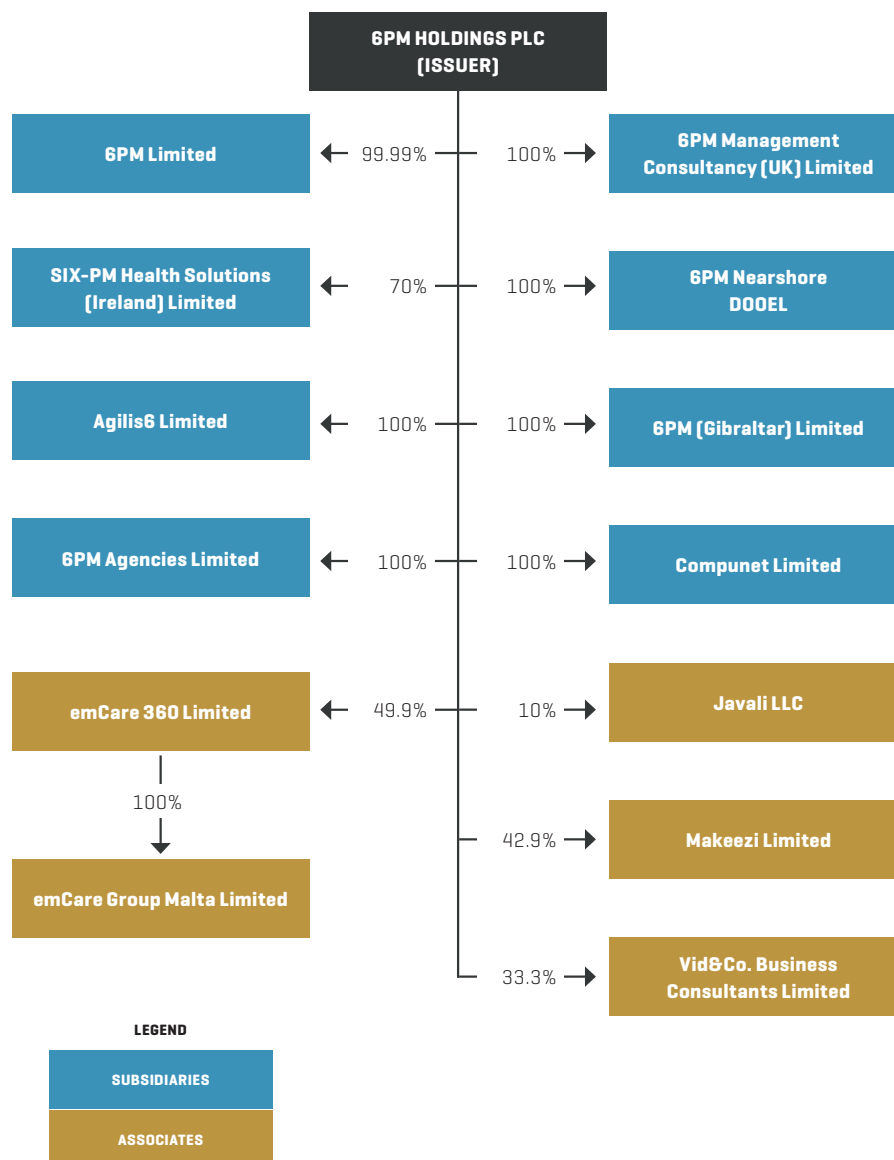
The members of senior management of the 6PM Group are:

Michel Macelli	Chief Operating Officer
Brian Zarb Adami	Chief Technical Officer
Adrian Scicluna	Chief Financial Officer

3. THE 6PM GROUP

3.1 ORGANISATIONAL STRUCTURE

As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating companies. The organisational structure of the Group is illustrated in the diagram hereunder:



The following is a brief overview of the principal Operating Companies of the 6PM Group:

6PM Limited - The company is engaged in the provision of information technology services, including software development and maintenance, and offers these services both locally and overseas. As of the date of this report, 6PM Limited generates the most revenue for the 6PM Group and employs a substantial portion of the Group's workforce.

6PM Management Consultancy (UK) Limited – The company is engaged in the provision of IT consultancy services, and acts as the primary sales office for the solutions of the 6PM Group for the United Kingdom, the Group's main market.

6PM Nearshore DOOEL – The company is principally involved in the development and implementation of 6PM Group products and solutions. The company employs 30 IT professionals and complements the research & development and delivery teams in Malta.

SIX-PM Health Solutions (Ireland) Limited - The key business activities of the company include document management services, microfilming, scanning, off-site storage and consultancy. The sales team of the company also actively market and sell 6PM Group products and solutions.

Compunet Limited - The company is principally engaged in the importation and sale of IT related hardware, products, consumables, networking supplies and other accessories. During the second quarter of 2015, the company ceased operations of its retail outlet which was located in Birkirkara, Malta.

emCare360 Limited - The principal activities of the company are described in section 4.3 below.

Javali LLC - The principal activities of the company are described in section 4.3 below.

4. GROUP BUSINESS OVERVIEW

4.1 PRINCIPAL ACTIVITIES

The Group provides a range of solutions to enable organisations enhance and optimise business efficiency. The Group's services mainly consist of managed services and product solutions, utilising business intelligence, data warehousing and electronic document management packages. The principal vertical in which the 6PM Group operates is the health market and is primarily active within the UK's NHS.

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

6PM Group Revenue	2012 (£'000)	2013 (£'000)	2014 (£'000)
By Category			
Licences and products	3,097	4,299	4,241
Services	3,374	3,991	3,903
Support and maintenance	689	964	1,536
Total revenue	7,160	9,254	9,680

The 6PM Group's revenue can be segregated between the following components:

- **Licences and products** – 6PM solutions are offered to customers through the granting of restrictive non-exclusive licence agreements for the utilisation of such solutions in accordance with the terms and conditions thereof. Sale of products (technological infrastructure and devices) to consumers and businesses is mainly generated through Compunet Ltd.
- **Services** – This income stream principally relates to professional services provided to clients with respect to the implementation of the Group's solutions and required customisations.
- **Support and maintenance** – The 6PM Group offers support and maintenance services for all products and licences sold to customers.

4.2 PRINCIPAL PRODUCTS

The Group provides information technologies solutions and services primarily to Trusts within the NHS. Since 2011, the 6PM Group has developed a number of products and to date supports eighteen hospitals in the UK.

The Group's principal products can be split into three categories as follows:

- (i) **Health Logistics Management** (operational support to optimise service standards and improve efficiencies):
 - **iFIT** – Intelligent File and Inventory Tracking provides the tools to manage physical paper health records, supplies, medical devices, vulnerable patients, staff, etc. Effectively a hospital can tag anything which requires tracking. iFIT provides hospital staff with modern logistics management technology which enables them to track and manage records "iRecords" and physical assets "iAssets" using RFID (radio frequency identification) tagging. RFID readers on door frames, wards and treatment areas detect and record interactions.
- (ii) **Health Information Management** (the use of data analysis tools to assist business decision processes):
 - **CareSolutions Data Warehouse** – The Data Warehouse takes data feeds from NHS systems and provides improved reporting and analysis to management and clinical teams.
- (iii) **Health Clinical Management** (provides health applications to support specific care pathways such as HIV, Stroke and Dementia):
 - **Climate-HIV** – A patient's data is recorded in one database through this specialised electronic patient record (EPR) system and provides the relative clinical team with a fast access to such data, helps educate the patient, and reduces administration requirements to complete clinical letters and referrals. All audit and conformance measures are incorporated within the solution to ensure optimal service throughout the care pathway. Climate-HIV is accessed via a web browser which enables nominated users to utilise the solution from any computer located within the respective Trust.

- **StrokePad** – This is a comprehensive, real-time, point-of-care digital clinical record specifically designed for stroke patients, encompassing the entire management pathway from admission to discharge. StrokePad is a highly optimised, digital tablet interface, eliminating the need for dual entry or the use of parallel paper records throughout the care pathway. It also contains a built-in data field management which enables the collection of complete clinical and managerial data.
- **ConCERT-D** – This solution displays captured mental assessment scores for tests, such as the mini mental state examination, in a graphical format enabling clinicians to relate fluctuations in scores with certain events. The medication module allows clinicians to maintain track of the patient diagnosis, prescribed drugs, related side effects, allergies and other conditions.

The intellectual property relating to Health Logistics Management and Health Information Management solutions is fully owned by the 6PM Group. As to the Health Clinical Management solutions, the intellectual property of Climate-HIV is fully owned by North Middlesex University Hospital NHS Trust, and the intellectual property of StrokePad and ConCERT-D is co-owned by the 6PM Group and University College London Hospitals NHS Foundation Trust and West London Mental Health NHS Trust respectively. Such clinical products are developed in close collaboration with clinicians for use by clinicians and are implemented upon completion within at least one NHS hospital that becomes the reference site for other hospitals. The 6PM Group has exclusivity in relation to the commercialisation of the above-mentioned clinical products and each of the respective NHS Trust is entitled to a royalty fee from sales thereof.

4.3 PRINCIPAL INVESTMENTS

The 6PM Group owns 50% of emCare360 Ltd and 10% of Javali LLC. The activities of each of the said holdings are described in more detail hereunder.

- (i) **emCare360 Ltd** is a joint venture between the 6PM Group and CareMalta Group Limited (this company operates a number of homes for the elderly in Malta). emCare is an electronic and mobile platform geared up to provide services to both individuals (business to consumer) and to organisations (business to business). All services are integrated with a central repository that enables emCare to manage an Electronic Medical Record (EMR) for and on behalf of its customers.

The emCare electronic service platform was built by the 6PM Group between 2011 and 2013. Since its launch in November 2013, the company has taken over the Telecare Service in Malta in collaboration with GO p.l.c. servicing just under 10,000 households. Complementing the Telecare Service, emCare has also introduced a Vital Signs Monitoring service and this is being implemented and adopted by care providers in Malta, Italy and the UK.

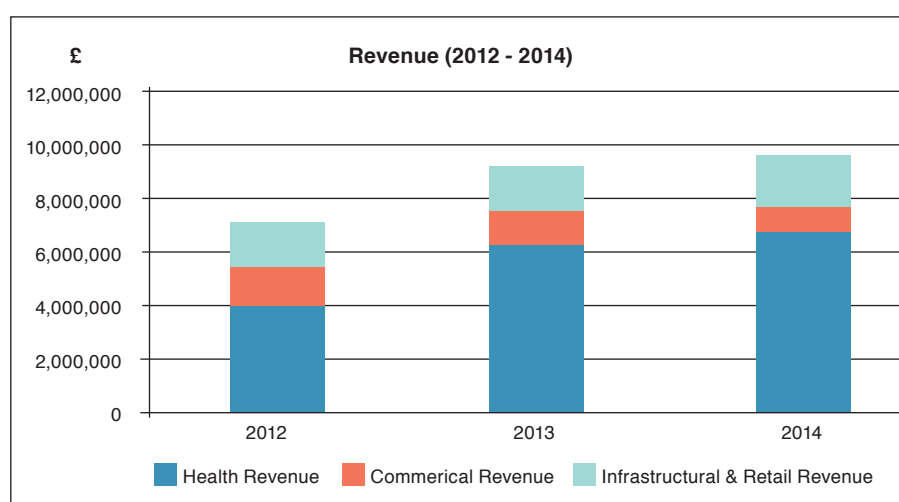
The three service pillars that emCare360 Ltd offers are:

- **eCare** – this is an environmental monitoring service available predominantly to elderly people living alone in their own residence. This service is comprehensive and monitors falls, gas leaks, extreme temperatures, floods and other services such as medicine dispensing. This service is fully supported by a 24x7 call centre.

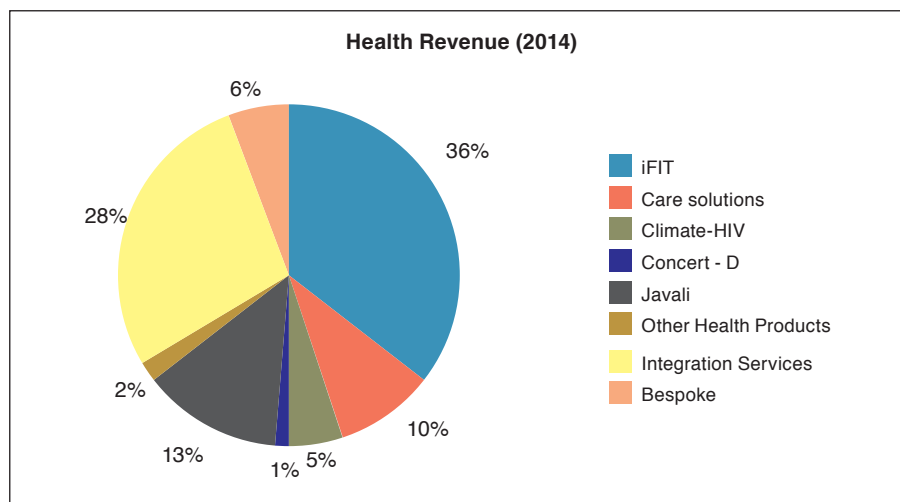
- **ehealth** – this service includes monitoring of a person’s vital signs (that is, blood pressure). The principal customers for this service are homes for the elderly.
 - **mCare** – this is a mobile service operated through the mobile phones of users. mCare provides continuous GPS tracking, alert button, medication reminder and other features.
- (ii) **Javali LLC** is a joint venture between the University of Utah, United States of America, the 6PM Group and other American entrepreneurs. Javali is a product with revenue leakage auditing capability and was developed using the CareSolutions platform of the 6PM Group. Hospitals occasionally overcharge or undercharge clients for medical episodes, and such leakage typically occurs as a result of improper medical coding. The term “coding” refers to the activity performed by qualified personnel (a “coder”) to analyse clinical statements and assigning clinical codes using a classification system. These clinical codes are used for a number of purposes including billing. Trading commenced in the current financial year (2015).

4.4 REVENUE ANALYSIS

The graph below highlights the Group’s revenue for the three historical years ended 31 December 2012 to 2014. As evidenced, the 6PM Group is principally involved in the provision of IT products and services to the health sector (predominantly Trusts within the NHS). In the three years under review, revenue increased by 35% from £7.2 million in FY2012 to £9.7 million in FY2014. The key driver for such growth was health revenue, which increased by 72% from £4.1 million in FY2012 to £7.0 million in the last financial year. On the other hand, commercial revenue declined by £0.5 million to £0.9 million in FY2014. As for infrastructure & retail revenue, this segment remained broadly stable in the reviewed period.



The pie chart hereunder provides a more detailed analysis of the Group's Health Revenue for the year ended 31 December 2014. The main two products within the health segment of the Group are the iFIT products and Care Solutions, which in aggregate generated 46% of health revenue. In FY2014, the Group derived £2.0 million (28%) from services rendered to customers to integrate third party products with solutions of the 6PM Group. As for Javali, the Group recorded income in FY2014 of £0.9 million. This income mainly related to the provision of Care Solutions to this newly formed joint venture. A more detailed description of the Group's solutions is included in sections 4.2 and 4.3 of this document.



5. INVESTMENTS

5.1 BLITHE COMPUTER SYSTEMS LIMITED

By virtue of an agreement dated 10 June 2015, the Issuer agreed to acquire all the issued share capital of Blithe Computer Systems Limited (“**Blithe**”), a company incorporated and operating in the UK, in exchange for the payment of £4.2 million as purchase price to the current shareholder. The transaction is conditional upon the Issuer raising the said funds through the Bond Issue described in the Securities Note.

Blithe specialises in the provision of systems and solutions for the management of Electronic Patient Records (EPR) within the healthcare sector, particularly in relation to sexual health and substance misuse. The company is compliant with the national and international ISO 9001:2008 and ISO/IEC 17799:2009. The Blithe solutions are currently being used by more than 10,000 healthcare professionals in more than 700 locations throughout the United Kingdom.

In terms of UK accounting rules for SMEs (small and medium sized companies), Blithe is not required to publish audited financial statements. As such, the unaudited historical financial statements of Blithe have been prepared in accordance with UK tax regulations. Set out below are highlights taken from the accounting records of Blithe, as amended for normalisation and differences in accounting policies and estimates, for the financial periods indicated hereunder:

Blithe Computer Systems Limited for the years ended 30 June	2012 (£'000)	2013 (£'000)	2014 (£'000)
Revenue			
Sales	251	261	156
Services	354	604	491
Support and maintenance	1,636	1,299	1,353
Consumables	70	70	87
Total revenue	2,311	2,234	2,087
Operating costs excluding directors' remuneration	(1,504)	(1,679)	(1,815)
EBITDA	807	555	272

All Blithe's solutions are sold on a modular basis enabling clients to purchase the core system. Thereafter, additional modules may be incorporated with the core system as required by the respective clients. Furthermore, Blithe's solutions may be hosted at the client's location or otherwise offered through the cloud.

(a) Sexual Health

Lilie is Blithe's solution in the area of sexual health and is the company's main revenue generator. It is a clinical management system for use by clinicians and health professionals. Lilie is optimised for use in specially designed clinics that recognise that discretion in this field is paramount and thus enables testing to be done almost entirely by the user with minimal human interaction. The innovative system allows instant electronic communication between the user-interface, the laboratory and the patient as information can be recorded, retrieved and reported with ease.

(b) Substance Misuse

Complementing the sexual health solution, Blithe also offers two solutions (namely, Poppie and Web Bomic) which focus on substance misuse. Specifically, the solutions are used within services relating to the treatment and care of people with addictive disorders, including drugs and alcohol.

5.2 OPPORTUNITIES FOR THE 6PM GROUP

The Directors are of the view that the acquisition of Blithe will benefit both parties as follows:

- (i) Additional business is expected to be generated through cross-selling;
- (ii) Potential synergies have been identified between the solutions, underlying technologies, cost structures and marketing strategies of each party;

- (iii) The acquisition will enable the enlarged Group to extend its portfolio of products;
- (iv) The modular nature of the solutions provided by Blithe and the 6PM Group respectively can be seen to be complimentary in nature and may eventually form part of a more holistic solution provided by the enlarged Group;
- (v) The enlarged Group will have an increased presence in the NHS;
- (vi) Blithe is one of the accredited N3¹ commercial third party connections. N3 is the UK national broadband network for the NHS connecting all NHS locations. This enables Blithe to perform any support and maintenance required remotely without being required to travel to each location, thereby reducing costs effectively. This connectivity can now be extended to the 6PM Group.

6. RESEARCH AND DEVELOPMENT

The 6PM Group has sought to remain at the forefront of information systems development and continues to invest in the research and development of its products. The Group maintains a strategic product roadmap for new functionality and modules which helps to ensure that current and future customers have software that supports their needs in delivering high quality clinical care across a range of care settings. Mobility of the clinician is a key factor in the modern NHS and the 6PM Group's focus is to support this with mobile applications that can be operated across multiple hardware platforms.

The Group will continue to enhance the tracking capabilities and versatility of the iFIT in order to provide a more efficient and effective tracking solution which can be applied to a wider range of verticals.

New modules within the iFIT solution currently being developed by the 6PM Group include iAssets and iWorkforce. The former module has been developed to track the various assets of health institutions which typically comprise: wheel chairs, mobile beds, monitoring devices, laboratory test equipment and other high-value items. iAssets is designed to assist managers monitor the movement of hospital assets to maintain up-to-date inventory lists and control usage of such assets. The second module, known as iWorkforce, relates to the monitoring and allocation of health professionals and other personnel within hospital premises.

The 6PM Group intends to introduce 'Software as a Service' (SaaS) as a business model. SaaS is a software delivery method that provides access to software and its functions remotely as a web-service without the software solution being installed at the client's premises. Effectively, the 6PM Group will start offering its products using the G-Cloud² within the UK. Through this model the 6PM Group may market its products to hospitals that are unable to justify the investment (that is, to acquire a licence and enter into a maintenance and support agreement), but can alternatively pay on a consumption basis.

¹ N3 is a Wide Area IP Network (WAN), connecting many different sites across the NHS within England & Scotland. It also connects to other networks via Gateways, notably to the Internet via the Internet Gateway.

² The UK Government G-Cloud is an initiative targeted at easing procurement by public-sector bodies in departments of the United Kingdom Government of commodity information technology services that use cloud computing. The G-Cloud consists of:

- A series of framework agreements with suppliers, from which public sector organisations can call off services without needing to run a full tender or competition procurement process;
- An online store – the "Digital Marketplace" (previously "CloudStore") that allows public sector bodies to search for services that are covered by the G-Cloud frameworks.

7. TREND INFORMATION AND COMPETITION

In 2002, the UK Department of Health launched a £12.7 billion National Programme for IT in the NHS (“NPIT”), to address the need for a major IT programme to be established to ensure common compatibility standards were set in IT systems across the NHS (UK’s National Health Service). The primary aims of the NPIT were to make the NHS more efficient and improve the quality of information and patient care, ostensibly through the creation of an electronic Summary Care Record for each and every NHS patient in England which could be accessed by all relevant care providers. This would replace manually written records kept at the patient’s registered general practice.

To implement the requirement for these detailed care records, the NHS was split into five geographic regions (known as clusters) and in 2003 the Department of Health, by way of the NPIT placed £6.2 billion of contracts with four Local Service Providers to deliver Care Records Systems to the NHS Trusts. In 2010, the Department of Health announced that the NPIT would be wound down, as the initial intention proved beyond its capacity to deliver a universal system.

NHS Trusts have taken over responsibility for Care Records Systems from 2015-16, and this should present various opportunities for the 6PM Group to offer its products (in particular, iFIT solutions) to Acute and Mental Health Trusts that currently amount to 116 Trusts (Acute Trusts manage hospitals in England and some have gained Foundation Trust status, meaning they have greater financial control and autonomy).

The UK Government has demonstrated a commitment to converged care, putting the patient at the centre of care delivery irrespective of the care setting, whether Acute Health, Mental Health or Community Health. The allocation of certain funding streams is also moving in line with a more holistic approach to care and now incorporates social care. This is a reflection of a population that is living longer and with longer-term care needs that cross the traditional boundaries of health and social care. This drive towards converged care further reinforces the need for centralised or individual care records and the Directors believe that a key part of providing this will be the further implementation of EPR and Patient Administration Systems (PAS) by Trusts and other care organisations.

The Directors believe that the 6PM Group is well placed to take advantage of the opportunity in this area as:

- it has developed iFIT, a next generation EPR solution to address the business needs of an Acute or Mental Trust;
- its product suite delivers against the paperless agenda set by the UK Government; and
- its modular approach enables Trusts to transition from their legacy systems at a pace in line with the Trust’s internal requirements.

In the near term, it is expected that the iFIT platform will remain the flagship product of the 6PM Group. However, opportunities will arise to sell the Group’s other products to Trusts that adopt the iFIT solution and thus further enhance Group revenues.

The IT solutions industry is very fragmented and highly competitive, and the 6PM Group competes with a large number and wide variety of IT service companies. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in infrastructure and other services offerings, and, as with other areas, the 6PM Group competes directly with many of these offerings.

8. GROUP STRATEGY

The strategy of the Group is to achieve sustained revenue, profit and cash flow growth from its chosen market of healthcare. The Directors believe that by using the leverage of the Group's position, expertise and technology in healthcare, the 6PM Group will be able to grow organically and the acquisition of Blithe will assist the Group in achieving higher growth rates. Factors which the Directors believe will enable this growth include:

- **Area of expertise** – The 6PM Group will maintain focus on advancing its area of expertise. The Group has substantial experience in its current markets, but will continue to invest in the Group's staff to ensure that it can carry on to deliver client satisfaction and staff retention, whilst developing its technological expertise to provide additional products and services to Group's clients.
- **Developing intellectual property** – The Group owns the intellectual property rights of CareSolutions and iFIT, and co-owns with third-party Trusts the intellectual property of StrokePad and ConCERT-D. The intellectual property rights of Climate-HIV are fully owned by a third-party Trust. The 6PM Group will continue to enhance and develop the aforesaid five core products, either for its own account or in conjunction with the respective owning Trusts, but its main focus in the near term will be on its flagship product - the iFIT solution.
- **Principal investments** – The 6PM Group will continue to support its ownership in emCare360 Limited and Javali LLC through further investment in products development and marketing so as to generate sales and achieve growth targets.
- **Acquisition of Blithe** – Through this acquisition, the 6PM Group immediately gains access to Blithe's client database of over 700 installations primarily in Trusts operating within the NHS. As such, the 6PM Group will benefit from cross-selling and up-selling of their respective products and services, and will also take advantage of various synergies in relation to different technologies, skills, and product and service offerings. Furthermore, the Directors expect the enlarged 6PM Group to effectively reduce overall costs through the achievement of economies of scale.
- **Geographic growth** – It is the Group's intention to expand its client base to further enhance revenue generation by penetrating markets outside the UK. The strategy for the coming three years is for the 6PM Group to market its products and related services in a number of countries in Europe and beyond.

PART 2

9. COMPANY PERFORMANCE REVIEW

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The financial information relating to latest three historical financial years is extracted from the audited annual consolidated financial statements of 6PM Holdings p.l.c. for the years ended 31 December 2012 to 2014. The projected financial information for the years ending 31 December 2015 and 2016 has been provided by the Company.

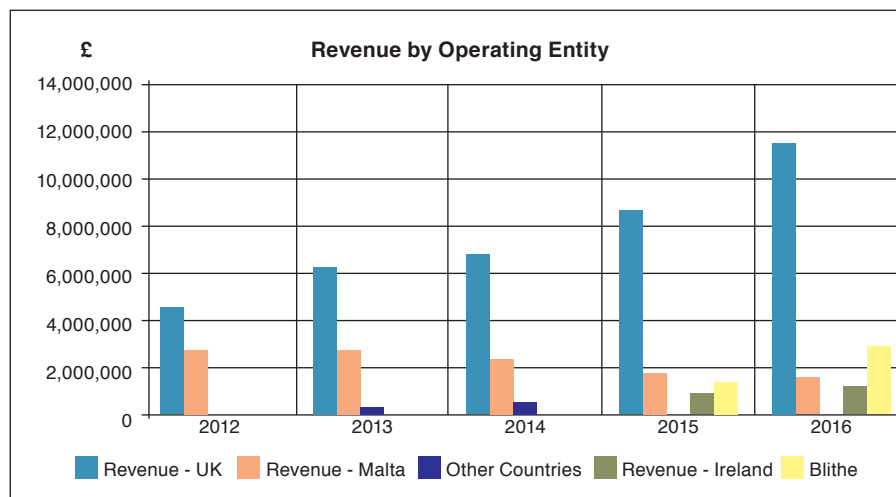
9.1 GROUP INCOME STATEMENT

Income Statement (£'000)	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Forecast	FY2016 Projection
Revenue	7,160	9,254	9,680	12,755	17,549
Net operating costs	(6,336)	(8,102)	(8,208)	(11,010)	(14,607)
EBITDA	824	1,152	1,472	1,745	2,942
Depreciation and amortisation	(283)	(372)	(381)	(681)	(1,091)
Share of losses of associates	(46)	(54)	(9)	-	-
Net finance costs	(61)	(88)	(143)	(280)	(554)
Profit before tax	434	638	939	784	1,297
Taxation	93	105	(117)	111	83
Profit after tax	527	743	822	895	1,380
Other comprehensive income:					
Exchange differences	(175)	64	(284)	-	-
Total comprehensive income	352	807	538	895	1,380

The key accounting ratios are set out below:

	FY2012	FY2013	FY2014	FY2015	FY2016
Operating profit margin (<i>EBITDA/revenue</i>)	12%	12%	15%	14%	17%
Interest cover (times) (<i>EBITDA/net finance cost</i>)	13.5	13.1	10.3	6.2	5.3
Net profit margin (<i>Profit after tax/revenue</i>)	7%	8%	8%	7%	8%
Return on equity (<i>Profit after tax/shareholders' equity</i>)	7%	15%	10%	15%	19%
Return on capital employed (<i>Operating profit/total assets less current liabilities</i>)	15%	19%	24%	11%	18%
Return on assets (<i>Profit after tax/total assets</i>)	4%	9%	4%	4%	6%

Source: Charts Investment Management Service Limited



Segmental Analysis (£'000)	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Forecast	FY2016 Projection
Revenue					
UK	4,478	6,204	6,752	8,631	11,587
Malta	2,682	2,704	2,518	1,667	1,583
Other Countries	-	346	410	-	-
Ireland	-	-	-	1,060	1,321
Blithe	-	-	-	1,397	3,058
Total revenue	7,160	9,254	9,680	12,755	17,549

Year-on-year Movement

UK	39%	9%	28%	34%
Malta	1%	-7%	-34%	-5%
Other Countries		18%	-100%	
Ireland				25%
Blithe				119%

Similar to prior years, revenue in FY2014 was generated predominantly from the UK operation. Overall, income increased by 5% from £9.3 million in FY2013 to £9.7 million. Although the change in y-o-y revenue was minimal, sales in FY2014 came from a larger customer base when compared to FY2013. In fact, the revenue figure for FY2013 includes one major contract amounting to £1.5 million.

With respect to the projected period, the Group expects revenue from the UK business to increase by £1.9 million (+28%) and £3.0 million (+34%) in FY2015 and FY2016 respectively. On the other hand, the Malta revenue should decrease by £0.9 million due to less focus on the Maltese market and closure of the Compunet retail operation. Compunet will continue to support the 6PM Group in infrastructure projects, and procurement of hardware and accessories in B2B Group operations.

As of FY2015, the Group expects to penetrate the Irish health sector through the newly formed joint venture (SIX-PM Health Solutions (Ireland) Limited). In both the UK and Ireland, the primary driver of revenue will be iFIT Products & Solutions. As a consequence of the acquisition of Blithe in June 2015, the consolidated accounts of the 6PM Group will include the results of Blithe with effect from July 2015.

EBITDA for the Group is projected at £1.7 million (+19%) in FY2015 and should increase by a further £1.2 million (+69%) by FY2016. Profit after tax is expected to reach £1.4 million in FY2016 (from £0.8 million in each of the prior two years), although the margin will remain stable at circa 8%.

9.2 GROUP BALANCE SHEET

Statement of Financial Position as at 31 December (£'000)	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2016 Projection
ASSETS					
Non-current assets					
Intangible assets	2,668	3,107	3,805	8,496	9,293
Property, plant and equipment	1,109	928	954	869	827
Investment property	62	621	639	573	573
Financial assets	-	-	1,103	1,103	1,103
Deferred tax assets	1,567	1,764	1,544	1,878	2,192
Total non-current assets	5,406	6,420	8,045	12,919	13,988
Current assets					
Inventories	386	444	590	531	478
Trade and other receivables	2,886	1,990	3,567	4,637	6,242
Cash and cash equivalents	478	449	344	2,993	3,085
Total current assets	3,750	2,883	4,501	8,161	9,805
Total assets	9,156	9,303	12,546	21,080	23,793
EQUITY					
Share capital and reserves	4,110	4,175	3,949	3,891	3,891
Retained earnings	903	1,343	1,699	2,181	3,204
Non-controlling interest	2	-	12	42	45
Total equity	5,015	5,518	5,660	6,114	7,140
LIABILITIES					
Non-current liabilities					
Bank loans	461	432	352	347	201
Bonds	-	-	-	9,455	9,455
Total non-current liabilities	461	432	352	9,802	9,656
Current liabilities					
Trade and other payables	2,513	1,782	3,269	4,364	5,997
Other financial liabilities	168	84	202	-	-
Bank overdrafts and loans	947	1,257	3,062	800	1,000
Current tax liabilities	52	230	1	-	-
Total current liabilities	3,680	3,353	6,534	5,164	6,997
Total liabilities	4,141	3,785	6,886	14,966	16,653
Total equity and liabilities	9,156	9,303	12,546	21,080	23,793

Total assets of the Group primarily include intangible assets (including developed software and goodwill), tangible assets, investment in joint ventures and deferred taxation. Current assets mainly comprise inventory, trade and other receivables, and cash balances. As to total liabilities, these mainly include trade and other payables and borrowings (detailed below).

The key accounting ratios are set out below:

	FY2012	FY2013	FY2014	FY2015	FY2016
Gearing ratio (%) (<i>Net debt/net debt + shareholders' equity</i>)	18%	19%	37%	55%	51%
Liquidity ratio (times) (<i>Current assets/current liabilities</i>)	1.02	0.86	0.69	1.58	1.40

Source: Charts Investment Management Service Limited

The gearing ratio (net debt/net debt + equity) demonstrates the degree to which capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. At a leverage of 37% in FY2014, increasing to *circa* 50% thereafter, the Company's capital is funded equally between external debt and shareholders' funds. The higher leverage in FY2015 is due to the acquisition of Blithe through Bond Issue proceeds. The Directors believe that the higher gearing is appropriate for the Group in view of the increase in cash flows that are expected to be generated in the foreseeable future.

Other than equity, the Group is principally financed through bank loans, overdrafts and debt securities, analysed as follows:

Borrowings and Bonds as at 31 December (£'000)	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2016 Projection
Borrowings					
Bank overdrafts	795	987	982	800	1,000
Bank loans	614	702	2,432	347	201
Related party loan	167	84	202	-	-
Total borrowings	1,576	1,773	3,616	1,147	1,201
Debt securities					
Bonds	-	-	-	9,455	9,455
Total debt	1,576	1,773	3,616	10,602	10,656

As at 30 June 2015 the Group's indebtedness amounted to £3.5 million (€4.8 million), comprising of bank loans & overdrafts and related party loans. The Group's bank borrowings are secured by a special hypothec on immovable property, and general hypothecs over all property, present and future, of the Issuer. The related party loans of the Group are unsecured and interest free. An amount of £2.6 million (€3.2 million) of bank borrowings will be repaid through net proceeds of the Bond Issue, and therefore bank borrowings senior to the Bonds will be reduced to *circa* £1.0 million (€1.3 million).

The Bonds constitute unsecured obligations of the Issuer, and rank equally without priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer.

9.3 GROUP CASH FLOW STATEMENT

Cash Flow Statement (£'000)	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Forecast	FY2016 Projection
Cash flows from operating activities	531	1,370	1,270	1,688	2,794
Cash flows from investing activities	864	(1,007)	(2,668)	(5,281)	(1,839)
Cash flows from financing activities	(73)	(403)	1,305	6,696	(1,062)
Net movement in cash and cash equivalents	(406)	(40)	(93)	3,103	(107)
Opening cash balance	(231)	(725)	(746)	(836)	2,193
Effect of foreign exchange rates	(88)	19	3	(74)	-
Closing cash balance	(725)	(746)	(836)	2,193	2,086

Net cash flows from operating activities in FY2012 to FY2014 and the initial six months of FY2015 relate to the operations of 6PM Group. As a result of the acquisition of Blithe in June 2015, the Group's cash flows for the latter six months of FY2015 and for FY2016 comprise the results of operations of the 6PM Group with the inclusion of Blithe. The operational activities of the Group are analysed in further detail in sections 4 and 5 of this report.

The significant movements in investing activities principally relate to movement in tangible fixed assets and acquisition of intangible assets (mainly capitalisation of labour costs and expenses incurred in the development of products and software). In FY2014, the Group acquired 25% of the shares in emCare360 Limited and 10% of Javali LLC for an aggregate consideration of £1.1 million.

During the historical financial years FY2012 to FY2014, a net amount of £1.9 million was injected in the business through bank and related party borrowings. In the same period, interest paid amounted to £0.3 million and dividends paid to shareholders totalled £0.7 million. In FY2015, the Group will receive the Bond proceeds of £9.5 million and will repay £2.0 million of bank and related party loans. It is projected that in FY2015 and FY2016 interest costs will amount to £0.8 million and dividends payable should total £0.8 million.

PART 3

10. COMPARABLES

The table below compares the Company and its proposed bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes all issuers (excluding financial institutions) that have listed bonds maturing in the medium term (within nine to ten years), similar to the duration of the Company's bonds. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	Nominal Value (€'000)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'million)	Net Asset Value (€'million)	Gearing Ratio (%)
6.0% AXI plc 2024	40,000	4.38	2.80	188.38	102.17	65.05
6.0% IHG Holdings plc 2024	35,000	4.54	2.65	149.76	40.37	201.23
5.3% Mariner Finance plc 2024	35,000	3.90	3.84	60.03	20.91	62.25
5.0% Tumas Investments plc 2024	25,000	3.64	3.34	281.07	95.10	137.46
5.0% Hal Mann Vella plc 2024	30,000	3.78	0.51	77.29	30.14	55.04
5.1% PTL Holdings plc 2024	36,000	3.70	1.04	72.48	6.13	87.51
5.75% IHI plc 2025	45,000	4.24	2.21	1,012.04	594.81	50.31
5.1% 6PM Holdings plc 2025	13,000	5.10	10.3	9.12	4.12	36.63

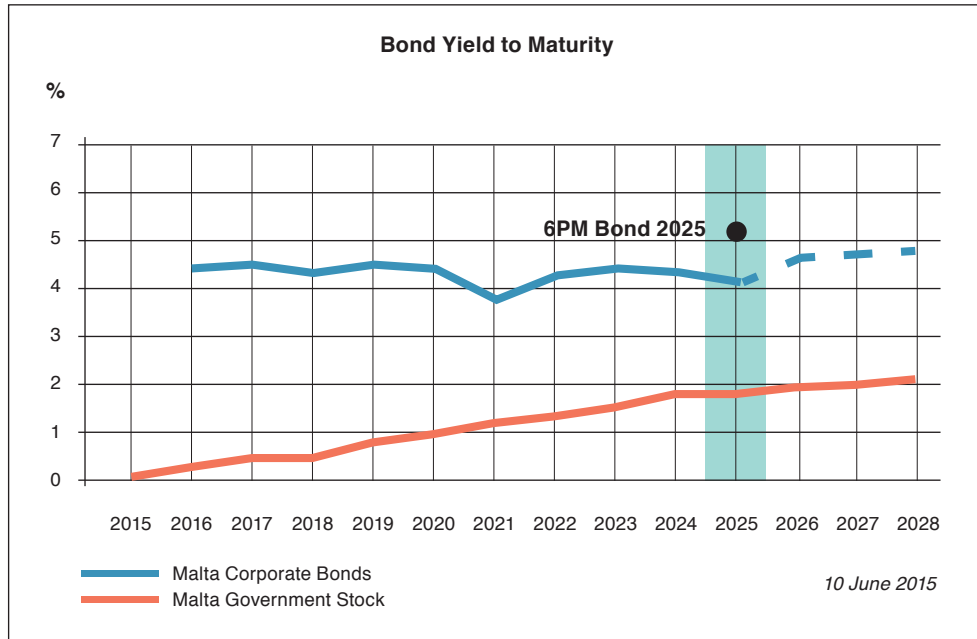
10 June 2015

Source: *Charts Investment Management Service Limited Annual Accounts: Tumas Group Company Ltd (YE 31/12/2013), International Hotel Investments plc (YE 31/12/2014), Island Hotels Group Holdings plc (YE 31/10/2014), AX Holdings Ltd (YE 31/10/2014), Mariner Finance plc (YE 31/12/2014), PTL Holdings plc (YE 31/12/14), Hal Mann Vella Group plc (YE 31/12/14)*

The interest cover ratio determines the ability of a company to pay interest on its outstanding borrowings. For the financial year ended 31 December 2014, the Group's earnings before depreciation, interest and taxes was 10.3 times higher than interest expenses for the year. This indicates that the Group is generating sufficient higher earnings to service its outstanding debt.

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. The gearing ratio of the Group is at 37%, which is at a reasonable level for its business. The Group's leverage is expected to surpass 50% in FY2015 as a result of the acquisition of Blithe through further borrowing. Management is comfortable with this higher leverage, since the Group's operating cash flows will be supplemented by earnings receivable from Blithe.

The chart below shows the yield to maturity of the proposed bond as compared to other corporate bonds listed on the Malta Stock Exchange. The Malta Government Stock yield curve has also been included as the benchmark risk-free rate for Malta.



To date, there are no corporate bonds which have a redemption date beyond 2025 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta. The premium over Malta Government Stock has been assumed at 271 basis points, which is the average premium for medium term corporate bonds listed on the Malta Stock Exchange. The 6PM Holdings plc 5.1% Unsecured Bonds 2025 has been priced at 327 basis points above Malta Government Stock, a premium of 56 basis points over and above the average premium (271 basis points) on Malta Government Stock for Maltese corporate bonds.

PART 4

11. EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Group from its business activities during the financial year, including licences, products, services and support & maintenance.
Net operating expenses	Net operating expenses include the cost of products, labour expenses, and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of associates	The 6PM Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of associates'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

PROFITABILITY RATIOS

Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

EFFICIENCY RATIOS

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

EQUITY RATIOS

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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CASH FLOW STATEMENT

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.

BALANCE SHEET

Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include goodwill and other intangible assets, property, plant & equipment and investments accounted for using the equity method.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.

FINANCIAL STRENGTH RATIOS

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
