

COMPANY ANNOUNCEMENT

Loqus Holdings p.l.c. (the "Company")

Announces approval of half-yearly report

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Date of Announcement

23<sup>rd</sup> February 2015

Reference

147/2015

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This is a company announcement made by the Company in compliance with Chapter 5 of the Listing Rules:

**QUOTE**

The Company announces that the directors have approved the half-yearly report of the Company for the six months ended 31<sup>st</sup> December 2014. A copy of the half-yearly report is attached to this announcement, and may also be downloaded from the Company's website [www.loqusgroup.com](http://www.loqusgroup.com)

**UNQUOTE**



Adrian Mallia  
Company Secretary

**Loqus Holdings p.l.c.**

**Unaudited Half-Yearly Report**

31 December 2014

31 December 2014

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## Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2014

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The Directors present their report in accordance with the requirements of MFSA Listing Rule 5.74. This report, which shall be read in conjunction with the Condensed Consolidated Interim Financial Statements for the six months ended 31 December 2014, including the Notes thereto, forms part of the Half-Yearly Report of Loqus Holdings p.l.c., drawn up in terms of the requirements of Listing Rules 5.74 to 5.75.

### Principal Activities

The Company holds investments in subsidiaries engaged in the provision of fleet management, back-office processing, and ICT solutions.

### Review of Performance

	01.07.2014 to 31.12.2014	01.07.2013 to 31.12.2013	% change
Revenue	€1,805,804	€1,694,637	7%
Costs	€1,637,913	€1,577,625	-4%
EBITDA	€167,891	€117,012	44%
Profit/(Loss) before interest & tax	€25,384	(€18,749)	235%
Loss for the period	€117,556	€135,207	-13%

The Group registered a turnover of €1,805,804 (2013: €1,694,637) over the six months ended 31 December 2014. A loss before tax of €117,556 (2013: Loss before tax of €135,207) was reported by the Group. The Group registered another marked improvement of 44% in EBITDA. Tight cost control and success in new revenue sources have improved profit to revenue ratios across all business units. This also translated in an increase in net cash-flow from operating activities which allowed the Group to increase investment in research and development, since this will ultimately give the required cutting-edge in the business. The period July to December 2014 was another period of progress in the Group's journey to deliver sustainable growth, with a further decrease in loss for the period of 13%.

The Group has placed all its sellable fleet management related assets and business into a new subsidiary called Loqus Fleet Limited. Loqus Fleet successfully launched a number of new projects and as importantly the renewal and further development of existing customers. Artoni in Italy renewed their contract with Loqus and moved to our new HTML5 based dispatching platform and the Loqus Fleet further enhanced on the tracking system for the municipal police of Rome. Geopost/DPD, one of the most important delivery companies in the UK, have continued to grow their engagement with us with a number of new initiatives as we constantly expand our flagship route, network & organisational optimisation tools. The Group has also recently been awarded a tender for the procurement and installation of traceability equipment for the Department of Fisheries and Aquaculture which continues to consolidate our dominance in the local market when it comes to Vessel Monitoring Systems for the public sector. Apart from Fisheries, the Group has major systems at the Government Property Division, Transport Malta, Malta Industrial Parks, Land Registry, Department of Local

## Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the six-months ended 31 December 2014

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Government & Malta Information Technology Agency (MITA), all through our newly acquired Loqus Public Sector.

Although an improvement in our cash generation from operations has been reported, cash flow will continue to be a challenge. Even though Loqus has encountered an extremely difficult period in terms of cash flow, the Group has, by August 2014, repaid in full all bank facilities. This was done by ensuring that all relevant loans and excess facilities were repaid on time despite the poor cash flow position.

### Way forward

Our aim is to clarify the performance of our Fleet Management business which will in turn allow the Group to attract and retain strategic investors and personnel. Our ability to compete internationally depends on our ability to improving our products faster than our competitors, anticipating industry requirements, developing and launching new products and platforms while pricing our products competitively by constantly reducing setup and monthly costs. Our agenda for the next two years is to merge our products into a continuous range of Fleet Management products covering Tracking, Driver Behaviour, Mobile Workforce Management, Field Service Management, Scheduling, Dispatch and Optimisation. These products will be cloud based and on open web systems to provide the lowest cost, high quality solutions that we are capable of providing.

Overall, the financial period under review shows another marked improvement over the prior year. We hope that the Group's financial situation will soon start to reflect more tangibly our confidence in our products and services.

Approved by the Board on 23 February 2015 and signed on its behalf by:



Mr Walter Bonnici  
**Chairman**



Mr Joe Fenech Conti  
**Director**

**Condensed Consolidated Interim Statement of Comprehensive Income**  
For the six-months ended 31 December 2014

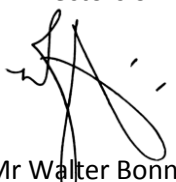
	<b>01.07.2014 to 31.12.2014 €</b>	01.07.2013 to 31.12.2013 €
<b>Revenue</b>	<b>1,805,804</b>	1,694,637
Purchases and other directly attributable costs	(268,735)	(364,338)
Personnel expenses	(1,084,099)	(929,281)
Professional and consultancy fees	(41,919)	(44,979)
Travelling and accommodation	(53,917)	(36,501)
Marketing expenses	(33,513)	(39,128)
Other administrative expenses	(155,730)	(163,398)
<b>Operating profit before depreciation and amortisation</b>	<b>167,891</b>	117,012
Depreciation and amortisation	(142,507)	(135,761)
Finance income	-	-
Finance costs	(142,940)	(116,458)
<b>Loss before tax</b>	<b>(117,556)</b>	(135,207)
Income tax expense	-	-
<b>Loss for the period</b>	<b>(117,556)</b>	(135,207)
Other comprehensive income	-	-
<b>Total comprehensive income for the period net of tax</b>	<b>(117,556)</b>	(135,207)
Attributable to:		
Owners of the parent	(117,556)	(135,207)
Non-controlling interest	-	-
	<b>(117,556)</b>	(135,207)
Loss per share basic	(0c1)	(0c1)

**Condensed Consolidated Statement of Financial Position**

As at 31 December 2014

	<b>The Group</b>	
	<b>31.12.2014</b>	30.06.2014
	€	€
<b>Assets</b>		
Property, plant and equipment	103,731	124,102
Intangible assets	5,210,839	5,124,918
<b>Total non-current assets</b>	<u>5,314,570</u>	<u>5,249,020</u>
Inventories	13,405	22,266
Trade and other receivables	2,289,234	2,141,832
Cash at bank and in hand	82,518	9,046
<b>Total current assets</b>	<u>2,385,157</u>	<u>2,173,144</u>
<b>Total assets</b>	<u><u>7,699,727</u></u>	<u><u>7,422,164</u></u>
<b>Equity and Liabilities</b>		
Issued capital	7,430,457	7,430,457
Share premium	847,101	847,101
Capital Redemption Reserve	121,554	121,554
Accumulated losses	(7,482,873)	(7,253,299)
Total equity attributable to equity holders of the parent	<u>916,239</u>	<u>1,145,813</u>
Non-controlling interests	-	-
<b>Total Equity</b>	<u>916,239</u>	<u>1,145,813</u>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	543,414	499,985
Trade and other payables	-	-
<b>Total non-current liabilities</b>	<u>543,414</u>	<u>499,985</u>
Interest-bearing loans and borrowings	544,103	709,896
Trade and other payables	5,695,971	5,066,470
<b>Total current liabilities</b>	<u>6,240,074</u>	<u>5,776,366</u>
<b>Total liabilities</b>	<u>6,783,488</u>	<u>6,276,351</u>
<b>Total equity and liabilities</b>	<u><u>7,699,727</u></u>	<u><u>7,422,164</u></u>

The Condensed Consolidated interim financial statements set out on pages 3 to 9 were approved by the Board of Directors on 23 February 2015 and were signed on its behalf by:

  
Mr Walter Bonnici  
**Chairman**

  
Mr Joe Fenech Conti  
**Director**

## Condensed Consolidated Interim Statements of Changes in Equity

For the six-months ended 31 December 2014

	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Capital redemption reserve	Accumulated losses			
	€	€	€	€			
At 1 July 2013	7,430,457	847,101	121,554	(7,118,092)	1,281,020	-	1,281,020
Loss for the period	-	-	-	(135,207)	(135,207)	-	(135,207)
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive income	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(7,253,299)</u>	<u>1,145,813</u>	<u>-</u>	<u>1,145,813</u>
Dividends	-	-	-	-	-	-	-
At 31 December 2013	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(7,253,299)</u>	<u>1,145,813</u>	<u>-</u>	<u>1,145,813</u>
At 1 July 2014	7,430,457	847,101	121,554	(7,365,317)	1,033,795	-	1,033,795
Loss for the period	-	-	-	(117,556)	(117,556)	-	(117,556)
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2014	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(7,482,873)</u>	<u>916,239</u>	<u>-</u>	<u>916,239</u>
Dividends	-	-	-	-	-	-	-
At 31 December 2014	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(7,482,873)</u>	<u>916,239</u>	<u>-</u>	<u>916,239</u>



## Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2014

	<b>The Group</b>	
	<b>01.07.2014</b>	01.07.2013
	<b>to</b>	to
	<b>31.12.2014</b>	31.12.2013
	<b>€</b>	<b>€</b>
<b>Operating Activities</b>		
Loss before Tax	(117,556)	(135,207)
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Gain on sale of property, plant and equipment	-	2,127
Depreciation, amortisation and impairment	142,507	135,761
Provision for impairment of receivables	-	(22,899)
Bad debts	-	17,657
Interest expense	142,940	116,458
Interest income	-	-
Provision for exchange losses	-	-
Provision for obsolete inventory	-	705
Working capital adjustments:		
Movement in inventories	12,776	(21,725)
Movement in trade and other receivables	22,193	(74,209)
Movement in trade and other payables	159,360	214,547
	<u>362,220</u>	<u>233,215</u>
Interest paid	(6,006)	(23,899)
Interest received	-	-
<b>Net cash flows generated from operating activities</b>	<u>356,214</u>	<u>209,316</u>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	-	350
Payment to acquire property, plant and equipment	(4,246)	(36,487)
Payments to acquire intangible assets	(168,211)	(147,815)
Dividends paid to non-controlling interest	-	-
<b>Net cash flows used in investing activities</b>	<u>(172,457)</u>	<u>(183,952)</u>
<b>Financing activities</b>		
Repayment of interest-bearing borrowings	(80,707)	(22,153)
<b>Net cash flows used in financing activities</b>	<u>(80,707)</u>	<u>(22,153)</u>
Net movement in cash and cash equivalents	103,050	3,211
Cash and cash equivalents at beginning of period	(60,901)	(74,607)
<b>Cash and cash equivalents at end of period</b>	<u>(42,149)</u>	<u>(71,396)</u>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2014

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### Reporting entity

Loqus Holdings p.l.c. (“the Company”), is a limited liability company incorporated in Malta on the 23<sup>rd</sup> day of October of the year 2000. The condensed consolidated interim financial statements of the Group as at and for the six months ended 31<sup>st</sup> December 2014 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in an associated company.

### Basis of preparation and statement of compliance

The condensed consolidated interim financial statements have been prepared on a historical cost basis. The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34 *Interim Financial Reporting*).

These condensed consolidated interim financial statements have been extracted from the unaudited and unreviewed group management accounts for the six months ended 31<sup>st</sup> December 2014.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Loqus Holdings p.l.c. as at and for the year ended 30<sup>th</sup> June 2014.

The condensed consolidated interim financial statements were approved by the Board of Directors on 23<sup>rd</sup> February 2015.

### Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Group will continue in existence for the foreseeable future. The Directors have reasonable expectation that the Group has adequate resources to improve its liquidity and to take the necessary decisions to continue its operations in the foreseeable future.

The consolidated financial statements of the Group as at and for the period ended 30<sup>th</sup> June 2014 are available upon request from the Company’s registered office at SUB008A, Industrial Estate, San Gwann, Malta.

### Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30<sup>th</sup> June 2014.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2014

### Segment information

For management purposes, the group is organised into business units based on their products and services as follows:

- Fleet management - Vehicle and Marine Tracking Systems and On the Move Logistics Solutions including tailor made solutions as well as off the shelf packages. This department previously also incorporated products and services which are now classified within Original Equipment Manufacturers in view of the incorporation of Loqus Fleet Limited.
- Original Equipment Manufacturers – This includes Fleet Management contracts which the group holds with resellers under their own name and branding.
- Back-office processing - variety of high level, off site services to support entities.
- Projects - assist clients in selecting appropriate ICT solutions and in implementing them.

Management monitors revenue and directly attributable costs of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements. Corporate expenses are allocated based on the segmental revenues. However, the Group assets and liabilities are managed on a Group basis and are not allocated to operating segments.

01/07/2014 to 31/12/2014	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
	€	€	€	€	€
Revenue	722,470	129,645	737,929	215,760	1,805,804
Purchases and other directly attributable costs	(90,133)	(15,939)	(105,032)	(57,631)	(268,735)
Personnel expenses	(141,041)	(305,268)	(397,344)	(240,446)	(1,084,099)
Other expenses	(101,363)	(42,894)	(108,963)	(31,859)	(285,079)
Operating profit/(loss) before depreciation and amortisation	389,933	(234,456)	126,590	(114,176)	167,891
Depreciation and amortisation	(101,310)	(4,930)	(28,062)	(8,205)	(142,507)
Finance income	-	-	-	-	-
Finance cost	(34,528)	(12,974)	(73,846)	(21,592)	(142,940)
Profit/(loss) before tax	254,095	(252,360)	24,682	(143,973)	(117,556)

**Notes to the Condensed Consolidated Interim Financial Statements  
(continued)**

For the six-months ended 31 December 2014

<b>01/07/2013 to 31/12/2013</b>	<b>Fleet management</b>	<b>Original Equipment Manufacturers</b>	<b>Back-office processing</b>	<b>Projects</b>	<b>Consolidated</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Revenue	884,163	107,670	616,866	85,938	1,694,637
Purchases and other directly attributable costs	(159,149)	(73,093)	(96,004)	(36,092)	(364,338)
Personnel expenses	(166,252)	(242,460)	(364,378)	(156,191)	(929,281)
Other expenses	(108,388)	(46,872)	(113,004)	(15,742)	(284,006)
Operating profit/(loss) before depreciation and amortisation	450,374	(254,755)	43,480	(122,087)	117,012
Depreciation and amortisation	(103,667)	(5,753)	(24,677)	(1,664)	(135,761)
Finance income	-	-	-	-	-
Finance cost	(34,525)	(33,635)	(42,392)	(5,906)	(116,458)
Profit/(loss) before tax	312,182	(294,143)	(23,589)	(129,657)	(135,207)

<i>Revenue by geographical markets</i>	<b>Local</b>	<b>Europe</b>	<b>Middle East and South Africa</b>	<b>Total</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
01.07.2014 to 31.12.2014	1,213,612	551,680	40,512	1,805,804
01.07.2013 to 31.12.2013	903,501	775,345	15,791	1,694,637

**Significant accounting judgements, estimates and assumptions**

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Actual results in the future may differ from such estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

**Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority**  
For the six-months ended 31 December 2014

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I hereby confirm that to the best of my knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, as well as of the financial performance and cash flows for the said period, fully in compliance with the accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34, *Interim Financial Reporting*); and
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rule 5.81 to 5.84.



Mr Walter Bonnici  
*Chairman*