Loqus Holdings p.l.c.

LOQUS
BUSINESS INTELLIGENCE

COMPANY ANNOUNCEMENT

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

Announces approval of half-yearly report

Date of Announcement	26th February 2014
Reference	136/2014

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 31st December 2013. 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

UNQUOTE

Adrian Mallia
Company Secretary

Loqus Holdings p.l.c.

Unaudited Half-Yearly Report

31 December 2013

Loqus Holdings p.l.c.

31 December 2013

Contents

Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2013

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 2013, 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, consulting and ICT solutions.

Review of Performance

	01.07.2013 to 31.12.2013	01.07.2012 to 31.12.2012	% change
Revenue	**€1,694,637**	€1,648,959	3%
Costs	**€1,577,625**	€1,531,478	3%
EBITDA	**€117,012**	€117,481	-
Loss before interest & tax	**€18,749**	€124,929	-85%
Loss for the period	**€135,701**	€282,998	-52%

The Group registered a turnover of €1,694,637 (2012: €1,648,959) over the six months ended 31 December 2013. A loss before tax of €135,701 (2012: Loss before tax of €282,998) was reported by the Group. The EBITDA for the Group was in line with the improved results recorded last year, despite the fact that no ERDF grants were eligible in the current period. The improvement in the bottom line was due to the anticipated decrease in the amortisation charge due to the reduction in investment in generic R&D over the past 3 years. However during the period ended 31 December 2013, the Group started to increase its investment in R&D since the successful completion of a major Government project as well as two ERDF funded Research and Development projects.

As Europe starts to recover from its economic downturn, the Group should be well placed to leverage its continued sales and marketing efforts in a number of areas, including the planned sale of its Fleet Management IPR and business. The Group has also identified other business elements that perform well as standalone components and we are positioning them in a manner that would enable Loqus to find suitable partners, via share transfer, to provide cash injections and enhance growth in these areas. The Group has just been awarded the re-issue of the VMS (Vessel Monitoring System) tender which will continue to secure our recurrent revenues for the next five years.

The immediate priority for the Group, as it has been for the last few years, is to achieve profitability and realise a positive cash flow. This is being done through tight cost control and added effort to seek new sources to enhance revenue and improving profit to revenue ratios across all business areas.

Once again, we would like to stress that even though we have encountered an extremely difficult period in terms of cash flow we have always managed to keep to our scheduled repayment programmes with our

Directors' Report pursuant to Listing Rule 5.75.2 (continued)
For the six-months ended 31 December 2013

bankers, ensuring that all relevant loans and excess facilities were repaid on time and thus keeping financing costs at a reasonable level.

Way forward
We envisage the months until June 2014 will continue to be demanding. We are still confident in the services and systems we provide and we hope that the Group's financial situation will soon start to reflect this confidence more tangibly.

Whilst continuing to recognise the fact that we are operating in highly competitive environment, we feel that we have learnt from the hardships of the past and will remain focused on improving our results and actively seek new opportunities.

Approved by the Board on 26 February 2014 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 2013

	01.07.2013 to 31.12.2013 €	01.07.2012 to 31.12.2012 €
Revenue	**1,694,637**	1,648,959
Other income	-	67,555
Purchases and other directly attributable costs	(364,338)	(332,096)
Personnel expenses	(929,281)	(990,000)
Professional and consultancy fees	(44,979)	(38,161)
Travelling and accommodation	(36,501)	(25,963)
Marketing expenses	(39,128)	(30,691)
Other administrative expenses	(163,398)	(182,122)
Operating profit before depreciation and amortisation	**117,012**	117,481
Depreciation and amortisation	(135,761)	(242,410)
Finance income	-	731
Finance costs	(116,458)	(158,800)
Loss before tax	**(135,207)**	(282,998)
Income tax expense	-	-
Loss for the period	**(135,207)**	(282,998)
Other comprehensive income	-	-
Total comprehensive income for the period net of tax	**(135,207)**	(282,998)
Attributable to:		
Owners of the parent	(135,207)	(282,693)
Non-controlling interest	-	(305)
	(135,207)	(282,998)
Loss per share basic	(0c1)	(0c1)

Condensed Consolidated Statement of Financial Position

As at 31 December 2013

	The Group	
	31.12.2013	30.06.2013
	€	€
Assets		
Property, plant and equipment	124,102	116,301
Intangible assets	5,124,918	5,086,654
Total non-current assets	5,249,020	5,202,955
Inventories	22,266	1,246
Trade and other receivables	2,141,832	2,062,380
Cash at bank and in hand	9,046	54,291
Total current assets	2,173,144	2,117,917
Total assets	7,422,164	7,320,872
Equity and Liabilities		
Issued capital	7,430,457	7,430,457
Share premium	847,101	847,101
Capital Redemption Reserve	121,554	121,554
Accumulated losses	(7,253,299)	(7,118, 092)
Total equity attributable to equity holders of the parent	1,145,813	1,281,020
Non-controlling interests	-	-
Total Equity	1,145,813	1,281,020
Non-current liabilities		
Interest-bearing loans and borrowings	499,985	480,621
Trade and other payables	-	-
Total non-current liabilities	499,985	480,621
Interest-bearing loans and borrowings	709,896	753,415
Trade and other payables	5,066,470	4,805,816
Total current liabilities	5,776,366	5,559,231
Total liabilities	6,276,351	6,039,852
Total equity and liabilities	7,422,164	7,320,872

The Condensed Consolidated interim financial statements set out on pages 3 to 9 were approved by the Board of Directors on 26 February 2014 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 2013

	Attributable to equity holders of the parent						
	Issued capital	Share premium	Capital redemption reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	€	€	€	€	€	€	€
At 1 July 2012	7,430,457	847,101	121,554	(6,541,420)	1,857,692	16,089	1,873,781
Loss for the period	-	-	-	(282,693)	(282,693)	(305)	(282,998)
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive income	7,430,457	847,101	121,554	(6,824,113)	1,574,999	15,784	1,590,783
Dividends	-	-	-	-	-	(15,143)	(15,143)
At 31 December 2012	7,430,457	847,101	121,554	(6,824,113)	1,574,999	641	1,575,640
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	-	-	-	-	-	-	-
At 31 December 2013	7,430,457	847,101	121,554	(7,253,299)	1,145,813	-	1,145,813
Dividends	-	-	-	-	-	-	-
At 31 December 2013	7,430,457	847,101	121,554	(7,253,299)	1,145,813	-	1,145,813

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2013

	The Group	
	01.07.2013 to 31.12.2013 €	01.07.2012 to 31.12.2012 €
Operating Activities		
Loss before Tax	(135,207)	(282,998)
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	135,761	242,410
Provision for impairment of receivables	(22,899)	1,056
Bad debts	17,657	-
Interest expense	116,458	158,800
Interest income	-	(731)
Provision for exchange losses	-	-
Provision for obsolete inventory	705	1,090
Working capital adjustments:		
Movement in inventories	(21,725)	3,826
Movement in trade and other receivables	(74,209)	79,194
Movement in trade and other payables	214,547	97,131
	233,215	299,778
Interest paid	(23,899)	(49,842)
Interest received	-	731
Net cash flows generated from operating activities	209,316	250,667
Investing activities		
Proceeds from sale of property, plant and equipment	350	-
Payment to acquire property, plant and equipment	(36,487)	-
Payments to acquire intangible assets	(147,815)	(45,993)
Dividends paid to non-controlling interest	-	(15,143)
Net cash flows used in investing activities	(183,952)	(61,136)
Financing activities		
Repayment of interest-bearing borrowings	(22,153)	(81,106)
Net cash flows used in financing activities	(22,153)	(81,106)
Net movement in cash and cash equivalents	3,211	108,425
Cash and cash equivalents at beginning of period	(74,607)	(270,045)
Cash and cash equivalents at end of period	(71,396)	(161,620)

Notes to the Condensed Consolidated Interim Financial Statements
For the six-months ended 31 December 2013

Reporting entity
Loqus Holdings p.l.c. ("the Company"), is a limited liability company incorporated in Malta on the 23rd day of October of the year 2000. The condensed consolidated interim financial statements of the Group as at and for the six months ended 31st December 2013 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 31st December 2013.

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 30th June 2013.

The condensed consolidated interim financial statements were approved by the Board of Directors on 26th February 2014.

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 30th June 2013 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 30th June 2013.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2013

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.
- 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.

01/07/2013 to 31/12/2013	**Fleet management**	**Back-office processing**	**Projects**	**Consolidated**
	€	**€**	**€**	**€**
Revenue	991,833	616,866	85,938	1,694,637
Purchases and other directly attributable costs	(232,242)	(96,004)	(36,092)	(364,338)
Personnel expenses	(408,712)	(364,378)	(156,191)	(929,281)
Other expenses	(155,260)	(113,004)	(15,742)	(284,006)
Operating profit before depreciation and amortisation	195,619	43,480	(122,087)	117,012
Depreciation and amortisation	(109,420)	(24,677)	(1,664)	(135,761)
Finance income	-	-	-	-
Finance cost	(68,160)	(42,392)	(5,906)	(116,458)
Profit/(loss) before tax	18,039	(23,589)	(129,657)	(135,207)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2013

01/07/2012 to 31/12/2012	Fleet management	Back-office processing	Projects	Consolidated
	€	€	€	€
Revenue	795,219	603,989	249,751	1,648,959
Purchases and other directly attributable costs	(202,181)	(75,036)	(54,879)	(332,096)
Personnel expenses	(368,648)	(390,415)	(230,937)	(990,000)
Other expenses	(77,969)	(82,571)	(48,842)	(209,382)
Operating profit before depreciation and amortisation	146,421	55,967	(84,907)	117,481
Depreciation and amortisation	(198,571)	(33,890)	(9,949)	(242,410)
Finance income	352	268	111	731
Finance cost	(76,582)	(58,166)	(24,052)	(158,800)
Profit/(loss) before tax	(128,380)	(35,821)	(118,797)	(282,998)

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Total
	€	€	€	€
01.07.2013 to 31.12.2013	903,501	775,345	15,791	1,694,637
01.07.2012 to 31.12.2012	1,121,404	504,555	23,000	1,648,959

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 2013.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the six-months ended 31 December 2013

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 2013, 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