

COMPANY ANNOUNCEMENT

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

Announces approval of half-yearly report

Date of Announcement

23rd February 2017

Reference

165/2017

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 2016. 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.

**Condensed Consolidated Interim
Report**

31 December 2016

31 December 2016

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Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2016

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 2016, 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

The Group is once again registering an overall profit for the period of €59,311, due to improvements in cost management.

	01.07.2016 to 31.12.2016	01.07.2015 to 31.12.2015	% change
Revenue	€1,716,382	€2,080,232	-17%
Costs	€1,446,032	€1,744,010	17%
EBITDA	€270,350	€336,222	-20%
Profit for the period	€59,311	€85,255	-30%

As stated, the Group has continued to make further improvements in cost management but is reporting a reduction in revenue. During the period, the Group experienced top-line challenges, most notably in our fleet business due to the loss, earlier in the year, of one of our major UK clients. The decrease in EBITDA during this period reflects the one-time high margin hardware sales reported in the prior period. These factors combined have had an overall impact on the profitability of the Group. We remain positive as during the period under review, the Group has had considerable marketing activity, with many sales pipelines progressing promisingly.

Loqus continued to build on innovative systems. This is reflected in the Group actively increasing its IPR with the development of the next generation fleet management tools. This product range has been designed to be highly dynamic and is being developed on the latest open standards. The aim of this generation of tools is to provide our customers and partners the ability to build, modify and manage fleet management through easy to use and intuitive interfaces removing our dependency on technical resources for implementation. This will also enable our partners to leverage our technology and help the Group increase its market share.

As a member of the industry we are aware of the trend towards greater commercial amalgamation by other key players. In this environment, the Group has been able to confirm, through assessing offers, that the market value set for Fleet is considered to be fair and demonstrates a sustainable demand for our high quality, technologically advanced products.

Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the six-months ended 31 December 2016

Way forward

The Group will remain strongly committed to improve performance and capture higher growth, focusing ever more closely on customers' needs, driving new ways to innovate and leverage partnerships, embracing digital technology, and relentlessly driving a mindset of continuous improvement and operational excellence. Loqus will continue to press ahead on its objective of achieving long term and maintained profitability. This will be achieved through the clear financial framework we have established and our discipline in increasing working capital.

Approved by the Board on 23 February 2017 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 2016

	01.07.2016 To 31.12.2016 €	01.07.2015 To 31.12.2015 €
Revenue	1,716,382	2,080,232
Purchases and other directly attributable costs	(216,145)	(494,454)
Personnel expenses	(943,455)	(1,013,860)
Professional and consultancy fees	(47,455)	(42,160)
Travelling and accommodation	(77,162)	(42,229)
Marketing expenses	(46,371)	(33,374)
Other administrative expenses	(115,444)	(117,933)
Operating profit before depreciation and amortisation	270,350	336,222
Depreciation and amortisation	(157,309)	(141,806)
Finance income	-	-
Finance costs	(53,730)	(109,161)
Profit before tax	59,311	85,255
Income tax expense	-	-
Profit for the period	59,311	85,255
Other comprehensive income	-	-
Total comprehensive income for the period net of tax	59,311	85,255
Attributable to:		
Owners of the parent	59,311	85,255
Non-controlling interest	-	-
	59,311	85,255
Profit per share basic	0c1	0c1

Condensed Consolidated Statement of Financial Position
As at 31 December 2016

	The Group	
	31.12.2016	30.06.2016
	€	€
Assets		
Property, plant and equipment	86,505	91,649
Intangible assets	5,543,761	5,263,853
Total non-current assets	5,630,266	5,355,502
Inventories	26,041	25,775
Trade and other receivables	1,995,276	1,904,069
Cash at bank and in hand	260,007	290,864
Total current assets	2,281,324	2,220,708
Total assets	7,911,590	7,576,210
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	(6,983,489)	(7,042,800)
Total equity attributable to equity holders of the parent	1,415,623	1,356,312
Non-controlling interests	-	-
Total Equity	1,415,623	1,356,312
Non-current liabilities		
Interest-bearing loans and borrowings	710,010	674,092
Trade and other payables	-	-
Total current liabilities	710,010	674,092
Interest-bearing loans and borrowings	384,767	426,760
Trade and other payables	5,399,343	5,117,199
Taxation	1,847	1,847
Total current liabilities	5,785,957	5,545,806
Total liabilities	6,495,967	6,219,898
Total equity and liabilities	7,911,590	7,576,210

The Condensed Consolidated interim financial statements set out on pages 3 to 9 were approved by the Board of Directors on 23 February 2017 and were signed on its behalf by:


Mr Walter Bonnici
Chairman


Mr Joe Penech Conti
Director

Condensed Consolidated Interim Statements of Changes in Equity

For the six-months ended 31 December 2016

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Issued capital	Share premium	Capital redemption reserve	Accumulated losses	Total		
	€	€	€	€	€	€	€
At 1 July 2015	7,430,457	847,101	121,554	(7,309,502)	1,089,610	-	1,089,610
Profit for the period	-	-	-	85,255	85,255	-	85,255
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive income	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(7,224,247)</u>	<u>1,174,865</u>	<u>-</u>	<u>1,174,865</u>
Dividends	-	-	-	-	-	-	-
At 31 December 2015	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(7,224,247)</u>	<u>1,174,865</u>	<u>-</u>	<u>1,174,865</u>
At 1 July 2016	7,430,457	847,101	121,554	(7,042,800)	1,356,312	-	1,356,312
Profit for the period	-	-	-	59,311	59,311	-	59,311
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2016	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(6,983,489)</u>	<u>1,415,623</u>	<u>-</u>	<u>1,415,623</u>
Dividends	-	-	-	-	-	-	-
At 31 December 2016	<u>7,430,457</u>	<u>847,101</u>	<u>121,554</u>	<u>(6,983,489)</u>	<u>1,415,623</u>	<u>-</u>	<u>1,415,623</u>

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2016

	The Group	
	01.07.2016	01.07.2015
	to	to
	31.12.2016	31.12.2015
	€	€
Operating Activities		
Profit before Tax	59,311	85,255
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	157,309	141,806
Provision for impairment of receivables	(35,357)	(37,055)
Interest expense	53,730	109,161
Provision for obsolete inventory	-	140
Working capital adjustments:		
Movement in inventories	(266)	-
Movement in trade and other receivables	(55,849)	274,797
Movement in trade and other payables	282,145	(220,650)
	<u>461,023</u>	<u>353,454</u>
Interest paid	(8,040)	(10,054)
Net cash flows generated from operating activities	<u>452,983</u>	<u>343,400</u>
Investing activities		
Payment to acquire property, plant and equipment	(7,131)	(10,347)
Payments to acquire intangible assets	(424,944)	(101,031)
Net cash flows used in investing activities	<u>(432,075)</u>	<u>(111,378)</u>
Financing activities		
Repayment of interest-bearing borrowings	-	(70,866)
Net cash flows used in financing activities	<u>-</u>	<u>(70,866)</u>
Net movement in cash and cash equivalents	20,908	161,156
Cash and cash equivalents at beginning of period	106,357	108,429
Cash and cash equivalents at end of period	<u><u>127,265</u></u>	<u><u>269,585</u></u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2016

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 2016 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 2016.

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 2016.

The condensed consolidated interim financial statements were approved by the Board of Directors on 23rd February 2017.

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 2016 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 2016.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2016

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.

01/07/2016 to 31/12/2016	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
Revenue	492,812	100,581	912,461	210,528	1,716,382
Purchases and other directly attributable costs	(84,055)	(35,426)	(87,373)	(9,291)	(216,145)
Personnel expenses	(192,906)	(1,831)	(591,529)	(157,189)	(943,455)
Other expenses	(101,120)	(8,993)	(114,189)	(62,130)	(286,432)
Operating profit/(loss) before depreciation and amortisation	114,731	54,331	119,370	(18,082)	270,350
Depreciation and amortisation	(89,023)	(19,583)	(28,814)	(19,889)	(157,309)
Finance income	-	-	-	-	-
Finance cost	(11,468)	(2,341)	(31,516)	(8,405)	(53,730)
Profit/(loss) before tax	14,240	32,407	59,040	(46,376)	59,311

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2016

01/07/2015 to 31/12/2015	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
	€	€	€	€	€
Revenue	540,344	129,745	920,472	489,671	2,080,232
Purchases and other directly attributable costs	(78,287)	(17,358)	(166,128)	(232,680)	(494,453)
Personnel expenses	(180,539)	(20,381)	(609,252)	(203,688)	(1,013,860)
Other expenses	(90,291)	(11,871)	(86,762)	(46,773)	(235,697)
Operating profit/(loss) before depreciation and amortisation	191,227	80,135	58,330	6,530	336,222
Depreciation and amortisation	(57,192)	(20,386)	(23,831)	(40,397)	(141,806)
Finance income	-	-	-	-	-
Finance cost	(25,006)	(6,004)	(50,304)	(27,847)	(109,161)
Profit/(loss) before tax	109,029	53,745	(15,805)	(61,714)	85,255

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Australasia	Total
	€	€	€	€	€
01.07.2016 to 31.12.2016	1,292,702	378,182	38,196	7,301	1,716,381
01.07.2015 to 31.12.2015	1,623,696	416,040	39,550	946	2,080,232

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 2016.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority
For the six-months ended 31 December 2016

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 2016, 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