LOQUS HOLDINGS PLC

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COMPANY ANNOUNCEMENT

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

Approval of Half Yearly Financial Report

Date of Announcement	10th May 2011
Reference	108/2011
Listing Rule	LR 5.74

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

QUOTE

At a meeting held on the 10th May 2011, the Board of Directors of the Company approved the attached Half Yearly Financial Report for the six month period ending on the 31st December 2010.

The Half Yearly Financial Report will be available for viewing and downloading from the company's website, namely www.loqusgroup.com

UNQUOTE

Adrian Mallia
Company Secretary

Loqus Holdings p.l.c.

Unaudited Half-Yearly Report

31 December 2010

Company Registration Number C 27140

Loqus Holdings p.l.c.

31 December 2010

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Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2010

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 2010, 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.

Directors' Report pursuant to Listing Rule 5.75.21

The Group registered a turnover of €1,750,722 (2009: €1,638,841) over the six months ended 31 December 2010. A loss before tax of €430,524 (2009: Loss before tax of €256,238) was reported by the Group. The global financial downturn has forced the Group to change its focus from products to projects. This has, in turn, led to a decrease in the amount capitalised for the period under review of €112K. This reduced capitalisation has contributed to an increase in the losses for the Group. Actual work on the major projects that have been won by the Group was delayed for two primary reasons: the first is that, during the same period last year, we were consolidating the work done on our products to ensure that they were left in a state that could still be marketed should the opportunity arise and secondly the fact that, seeing as many of the projects were Government issued, the contractual issues were protracted thus delaying the actual work on the project.

This year remained a challenging period, with many businesses continuing to struggle to recover from the global economic downturn. Loqus has maintained its focus on its client base and its core activities; through effective business strategies and consolidation exercises. Loqus will continue to evolve its operations to ensure reduced costs and return positive results.

Overall performance of the Group saw a turnover of €1.7million, compared to €1.6million for the previous six-months, giving a pro-rata growth in revenue of 6.8%. The Group continues to face the important challenge of maintaining a positive cash flow, and in this respect is balancing the business's short term requirements with long term growth strategies to enable day-to-day operational progress. Focus is on the preservation of the Group's skill base while keeping our personnel costs sustainable. Through our bank's continued support, along with our aim to improve the current cash flow situation, we intend to progress with our business strategies.

The local market remains a key focus for our professional tender response team and our blue-chip partners such as Autonomy and Raindrop. Loqus's commitment to a project orientated approach has helped counter the down-turn in our markets for products. We are pleased to announce we have attracted over €4 million worth of projects and have recently been awarded the significant Fisheries tender, as well as embarked on the important eForms project for Government.

Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the six-months ended 31 December 2010

Other key events include: acquisition of the remaining 45% of the shares in Loqus Italia srl making the company a 100% owned subsidiary; acquired the business of Alemea Technology in Italy which gives the group three new personnel in Italy and offices in Carpi with a number of fleet management clients in Italy; suspension of operations in Libya; submitted our first claim for the use of European Regional Development Funds which was granted last year.

The Group continued to maintain its client base both locally and internationally for all its range of products and services; important new international signings for this period include:

- Geopost – RouteIT trials carried out in Germany, Switzerland and Poland;
- Scania - successful trials across their network and a pan-European contract signed which will see DispatchIT being deployed across their fleet in Europe;
- Signed contract with Artoni for a minimum of €2.5million.

The First Half of 2011

We envisage the months until June 2011 will continue to be demanding; the Group remains focused on aggressively pursuing opportunities and adapting to challenges. Loqus will continue to strengthen its long term viability while expanding its market presence. Pursuit of client satisfaction and delivering value for all our solutions will be our central approach. Loqus remains 100% committed to providing positive results for all its stakeholders.

Approved by the Board on 10 May 2011 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 2010

	The Group	
	01.07.2010 to 31.12.2010	**01.07.2009 to 31.12.2009**
	€	**€**
Revenue	1,763,609	1,638,841
Other income	130,690	-
Personnel expenses	(1,039,319)	(762,799)
Purchases and other directly attributable costs	(366,917)	(216,396)
Professional and consultancy fees	(42,741)	(45,730)
Travelling and accommodation	(85,983)	(67,539)
Marketing expenses	(24,841)	(94,494)
Other administrative expenses	(230,811)	(196,398)
Operating profit before depreciation and amortisation	103,687	255,485
Depreciation and amortisation	(439,341)	(360,230)
Finance income	595	2,446
Finance costs	(82,579)	(98,939)
Loss for the period before tax	(417,638)	(201,238)
Income tax expense	(80)	(237)
Loss for the period	(417,718)	(201,475)
Other comprehensive income	-	-
Total comprehensive income for the period, net of tax	(417,718)	(201, 475)
Attributable to:		
Owners of the parent	(423,817)	(201,475)
Non-Controlling Interests	6,099	-
	(417,718)	(201,475)
Loss per share – basic	(1c3)	(0c6)

Condensed Consolidated Statement of Financial Position

As at 31 December 2010

	The Group	
	31.12.2010	**30.06.2010**
	€	**€**
Assets		
Property, plant and equipment	378,060	411,485
Intangible assets	5,900,420	5,812,258
Total non-current assets	6,278,480	6,223,743
Inventories	231,940	10,483
Trade and other receivables	1,728,463	2,111,327
Income tax recoverable	7,199	7,199
Cash at bank and in hand	263,766	320,052
Total current assets	2,231,368	2,449,061
Total assets	8,509,848	8,672,804
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	(4,699,124)	(4,275,307)
Total equity attributable to equity holders of the parent	3,699,988	4,123,805
Non-controlling interests	(51,123)	(57,222)
Total equity	3,648,865	4,066,583
Non-current liabilities		
Interest-bearing loans and borrowings	983,842	-
Other liabilities	62,295	104,547
Total non-current liabilities	1,046,137	104,507
Interest-bearing loans and borrowings	459,933	909,343
Trade and other payables	3,354,913	3,592,331
Total current liabilities	3,814,846	4,501,674
Total liabilities	4,860,983	4,606,221
Total equity and liabilities	8,509,848	8,672,804

The Condensed Consolidated interim financial statements set out on pages 2 to 9 were approved by the Board of Directors on 10 May 2011 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 2010

	Issued capital	Share premium	Capital redemption reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	€	€	€	€	€	€	€
At 1 July 2009	7,430,457	3,372,414	121,554	(6,906,768)	4,017,657	1,225	4,018,882
Loss for the period	-	-	-	(201,475)	(201,475)	-	(201,475)
Total comprehensive income	7,430,457	3,372,414	121,554	(7,108,243)	3,816,182	1,225	3,817,407
Reduction of share premium	-	(2,525,313)	-	2,525,313	-	-	-
At 31 December 2009	7,430,457	847,101	121,554	(4,637,930)	3,761,182	1,225	3,762,407
At 1 July 2010	7,430,457	847,101	121,554	(4,275,307)	4,123,805	(57,222)	4,066,583
(Loss)/Profit for the period	-	-	-	(423,817)	(423,817)	6,099	(417,718)
Total comprehensive income	7,430,457	847,101	121,554	(4,699,124)	3,699,988	(51,123)	3,648,865
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2010	7,430,457	847,101	121,554	(4,699,124)	3,699,988	(51,123)	3,648,865

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2010

	The Group	
	01.07.2010 to 31.12.2010 €	01.07.2009 to 31.12.2009 €
Operating Activities		
Loss before Tax	(417,638)	(201,238)
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Gain on sale of property, plant and equipment	-	(2,500)
Depreciation, amortisation and impairment	439,341	360,230
Bad debts	9,991	-
Interest payable	82,579	98,939
Interest receivable	(595)	(2,446)
Provision for exchange losses	(596)	(4,081)
Working capital adjustments:		
Increase in inventories	(221,457)	(900)
Decrease/(increase) in trade and other receivables	419,567	(237,338)
Increase in trade and other payables	478,200	273,592
Interest paid	(82,579)	(65,121)
Interest received	595	1,572
Income tax paid	(80)	(237)
Net cash flows generated from operating activities	707,328	220,472
Investing activities		
Proceeds from sale of property, plant and equipment	-	2,500
Payment to acquire property, plant and equipment	(23,386)	(6,109)
Payments to acquire intangible assets	(70,693)	(183,465)
Acquisition of new business	(400,000)	-
Net cash flows used in investing activities	(494,079)	(187,074)
Financing activities		
Issue of share capital		
Proceeds from bank borrowings	-	75,607
Repayment of interest-bearing borrowings	(171,885)	(69,995)
Repayment of amounts due to related parties	(100,326)	(114,993)
Decrease in other non-interest bearing liabilities	(50,532)	(92,088)
Net cash flows used in financing activities	(322,743)	(201,469)
Net movement in cash and cash equivalents	(109,494)	(168,071)
Cash and cash equivalents at beginning of period	222,155	118,799
Cash and cash equivalents at end of period	(112,661)	(49,272)

Notes to the Condensed Consolidated Interim Financial Statements
For the six-months ended 31 December 2010

Reporting entity

Loqus Holdings p.l.c. ("the Company"), is a limited liability company incorporated in Malta on 23 October 2000. The condensed consolidated interim financial statements of the Group as at and for the six months ended 31 December 2010 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 December 2010.

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 period ended 30 June 2010.

The condensed consolidated interim financial statements were approved by the Board of Directors on 10 May 2011.

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 validity of this assumption is dependent on the support given by the bank and the Group's ability to improve its liquidity.

The directors have reasonable expectation that the Group has adequate resources to improve its liquidity and to take the necessary decisions to continue in operational existence for the foreseeable future.

The consolidated financial statements of the Group as at and for the period ended 30 June 2010 are available upon request from the Company's registered office at F26, Mosta Technopark, Mosta, 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 period ended 30 June 2010.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2010

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.
- Consulting services - work with governments and entities, assisting them to plan and manage institutional reform.

Management monitors revenue and directly attributable costs of its business units separately, as further explained in the directors' report on page 1. Other costs are not allocated to business units since they are not included in the decision making process and are managed on a group basis.

01.07.2010 to 31.12.2010	**Fleet management**	**Back-office processing**	**Projects**	**Consulting services**	**Unallocated**	**Consolidated**
	€	**€**	**€**	**€**	**€**	**€**
Revenue	**700,889**	**833,151**	**154,765**	**74,804**	**-**	**1,763,609**
Purchases and directly attributable costs	110,351	108,914	146,207	60	1,385	366,917
Personnel expenses	244,671	304,302	147,628	97,425	245,293	1,039,319
Other expenses	-	-	-	-	253,686	253,686
Operating profit before depreciation and amortisation	345,867	419,935	(139,070)	(22,681)	(500,364)	103,687

01.07.2009 to 31.12.2009	**Fleet management**	**Back-office processing**	**Projects**	**Consulting services**	**Unallocated**	**Consolidated**
	€	**€**	**€**	**€**	**€**	**€**
Revenue	**814,374**	**699,707**	**-**	**124,760**	**-**	**1,638,841**
Purchases and directly attributable costs	148,657	55,498	-	10,011	2,230	216,396
Personnel expenses	186,630	236,556	-	86,236	253,377	762,799
Other expenses	-	-	-	-	404,161	404,161
Operating profit before depreciation and amortisation	479,087	407,653	-	28,513	(659,768)	255,485

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2010

Revenue by geographical markets	**Local**	**Europe**	**N Africa**	**Total**
	€	**€**	**€**	**€**
01.07.2010 to 31.12.2010	1,371,701	377,043	14,865	1,763,609
01.07.2009 to 31.12.2009	1,180,546	400,133	58,162	1,638,841

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 period ended 30 June 2010.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the six-months ended 31 December 2010

I hereby confirm that to the best of my knowledge as follows:

- the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 31 December 2010, 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 5.75.3

Mr Walter Bonnici
Chairman