COMPANY ANNOUNCEMENT

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

Announces approval half-yearly report

Date of Announcement	26th September 2012
Reference	114/2012

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 2011. 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 2011

Loqus Holdings p.l.c.

31 December 2011

Contents

Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2011

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 2011, 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

The Group registered a turnover of €2,081,398 (2010: €1,763,209) over the six months ended 31 December 2011. A loss before tax of €41,419 (2010: Loss before tax of €417,638) was reported by the Group. During the period under review the Group continued to focus on discussions with potential partners, in order to obtain a deal for the sale of the fleet management arm of the Group. This in turn resulted in an improvement in the overall performance of the Group since no amortisation was charged on the fleet management assets. To-date the sale has not yet materialised due to circumstances that were previously considered unlikely, although the Group is still committed to completing the transaction as soon as possible.

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 €2.08million, compared to €1.76million for the previous six-months, giving a pro-rata growth in revenue of 18%. Total depreciation and amortisation charge for the six months ended 31 December 2011 amounted to €62,978 when compared to €439,341 charged during the same period last year. Earnings before interest, tax, depreciation amounted to €130,398 (2010: €103,087).

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. The majority of the on-going non annuity projects are for Government entities. These are normally not precisely specified, with open ended conditions, and are proving to be extremely problematic to finalise and achieve client sign-off. Payment conditions on these contracts are so heavily weighted towards the client that the project ends up being funded from the Group's cash flow until practically all the way to completeness. On a positive note most of these projects are nearing completion and by the third quarter of 2012 75% of the projects should be completely closed off. These projects then enter their maintenance mode which is where we traditionally start to recover our margins. 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.

Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the six-months ended 31 December 2011

Finally, 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 bankers, ensuring that all relevant loans and excess facilities were repaid on time.

Way forward

Whilst the Directors are actively pursuing all deals in relation to the potential sale of the fleet management arm, the Group will finalise that option which provides the best deal to enable the Group to meet its liabilities whilst taking into account the interest of all shareholders. We envisage the months until June 2013 will continue to be demanding. The nature of the projects we are currently undertaking, coupled with the current global financial situation, leads us to be cautious in our predictions, though we remain committed to deliver our projects on time and within budget. Break-even will not be achieved within the next financial year; however, we are aiming for a recovery by June 2013. This is backed by the initial loss making phase of these projects being completed and moving to their maintenance mode that will result in improved margins.

Whilst recognising these difficulties, we remain focused on improving our results and actively seeking new opportunities both in Malta and overseas.

Approved by the Board on 26 September 2012 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 2011

	2011			2010		
	Continuing operations	**Fleet management operations**	**Total**	Continuing operations	Fleet management operations	Total
	€	**€**	**€**	€	€	€
Revenue	**1,287,393**	**794,005**	**2,081,398**	1,062,720	700,889	1,763,609
Other income	-	70,632	70,632	-	130,690	130,690
Purchases and other directly attributable costs	(639,876)	(153,689)	(793,565)	(256,016)	(110,901)	(366,917)
Personnel expenses	(610,827)	(344,352)	(955,179)	(697,164)	(342,155)	(1,039,319)
Professional and consultancy fees	(20,113)	(12,405)	(32,518)	(25,755)	(16,986)	(42,741)
Travelling and accommodation	(39,356)	(24,273)	(63,629)	(51,812)	(34,171)	(85,983)
Marketing expenses	(5,120)	(3,158)	(8,278)	(14,969)	(9,872)	(24,841)
Other administrative expenses	(104,200)	(64,266)	(168,466)	(139,083)	(91,728)	(230,811)
Operating (loss)/profit before depreciation and amortisation	**(132,099)**	**262,494**	**130,395**	(122,079)	225,766	103,687
Depreciation and amortisation	(48,963)	(14,015)	(62,978)	(70,859)	(368,482)	(439,341)
Finance income	365	225	590	359	236	595
Finance costs	(67,744)	(41,782)	(109,526)	(49,761)	(32,818)	(82,579)
(Loss)/profit before tax	**(248,441)**	**206,922**	**(41,519)**	(242,340)	(175,298)	(417,638)
Income tax expense	(40)	-	(40)	(79)	-	(79)
(Loss)/profit for the period	**(248,481)**	**206,922**	**(41,559)**	(242,419)	(175,298)	(417,717)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period net of tax	**(248,481)**	**206,922**	**(41,559)**	(242,419)	(175,298)	(417,718)
Attributable to:						
Owners of the parent	(243,227)	206,922	(36,305)	(248,519)	(139,427)	(387,946)
Non-controlling interest	(5,254)	-	(5,254)	6,099	(35,871)	(29,772)
	(248,481)	**206,922**	**(41,559)**	(242,419)	(175,298)	(417,717)
Earnings/(loss) per share basic	(0c8)	0c7	(0c1)	(0c8)	(0c4)	(1c2)

Condensed Consolidated Statement of Financial Position

As at 31 December 2011

	The Group	
	31.12.2011	30.06.2011
	€	€
Assets		
Property, plant and equipment	201,579	237,508
Intangible assets	351,411	373,736
Total non-current assets	552,990	611,244
Inventories	22,370	9,776
Trade and other receivables	1,319,793	2,326,904
Cash at bank and in hand	81,075	75,480
	1,423,238	2,412,160
Non-current assets classified as held for sale	5,711,675	5,659,139
Total current assets	7,134,913	8,071,229
Total assets	7,687,903	8,682,543
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	(5,741,876)	(5,705,571)
Total equity attributable to equity holders of the parent	2,657,236	2,693,541
Non-controlling interests	15,774	21,028
Total Equity	2,673,010	2,714,569
Non-current liabilities		
Interest-bearing loans and borrowings	539,864	556,274
Trade and other payables	-	300,000
Total non-current liabilities	539,864	856,274
Interest-bearing loans and borrowings	971,398	1,053,710
Trade and other payables	3,503,631	4,057,990
Total current liabilities	4,475,029	5,111,700
Total liabilities	5,014,893	5,967,974
Total equity and liabilities	7,687,903	8,682,543

The Condensed Consolidated interim financial statements set out on pages 3 to 10 were approved by the Board of Directors on 26 September 2012 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 2011

	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 2010	7,430,457	847,101	121,554	(4,275,307)	4,123,805	(57,222)	4,066,583
Loss for the period	-	-	-	(387,945)	(387,945)	(29,772)	(417,717)
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2010	7,430,457	847,101	121,554	(4,663,252)	3,735, 860	(86,994)	3,648,866
At 1 July 2011	7,430,457	847,101	121,554	(5,705,571)	2,693,541	21,028	2,714,569
(Loss)/Profit for the period	-	-	-	(36,305)	(36,305)	(5,254)	(41,559)
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2011	7,430,457	847,101	121,554	(5,741,876)	2,657,236	15,774	2,673,010

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2011

	The Group	
	01.07.2011 to 31.12.2011 €	01.07.2010 to 31.12.2010 €
Operating Activities		
Loss before Tax	(41,519)	(417,638)
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Gain on sale of property, plant and equipment	-	-
Depreciation, amortisation and impairment	62,978	439,341
Provision for impairment of receivables	(21,852)	-
Bad debts	9,624	9,991
Interest expense	109,526	82,579
Interest income	(590)	(595)
Provision for exchange losses	-	(596)
Provision for obsolete inventory	1,571	
Working capital adjustments:		
Increase in inventories	(14,173)	(221,457)
Decrease in trade and other receivables	1,019,339	419,567
Increase in trade and other payables	(890,998)	478,200
Interest paid	(72,596)	(82,579)
Interest received	590	595
Income tax paid	(40)	(80)
Net cash flows generated from operating activities	161,860	707,328
Investing activities		
Proceeds from sale of property, plant and equipment	498	-
Payment to acquire property, plant and equipment	-	(23,386)
Payments to acquire intangible assets	(58,067)	(70,693)
Acquisition of new business	-	(400,000)
Net cash flows used in investing activities	(57,569)	(494,079)
Financing activities		
Issue of share capital		
Proceeds from bank borrowings	-	-
Repayment of interest-bearing borrowings	(146,800)	(222,417)
Repayment of amounts due to related parties	-	(100,326)
Net cash flows used in financing activities	(146,800)	(322,743)
Net movement in cash and cash equivalents	(42,509)	(109,494)
Cash and cash equivalents at beginning of period	(280,004)	222,155
Cash and cash equivalents at end of period	(322,513)	112,661

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2011

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 2011 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 2011.

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 2011.

The condensed consolidated interim financial statements were approved by the Board of Directors on 26 September 2012.

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, in particular with the realisation of assets as held for sale.

The consolidated financial statements of the Group as at and for the period ended 30 June 2011 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 2011.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2011

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. 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.

01/07/2011 to 31/12/2011	**Fleet management**	**Back-office processing**	**Projects**	**Consulting Services**	**Consolidated**
	€	**€**	**€**	**€**	**€**
Revenue	794,005	651,128	601,342	34,923	2,081,398
Purchases and other directly attributable costs	(153,689)	(69,265)	(564,072)	(6,539)	(793,565)
Personnel expenses	(344,352)	(329,863)	(234,637)	(46,327)	(955,179)
Other expenses	(33,469)	(85,369)	(78,842)	(4,579)	(202,256)
Operating profit before depreciation and amortisation	262,495	166,631	(276,209)	(22,522)	130,395
Depreciation and amortisation	(14,015)	(37,607)	(10,613)	(743)	(62,978)
Finance income	225	185	170	10	590
Finance cost	(41,782)	(34,263)	(31,643)	(1,838)	(109,526)
Profit/(loss) before tax	206,923	94,946	(318,296)	(25,093)	(41,519)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2011

01/07/2010 to 31/12/2010	Fleet management	Back-office processing	Projects	Consulting Services	Consolidated
	€	€	€	€	€
Revenue	700,889	833,151	154,765	74,804	1,763,609
Purchases and other directly attributable costs	(110,901)	(109,568)	(146,329)	(119)	(366,917)
Personnel expenses	(342,155)	(420,181)	(169,154)	(107,829)	(1,039,319)
Other expenses	(22,067)	(181,583)	(33,732)	(16,303)	(253,685)
Operating profit before depreciation and amortisation	225,766	121,819	(194,450)	(49,447)	103,688
Depreciation and amortisation	(368,482)	(65,127)	(3,864)	(1,868)	(439,341)
Finance income	236	282	52	25	595
Finance cost	(32,818)	(39,011)	(7,247)	(3,503)	(82,579)
Profit/(loss) before tax	(175,298)	17,963	(205,509)	(54,793)	(417,637)

Revenue by geographical markets	Local	Europe	Africa	Total
	€	€	€	€
01.07.2011 to 31.12.2011	1,509,321	519,700	47,239	2,076,260
01.07.2010 to 31.12.2010	1,371,701	377,043	14,865	1,763,609

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 2011.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the six-months ended 31 December 2011

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 2011, 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