COMPANY ANNOUNCEMENT

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

Announces approval of half-yearly report

Date of Announcement	28th February 2019
Reference	179/2019

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 2018. 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/upload/publications/2019/

UNQUOTE

Adrian Mallia
Company Secretary

Loqus Holdings p.l.c.

Condensed Consolidated Interim Report

31 December 2018

Loqus Holdings p.l.c.

31 December 2018

Contents

Directors' Report pursuant to Listing Rule 5.75.2

For the six-months ended 31 December 2018

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 2018, 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 reporting a loss for the period of €110,078 following a 7% decrease in revenue.

	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017	% change
Revenue	**€1,760,784**	€1,898,274	-7%
Costs	**€1,450,118**	€1,510,885	4%
EBITDA	**€310,666**	€387,389	-20%
(Loss)/profit for the period	**(€110,078)**	€90,300	-222%

The results for the period ended 31 December 2018 report a decrease in revenue which together with an increase in amortisation costs resulted in a net loss for the period. This drop in revenue is due to a reorganisation from one of our back-office customers. This should be a temporary decrease in revenue and we are working together with this customer to address this. On the other hand we have continued our growth in our fleet management revenues, most importantly our recurrent revenues, which have increased by 53% over the prior year. This is mainly due to the migration of the Group's offerings to Software as a Service (SaaS) model which has enabled the Group to secure recurrent revenues rather than one-time sales.

In 2016 Loqus launched its openFleet platform which combines route planning and optimisation, mobile job management and real-time tracking into a single, easy to use platform. Over the years we have migrated our offerings to the Software as a Service (SaaS) model that is mainly hosted on third-party providers like Amazon Web Services which allows us to deliver over the Internet and sell against a monthly or transaction fee typically on a 3 to 5-year contract basis. openFleet is completely SAAS based and will become the main platform that Loqus will sell internationally. Daily, our customers deliver parcels, goods and services to nearly a million destinations and use our products to make sure that they do this in the most efficient and cost-effective manner that our products can deliver. Every improvement that we bring in performance and accuracy means that our customers make sizable savings in their operations while increasing their customer satisfaction. The data-driven world offers us great opportunities for innovation and growth, one of the main objectives for openFleet is to build upon our legacy routing optimisation by developing new and innovative mathematical solutions to our client's challenges.

Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the six-months ended 31 December 2018

Loqus has, up to the end of this period, invested close to 1.9million Euros in R&D in openFleet, which investment has already generated close to Eur1.2million in openFleet revenues and over EUR5million in Total Contract Values. Cash generated from operations achieved over the past years has allowed the Group to finance its investment in R&D.

Way forward

Looking ahead, we know that our size will remain a challenge especially in the context of recent merger of industries, segments and business. At the same time, we are excited by the growth opportunities that exist for our openFleet platform. The development and sales of our new openFleet platform is playing an important role in increasing our recurrent licencing fees which will result in maximisation of our gross margins. This confidence results from a number of recent developments where we have been selected as the preferred partner in a number of European countries.

The management team continue to look at investment opportunities both in terms of acquiring new business units and selling off our own business units. We have had several approaches from large industry and corporate investors over the last few years. We are currently evaluating some of them to identify a sale that is positive for the shareholders by materialising both the current and future value of the business unit under consideration.

We move forward with confidence in our strategic direction as well as in our people, products and partners.

Approved by the Board on 28 February 2019 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 2018

	01.07.2018 To 31.12.2018 €	01.07.2017 To 31.12.2017 €
Revenue	**1,760,784**	**1,898,274**
Purchases and other directly attributable costs	(278,518)	(363,149)
Personnel expenses	(923,127)	(877,888)
Professional and consultancy fees	(39,655)	(40,248)
Travelling and accommodation	(27,567)	(51,953)
Marketing expenses	(28,460)	(25,593)
Other administrative expenses	(152,791)	(152,054)
Operating profit before depreciation and amortisation	**310,666**	**387,389**
Depreciation and amortisation	(337,970)	(235,575)
Finance costs	(82,774)	(61,514)
(Loss)/profit before tax	**(110,078)**	**90,300**
Income tax expense	-	-
(Loss)/profit for the period	**(110,078)**	**90,300**
Other comprehensive income	-	-
Total comprehensive (loss)/income for the period net of tax	**(110,078)**	**90,300**
Attributable to:		
Owners of the parent	(110,078)	90,300
Non-controlling interest	-	-
	(110,078)	**90,300**
(Loss)/profit per share basic	(0c3)	0c2

Condensed Consolidated Statement of Financial Position

As at 31 December 2018

	The Group	
	31.12.2018	30.06.2018
	€	€
Assets		
Property, plant and equipment	164,903	76,652
Intangible assets	6,614,557	6,361,168
Total non-current assets	6,779,460	6,437,820
Inventories	22,685	14,168
Trade and other receivables	1,391,578	1,807,799
Cash at bank and in hand	171,348	62,974
Total current assets	1,585,611	1,884,941
Total assets	8,365,071	8,322,761
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	(6,026,822)	(5,916,744)
Total equity attributable to equity holders of the parent	2,372,290	2,482,368
Non-controlling interests	-	-
Total Equity	2,372,290	2,482,368
Non-current liabilities		
Interest-bearing loans and borrowings	862,981	822,294
Trade and other payables	-	-
Total non-current liabilities	862,981	822,294
Interest-bearing loans and borrowings	359,547	323,194
Trade and other payables	4,770,253	4,694,905
Taxation	-	-
Total current liabilities	5,129,800	5,018,099
Total liabilities	5,992,781	5,840,393
Total equity and liabilities	8,365,071	8,322,761

The Condensed Consolidated interim financial statements set out on pages 3 to 9 were approved by the Board of Directors on 28 February 2019 and were signed on its behalf by:

Mr Walter Bonnici
Chairman

Mr Joe Fenech Conti
Director

LOQUS BUSINESS INTELLIGENCE

Condensed Consolidated Interim Statements of Changes in Equity

For the six-months ended 31 December 2018

	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 2018	7,430,457	847,101	121,554	(6,558,786)	1,840,326	-	1,840,326
Profit for the period	-	-	-	90,300	90,300	-	90,300
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2018	7,430,457	847,101	121,554	(6,468,486)	1,930,626	-	1,930,626
Dividends	-	-	-	-	-	-	-
At 31 December 2018	7,430,457	847,101	121,554	(6,468,486)	1,930,626	-	1,930,626
At 1 July 2018	7,430,457	847,101	121,554	(5,916,744)	2,482,368	-	2,482,368
Loss for the period	-	-	-	(110,078)	(110,078)	-	(110,078)
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2018	7,430,457	847,101	121,554	(6,026,822)	2,372,290	-	2,372,290
Dividends	-	-	-	-	-	-	-
At 31 December 2018	7,430,457	847,101	121,554	(6,026,822)	2,372,290	-	2,372,290

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2018

	The Group	
	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
	€	€
Operating Activities		
(Loss)/profit before Tax	(110,078)	90,300
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	337,970	235,575
Provision for impairment of receivables	-	-
Interest expense	82,774	61,514
Provision for obsolete inventory	-	3,780
Working capital adjustments:		
Movement in inventories	(8,517)	(2,693)
Movement in trade and other receivables	416,210	99,916
Movement in trade and other payables	27,208	278,445
	745,567	766,837
Interest paid	-	-
Net cash flows generated from operating activities	745,567	766,837
Investing activities		
Payment to acquire property, plant and equipment	(104,934)	(5,361)
Payments to acquire intangible assets	(574,676)	(580,143)
Net cash flows used in investing activities	(679,610)	(585,504)
Financing activities		
Repayment of interest-bearing borrowings	-	-
Net cash flows used in financing activities	-	-
Net movement in cash and cash equivalents	65,957	181,333
Cash and cash equivalents at beginning of period	(29,494)	128,732
Cash and cash equivalents at end of period	36,463	310,065

Notes to the Condensed Consolidated Interim Financial Statements

For the six-months ended 31 December 2018

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 2018 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 2018.

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 2018.

The condensed consolidated interim financial statements were approved by the Board of Directors on 28th February 2019.

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 2018 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 2018.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2018

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 decisions 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.

01/07/2018 to 31/12/2018	**Fleet management**	**Original Equipment Manufacturers**	**Back-office processing**	**Projects**	**Consolidated**
Revenue	697,963	68,305	906,930	87,586	1,760,784
Purchases and other directly attributable costs	(147,635)	(6,554)	(81,456)	(42,873)	(278,518)
Personnel expenses	(359,312)	(14,303)	(502,300)	(47,212)	(923,127)
Other expenses	(79,267)	(3,976)	(145,153)	(20,077)	(248,473)
Operating profit/(loss) before depreciation and amortisation	111,749	43,472	178,021	(22,576)	310,666
Depreciation and amortisation	(196,260)	(16,813)	(78,455)	(46,442)	(337,970)
Finance cost	(18,771)	(1,837)	(54,615)	(7,551)	(82,774)
Profit/(loss) before tax	(103,282)	24,822	44,951	(76,569)	(110,078)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2018

01/07/2017 to 31/12/2017	Fleet management	Original Equipment Manufacturers	Back-office processing	Projects	Consolidated
	€	€	€	€	€
Revenue	642,804	89,914	1,012,255	153,301	1,898,274
Purchases and other directly attributable costs	(234,560)	(8,461)	(97,330)	(22,798)	(363,149)
Personnel expenses	(195,333)	(11,230)	(575,903)	(95,422)	(877,888)
Other expenses	(93,768)	(5,283)	(139,791)	(31,006)	(269,848)
Operating profit/(loss) before depreciation and amortisation	119,143	64,940	199,231	4,075	387,389
Depreciation and amortisation	(93,137)	(19,141)	(106,398)	(16,899)	(235,575)
Finance cost	(13,633)	(1,819)	(38,605)	(7,457)	(61,514)
Profit/(loss) before tax	12,373	43,980	54,228	(20,281)	90,300

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Australasia	Total
	€	€	€	€	€
01.07.2018 to 31.12.2018	1,176,053	547,618	21,586	15,527	1,760,784
01.07.2017 to 31.12.2017	1,364,761	491,834	34,571	7,108	1,898,274

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 2018.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the six-months ended 31 December 2018

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 2018, 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