Loqus Holdings p.l.c.

COMPANY ANNOUNCEMENT

Loqus Holdings p.l.c. (the “Company”)

Announces approval of half-yearly report

Date of Announcement	16th February 2018
Reference	173/2018

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 2017. 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/2018/LQS173_Half-yearly%20results_20180216.pdf

UNQUOTE

Adrian Mallia
Company Secretary

Loqus Holdings p.l.c.

Condensed Consolidated Interim Report

31 December 2017

Loqus Holdings p.l.c.

31 December 2017

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Directors' Report pursuant to Listing Rule 5.75.2
For the six-months ended 31 December 2017

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 2017, 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 an overall profit for the period of €90,300 following an 11% increase in revenue.

	01.07.2017 to 31.12.2017	01.07.2016 to 31.12.2016	% change
Revenue	**€1,898,274**	€1,716,382	11%
Costs	**€1,510,885**	€1,446,032	-4%
EBITDA	**€387,389**	€270,350	43%
Profit for the period	**€90,300**	€59,311	52%

The results for the period ended 31 December 2017 reflect the Group's commercial momentum, the disciplined management of costs and risks and the improvement in its underlying profitability. Revenues increased by 11% to €1,898,274 against €1,716,382 in the prior period. The profit for the year increased by 52% from €59,311 to €90,300. This resulted following an increase in revenue as well as an increase in capitalised labour costs. Cash generated from operations achieved over the past years has allowed the Group to finance its investment in R&D.

In this period Loqus continued and further intensified its extensive investment in IPR with the development of the next generation fleet management tools. One of the challenges as a public company is maintaining the balance between delivering good financial results in the short-term, and at the same time positioning the business for sustainable long-term growth. Innovation is at the heart of our business model and the Group's primary intention is to continue to ramp up product development velocity to ensure Loqus captures the opportunities. The Group is confident about the prospects for the fleet management products and remains positive that they will provide sizeable opportunities in the coming years.

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 2017

Way forward

The Group continues to seek to achieve sustainable profitability and stable growth as it maintains its focus on innovation and its commitment to global expansion. Over the next period Loqus will start to examine alternatives to bank financing to provide the Group with the funds required to sustain further growth.

Approved by the Board on 16 February 2018 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 2017

	01.07.2017 To 31.12.2017 €	01.07.2016 To 31.12.2016 €
Revenue	**1,898,274**	1,716,382
Purchases and other directly attributable costs	(363,149)	(216,145)
Personnel expenses	(877,888)	(943,455)
Professional and consultancy fees	(40,248)	(47,455)
Travelling and accommodation	(51,953)	(77,162)
Marketing expenses	(25,593)	(46,371)
Other administrative expenses	(152,054)	(115,444)
Operating profit before depreciation and amortisation	**387,389**	**270,350**
Depreciation and amortisation	(235,575)	(157,309)
Finance costs	(61,514)	(53,730)
Profit before tax	**90,300**	**59,311**
Income tax expense	-	-
Profit for the period	**90,300**	**59,311**
Other comprehensive income	-	-
Total comprehensive income for the period net of tax	**90,300**	**59,311**
Attributable to:		
Owners of the parent	90,300	59,311
Non-controlling interest	-	-
	90,300	**59,311**
Profit per share basic	0c2	0c1

Condensed Consolidated Statement of Financial Position

As at 31 December 2017

	The Group	
	31.12.2017	30.06.2017
	€	€
Assets		
Property, plant and equipment	73,649	79,206
Intangible assets	6,206,017	5,850,535
Total non-current assets	6,279,666	5,929,741
Inventories	17,578	18,665
Trade and other receivables	1,723,140	1,823,048
Cash at bank and in hand	431,193	248,716
Total current assets	2,171,911	2,090,429
Total assets	8,451,577	8,020,170
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	(6,468,486)	(6,558,786)
Total equity attributable to equity holders of the parent	1,930,626	1,840,326
Non-controlling interests	-	-
Total Equity	1,930,626	1,840,326
Non-current liabilities		
Interest-bearing loans and borrowings	784,135	745,343
Trade and other payables	-	-
Total non-current liabilities	784,135	745,343
Interest-bearing loans and borrowings	368,140	357,375
Trade and other payables	5,368,676	5,077,126
Taxation	-	-
Total current liabilities	5,736,816	5,434,501
Total liabilities	6,520,951	6,179,844
Total equity and liabilities	8,451,577	8,020,170

The Condensed Consolidated interim financial statements set out on pages 3 to 9 were approved by the Board of Directors on 16 February 2018 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 2017

	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 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	-	-	-	-	-	-	-
Total Comprehensive income	7,430,457	847,101	121,554	(6,983,489)	1,415,623	-	1,415,623
Dividends	-	-	-	-	-	-	-
At 31 December 2016	7,430,457	847,101	121,554	(6,983,489)	1,415,623	-	1,415,623
At 1 July 2017	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 2017	7,430,457	847,101	121,554	(6,468,486)	1,930,626	-	1,930,626
Dividends	-	-	-	-	-	-	-
At 31 December 2017	7,430,457	847,101	121,554	(6,468,486)	1,930,626	-	1,930,626

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 December 2017

	The Group	
	01.07.2017 to 31.12.2017	01.07.2016 to 31.12.2016
	€	€
Operating Activities		
Profit before Tax	90,300	59,311
Adjustments to reconcile loss before tax to net cash flows:		
Non-Cash:		
Depreciation, amortisation and impairment	235,575	157,309
Provision for impairment of receivables	-	(35,357)
Interest expense	61,514	53,730
Provision for obsolete inventory	3,780	-
Working capital adjustments:		
Movement in inventories	(2,693)	(266)
Movement in trade and other receivables	99,916	(55,849)
Movement in trade and other payables	278,445	282,145
	766,837	461,023
Interest paid	-	(8,040)
Net cash flows generated from operating activities	766,837	452,983
Investing activities		
Payment to acquire property, plant and equipment	(5,361)	(7,131)
Payments to acquire intangible assets	(580,143)	(424,944)
Net cash flows used in investing activities	(585,504)	(432,075)
Financing activities		
Repayment of interest-bearing borrowings	-	-
Net cash flows used in financing activities	-	-
Net movement in cash and cash equivalents	181,333	20,908
Cash and cash equivalents at beginning of period	128,732	106,357
Cash and cash equivalents at end of period	310,065	127,265

Notes to the Condensed Consolidated Interim Financial Statements
For the six-months ended 31 December 2017

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 2017 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 2017.

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 2017.

The condensed consolidated interim financial statements were approved by the Board of Directors on 16th February 2018.

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 2017 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 2017.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2017

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.

01/07/2017 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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six-months ended 31 December 2017

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 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

Revenue by geographical markets	Local	Europe	Middle East and South Africa	Australasia	Total
	€	€	€	€	€
01.07.2017 to 31.12.2017	1,364,761	491,834	34,571	7,108	1,898,274
01.07.2016 to 31.12.2016	1,292,703	378,182	38,196	7,301	1,716,382

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 2017.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the six-months ended 31 December 2017

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 2017, 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