Company Registration No. C 27140

LOQUS HOLDINGS P.L.C.

Annual Report
and
Financial Statements

30 June 2012

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CHAIRMAN'S STATEMENT

Dear Shareholder,

Every year is proving to be harder than the one before and it is very difficult to be optimistic since the global economy is not showing any significant signs of improvement. The last few years will long be remembered as one of the most turbulent for global economies since records began.

Board developments

Following the last AGM held on 3 December 2012, the Loqus Board has gone through significant change. The rationale behind the change in the composition of the Board is to give senior members of the Group's management team a say at Board level and thus allow them to better understand, and hopefully influence, the Group's results and strategic direction. This also has an impact on the way Directors' emoluments are being reported, since this now does not only include Directors' fees, as it did in the past, but also the salaries paid to the new Directors who are also employees of the Group. One should note that this is a reporting requirement and does not mean that the amounts being incurred by the Group, in this respect have changed significantly, simply that they need to be reported differently.

Our sincere thanks are due to Lawrence Zammit, Michael Soler and Nick Rendell who have served on the Board for the last few years. I also take this opportunity to welcome Roland Scerri and Anthony Bailey as new members of the Board. Roland, who is the Group Deputy CEO, has been with the Group since 2000 and has served in a number of roles. Tony joined the Group in 2004 and leads all the GIS/Mapping components within the Loqus solution portfolio of products. Tony has been instrumental in developing the optimisation techniques at the heart of *RouteIT* which has resulted in significant savings for our logistics customers. Both new directors are also shareholders of the Group.

The Prospects

The immediate priority for the Group, as it has been for the last few years, is to achieve profitability and maintain our cash flow. This is being done through tight cost management and added effort for revenue enhancement. We have continued to see marginal improvement in our performance during the last six months and we are striving to build a momentum through these tough times to enable Loqus to improve its cash flow and eventually return value to its shareholders.

The recent marketing investments outside the EU have already started to bear fruit with quality deals made with important customers that delivering revenues today and could form the basis of future growth.

The search for suitable business partners that can help Loqus grow by acquiring components of Loqus' business has continued in earnest this year. Although no deal has been concluded yet, a number of alternative arrangements are under discussion with substantial organisations. The discussions are aimed at creating a structure with good long term prospects and most importantly value to you, our shareholders.

As always I would like to close by thanking all our employees, led by Joe Fenech Conti and his management team for their commitment and understanding during what, indisputably, has been a difficult period for everyone.

WALTER BONNICI
Group Chairman

9 April 2013

GROUP CHIEF EXECUTIVE’S REVIEW

Dear Shareholder,

Once again I would like to apologise for the delay in publishing the financial statements for the period in review. This was due to a knock-on effect inherited from the late submission of the audited financial statements for the year ended 30 June 2011.

At the last AGM which was held on 3 December 2012, the shareholders approved a change in the Group’s auditors. The rationale behind this change was to achieve cost savings by ensuring that the audit fees were more in line with the size of the Group. I would like to take the opportunity to thank our previous auditors, Ernst & Young, for their invaluable assistance and welcome on board our new auditors, Mazars.

During our last AGM I confirmed the Directors’ decision to put the Fleet Management IPR and business up for sale to a suitable partner. As explained this is expected to produce synergies in both the technical and marketing fields enabling the Group to be more successful in attracting new business internationally while providing cash flow to the Group. The Group is thus actively pursuing discussions with potential partners, in order to obtain a deal for the sale, in full or in part, of the fleet management arm of the Group. To date, the sale has not yet materialised, although the Group is still committed to completing the transaction as negotiations are on-going. Due to the delay in the finalisation of the sale, the Fleet Management assets including IPR and current contracts, which were previously classified as assets held for sale, were included back as long-term assets.

We have also identified other business elements that perform well as standalone components and we are positioning them in a manner that would enable us to find suitable partners to provide cash injections and growth in these areas. During the year under review the Group also sold on the Racelink project which had been acquired through our purchase of the Alemea business in Italy. As part of this deal Loqus will continue to feature prominently on marketing material for a number of classic car races including the prestigious Mille Miglia event. Apart from this, and in order to better focus on core business, a mutual decision was taken with other shareholders in Loqus Consulting Limited to discontinue that relationship.

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. Even though economic growth in Europe remains weak, the Group has not diminished its sales and marketing efforts. Over the past year the Group’s efforts to attract sales outside of Europe is helping to improve results. The UK, which has traditionally been our primary market, has remained relatively stagnant and this has meant that we did not manage to close any significant new clients, however we have leveraged our reputation for cost savings with our current clients and managed to increase our business coming from them. Furthermore, local Government projects, which pose a severe negative effect on our cash flow, are on target to be completed before the end of 2013.

In a quest to continue with cost savings whilst ensuring better quality offices for our employees, Loqus will be moving to new more suitable premises in the coming weeks. This would see a reduction in rental expenses whilst ensuring better utilisation of the premises in exchange for the garage area which had previously accounted for a large proportion of the total floor area and which was not generating revenues proportionate to its cost.

Group Operational Performance

Even though the period since July 2011 proved to be even tougher than that for the year ended 30 June 2011, the Group registered a significant improvement in its operating performance during the year ended 30 June 2012, achieving a decrease of EUR300k in operating losses. This was mainly due to the provision on customer balances which had been taken during the previous period.

GROUP CHIEF EXECUTIVE'S REVIEW - continued

Group Operational Performance - continued

The overall performance of the Group for 2011/2012 saw turnover settle at EUR 3.78 million compared to EUR 4.1 million recorded for the year ended 30 June 2011. This decrease in revenue was mainly due to a decrease in hardware sales related to projects.

Costs have decreased in line with revenue due to purchases relating to the hardware sales made by the Group. During the year under review the Group also experienced a decrease in amortisation due to an increase in fully-amortised intangibles. Since the Group had turned its focus to projects, it had reduced its investment in generic R&D over the past 2 years and therefore amortisation is expected to remain low in the coming years. During the previous period, the economic instability has led management to make an analysis of our customers and the balances they have with the Group and to this end the Group had provided for more than EUR 300K of the balances owed by our customers. Financing costs also increased as a result of additional facilities obtained from our Bank.

Overall the financial year under review year is an improvement over the previous year with EBITDA improving by €340k and loss before tax by €556k.

Capital Requirements

The Group continues to face the important challenge of maintaining a positive cash flow. As previously reported, the Bank continued to support the Group through temporary excess facilities since no cash surplus was being generated from operations. However, 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.

Forward-Looking Strategy

Though the Group is still making a loss after depreciation and amortisation, we are still aiming for a more sustained recovery by June 2013. The Group is moving in the right direction. Our position of investing in strategic projects which we feel can turn into products over time has been further validated over the last year. Even though we are being cautious in our predictions, we are aiming for a full recovery by June 2014.

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

Conclusion

As always, I would like to take this opportunity to thank my colleagues for their dedication. It is through their commitment and hard work that Loqus is able to deliver and explore new avenues.

JOE FENECH CONTI
Group Chief Executive

9 April 2013

GENERAL INFORMATION

Company registration

Loqus Holdings p.l.c. was registered in Malta on 23 October 2000 as a limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The Company's registration number is C 27140.

Directors

Walter Bonnici (Chairman)
Joseph Fenech Conti (Chief Executive Officer)
Anthony P. Demajo
George Gregory
Michael Soler (resigned on 3 December 2012)
Lawrence Zammit (resigned on 24 April 2012)
Nicholas John Rendell (resigned on 3 December 2012)
Joseph Roland Scerri (appointed on 24 April 2012)
Tony Bailey (appointed on 3 December 2012)

Company secretary

Adrian Mallia

Registered office

F26
Mosta Technopark
Mosta MST 3000
MALTA
Tel: (+356) 23 318 000

Bankers

HSBC Bank Malta p.l.c.
116, Archbishop Street
Valletta VLT 1444
MALTA

Auditors

Mazars Malta
32, Sovereign Building
Zaghfran Road
Attard ATD 9012
MALTA

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 30 June 2012.

Principal activities

The Group is primarily involved in the provision of fleet management, back-office processing, consulting and ICT solutions.

Dividends

The Directors did not propose the payment of dividend.

Review of the business

The Group incurred a loss before the effect of taxation amounting to EUR 840,748 (2011 loss: EUR1,396,516). Non-controlling interests incurred a loss amounting to EUR 4,939 (2011 loss: EUR28,806) during the current year and the losses attributable to the shareholders of the Company amounted to EUR 835,849 (2011 loss: EUR1,367,790). Further information about the results of the Group is provided in the statement of comprehensive income on page 14.

The Company incurred a loss before the effect of taxation of EUR 70,359 (2011: Loss EUR73,172). Further information about the results of the Company is provided in the statement of comprehensive income on page 19.

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. Even though economic growth in Europe remains weak, the Group has not diminished its sales and marketing efforts. Over the past year the Group's efforts to attract sales outside of Europe is helping to improve results. The UK, which has traditionally been our primary market, has remained relatively stagnant and this has meant that we did not manage to close any significant new clients, however we have leveraged our reputation for cost savings with our current clients and managed to increase our business coming from them. Furthermore, local Government projects, which pose a severe negative effect on our cash flow, are on target to be completed before the end of 2013.

A more detailed review of the operation of the Company and its subsidiary undertakings for the year under review, and an indication of the likely future developments, are given in the Chairman's Statement and Group Chief Executive's Review.

Directors

The Directors of the Company who held office during the year ended 30 June 2012 were those listed in the General Information.

Statement of Directors' responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and Company as at the end of the financial year and of the profit and loss for that year.

DIRECTORS’ REPORT – continued

Statement of Directors’ responsibilities - continued

The Directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements are prepared on the basis that the Group and the Company must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges relating to the accounting year, irrespective of the date of receipt or payment.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The re-appointment of Mazars Malta will be proposed at the Annual General Meeting.

The Directors’ report was approved by the Board of Directors and was signed on its behalf by:

WALTER BONNICI	**JOSEPH FENECH CONTI**
Chairman	Director

9 April 2013

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Introduction

Pursuant to Listing Rule 5.94 of the Listing Rules issued by the Listing Authority, Loqus Holdings p.l.c. ("the Company") as a company whose equity securities are listed on a regulated market should endeavour to adopt the principles of good corporate governance contained in Appendix 5.1 of the Listing Rules (hereinafter "the Code"). In terms of Listing Rule 5.94 the Company is bound to include a report providing an explanation of the extent to which it has adopted the principles and thus the Company is hereby reporting on the extent of its adoption of the principles contained in the Code.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the Directors strongly believe that such practices are in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the Directors' and the Company's commitment to a high standard of governance.

General

The Company is a holding company and does not itself carry on any trading activities. It owns a number of subsidiaries which together form the Loqus Group (hereinafter the "Group") and it is those subsidiaries that carry on trading activities. The directors are of the view that good corporate governance is the result of a mix of checks and balances which are tailored to suite the Company and its business. The directors firmly believe that whilst best practices are of general application, certain structures aimed at safeguarding these best practices may not be objectively the best structure in the context of a company whose size or business require otherwise.

The Company's governance principally lies in its Board of Directors (the "Board"), responsible for the overall setting of the Group's policies and business strategies.

The Company has adopted a corporate decision-making and supervisory structure that is tailored to suit the Group's requirements and designed to ensure the existence of adequate checks and balances within the Group, whilst retaining an element of flexibility, particularly in view of the size of the Company and the nature of its business.

In general, the directors believe that the Company has in place appropriate structures to achieve a satisfactory level of good corporate governance. The directors also believe that an adequate system of checks and balances is in place.

Below, the directors set forth in further detail the structures, checks and balances, and processes in place, as well as the manner in which these contribute towards achieving the goals set forth in the Code.

Compliance with the Code

These principles deal mainly with the role of the board and of directors.

Principle 1 - The Board

The directors are of the view that for the period under review the Company has generally complied with the requirements of this principle and the Code provisions.

The board has, during the period under review, shown the necessary leadership of the Company and has in place mechanisms to ensure that it obtains the requisite information for it to exercise its role and functions. The CEO, as a director of the Company, attends board meetings of the Company, as do other senior members of management as and when requested by the Board.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Principle 2 – Chairman and CEO

In compliance with this principle, the Board has separated the functions of CEO and Chairman, with the Chairman leading the Board whilst the CEO leads the executive arm of the Company. The CEO is accountable to the Board. Thus, the directors believe that the Company is in compliance with principle 2.2 of the Code.

Principle 3 – Composition of the Board

During the period under review, six (6) Non-Executive Directors and two (2) Executive Directors served as Directors of the Company. The Company's organisational structure contemplates the role of a Chief Executive Officer (the "CEO"), a position which is occupied by Mr. Joseph Fenech Conti, who is an Executive Director having a seat on the Board of Directors. The Company's CEO is currently a member of the Board and attends Board Meetings in such capacity whilst other Executives attend when necessary and upon invitation of the Directors. The presence of the CEO assures that the Directors have direct access at meetings of Directors to the person having the prime responsibility for day to day operations of the Company and the implementation of polices that allows effective discussion and the availability of all the information necessary to carry out their functions in the best possible manner. In this respect, the Directors feel that the principle set forth in the Code is substantively met by means of this arrangement which allows the inter-action of Non-Executive Directors and Executives.

As stated above, the Board of Directors during the period under review comprised seven Directors elected by the shareholders in the Annual General Meeting, as well as one Director who was co-opted to the Board. For the year under review, the Board has met 6 times. A table outlining attendance is set forth hereunder:

Directors	Date of first appointment	Meetings attended
Mr. Walter Bonnici – Chairman	23 October 2000	5
Mr. Michael Soler	7 August 2008	6
Mr. Lawrence Zammit*	7 August 2008	5
Mr. George Gregory	3 November 2008	6
Mr. Joseph Fenech Conti	7 August 2008	6
Chev. Anthony P Demajo	29 July 2005	5
Mr. Nicholas John Rendell	29 January 2010	1
Mr. Roland Scerri**	24 April 2012	1

* resigned on 24 April 2012
** appointed on 24 April 2012

The meetings held during 2011 and 2012 were attended either personally or by means of an alternate.

Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and the Audit Committee which operate under their respective formal terms of reference. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense. Directors and senior officers are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules.

Each such Director and Senior Officer has been provided with the code of dealing required in terms of Listing Rule 8.45.

The Board of Directors has not undertaken an annual evaluation of its own performance and that of its committees and of individual Directors. The Non-Executive Directors' performance is not formally evaluated by the Company whether on an individual or collective basis. Moreover, the attendance at Board Meetings as shown above is indicative of the level of commitment of the Directors. The Directors believe that in view of the limited size of the Company and its resources, a formal independent evaluation of the collective and individual performance of the Directors by independent third parties is unwarranted as it is not likely to add significant value to the manner in which the Board currently operates and could be disproportionately costly.

For the purposes of Code Provision 3.2 requiring the Board to report on whether it considers each non-executive director as independent in line with the requirements of that Code provision, the board considers that the following non-executive directors were independent during the period under review within the strict meaning of the Code: Mr Michael Soler, Mr George Gregory, Mr Lawrence Zammit and Mr Nicholas John Rendell. Mr Walter Bonnici (indirectly) and Chev Anthony Demajo both hold issued and voting capital in the Company. This notwithstanding, the Board considers that both the said directors have the requisite skills, experience and integrity to act independently and impartially as directors of the Company.

Principle 4 – Board Responsibility

In terms of this principle, it is the board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development. Whilst there are matters which are reserved to the Board to determine within the Group, the board believes that this responsibility includes the appropriate delegation of powers to management and the organisation of an executive team in a manner that is designed to provide high levels of comfort to the directors that there is proper monitoring and accountability apart from implementation of policy. Senior Executive Management is presently entrusted to the CEO, who reports to the Board. The link between the Executive Management and the Board is attained through the attendance at Board Meetings of the CEO, as a member of the Board.

Though the Company has not set up a formal executive committee, meetings led by the CEO, between members of top management take place regularly.

As part of its corporate governance structures the Company has also established an Audit Committee in line with the requirements of the Listing Rules. Unlike the provisions of the Code, which are not mandatory in nature, the Directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Listing Rules. The principal role of the Audit Committee is the monitoring of internal systems and controls. In addition, unless otherwise dealt with in any other manner prescribed by the Listing Rules, the Audit Committee has the responsibility to monitor and scrutinise Related Party Transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board of any such proposed Related Party Transactions.

The Audit Committee was, during the period under review, composed of Chev. Anthony P. Demajo (Chairman of the committee and Non-Executive Director of the Company), Mr. Lawrence Zammit (Non-Executive Director of the Company), and Mr. George Gregory, (Non-Executive Director of the Company). Mr Michael Soler (Non-Executive Director of the Company) was appointed to replace Mr Lawrence Zammit, who resigned on the 24 April 2012.

DIRECTORS’ STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Nevertheless, the Audit Committee has the power and authority under its terms of reference to summon any person to assist it in the performance of its duties. The Audit Committee has met three times in the financial year under review. The Directors are of the view that the composition of the Audit Committee meets the requirements of the Code on independence as well as having a member with knowledge in accounting and/or auditing, since Mr. George Gregory is a Fellow of the Association of Chartered Certified Accountants. Following such declarations, such persons are also considered to be independent Directors for the purposes of the Code.

Principle 5 – Board Meetings

The Board is of the view that it complies with the requirements of this principle. Reference is made to the disclosed above in relation to the number of Board Meetings held and participation thereat, as well as Audit Committee Meetings.

Principle 6 – Information and Professional Development

The CEO is appointed by the board and enjoys the confidence of the board. The CEO is responsible for recruitment and appointment of senior management, which is done in consultation with the Board.

The directors have access to professional advice as and when required, with a view to discharging properly their duties as directors.

Principle 7 –Evaluation of Board’s Performance

The board has not appointed a committee for the purpose of evaluating its own performance, and does not at this point intend to do so.

Principle 8 - Committees

The Board has taken steps to appoint a remuneration committee which is aimed at making recommendations to the Board on the remuneration packages of the Company’s executives.

Principle 8B

The Company has not appointed a nominations committee, and does not believe that at this point it is necessary to do so.

Principles 9 and 10 –Relations with Shareholders and the Market

During the period under review, the Company has communicated to the market through company announcements providing the market with information about reportable events. The Company also communicates to the market and its shareholders through its general meetings. As a result of the Company’s inability to meet reporting deadlines, trading in the Company’s securities has been suspended by the Listing Authority. The Company expects to shortly meet its reporting deadlines with the result that the suspension in trading will be lifted.

The Company’s website is also utilised as an avenue for imparting information to the market.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Compliance with the Code – continued

Principle 11 – Conflict of Interest

In the context of board meetings, a Director having a conflict of interest is required to inform the other members of the Board, and may be invited to abstain from voting on a particular matter in which he is conflicted, as well not to be present whilst the matter is under discussion. The Board is of the view that this secures substantive compliance with the rationale underlying this principle.

Terms and conditions of contracts negotiated with relating parties are subject to review and approval by the Company's Audit Committee.

As at reporting date, the direct interests of the Directors in the shares of the Company were as follows:

	Number of shares
Chev Anthony P. Demajo	1,350,750
Mr. Joseph Roland Scerri	5,556
Mr. George Gregory	NIL
Mr. Michael Soler	NIL
Mr. Lawrence Zammit	NIL
Mr. Nicholas John Rendell	NIL

Mr. Joseph Fenech Conti has a beneficial interest of 15,949,500 shares currently registered in the name of JFC Holdings Limited. Mr. Walter Bonnici has a beneficial interest of 1,434,030 shares currently registered in the name of GDL Trading and Services Limited.

Principle 12 – Corporate Social Responsibility

The Company understands its obligation towards society at large and, within the current financial constrains of the Company, attempts to fulfil this obligation. The Company is fully aware of its obligation to help preserve the environment and endeavours to respect the environment.

The Company considers itself to be a good employer and promotes open communication, responsibility and personal development. Furthermore, the Company maintains a staff development program aimed at providing training to staff to assist in their development. Through investing in its people and their professional growth, the Company believes that this will be beneficial to both its shareholders and stakeholders alike.

The Directors consider that during the financial year under review the Company has put in place appropriate structures to comply with the principles and underlying spirit of the Code. Nonetheless the Directors shall endeavour to keep the situation under regular review as appropriate.

Non-compliance with the Code Provisions

The Directors set forth below the code provisions which they do not comply with, together with an explanation for such non-compliance:

Code Provision	Explanation
2.1	Though the functions of CEO and Chairman are carried out by separate persons, the division of responsibilities has not been established in writing. In practice, however, the two roles are clearly separated and defined.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Non-compliance with the Code Provisions – continued

Code Provision	Explanation
4.2	The Board has not developed a succession policy for the future composition of the board. The existence of a deputy CEO somewhat reduced the need for such a policy.
4.3	The Company has not as such organised any information sessions as required in this provision though the board regularly discusses the matters set forth in this provision during board meetings.
4.7	For the period under review, the Company has been unable to comply with its publication duties within the stipulated deadlines. However the Board has sought to inform the market of the reasons for delay.
6.1	Directors are not offered an official introduction programme, in particular since directors are re-elected from year to year and are persons who are experienced in directorships. However, new directors are given informal induction on the company and its operations.
6.4	Though no 'formal' systems are in place for the development and training of management and employees, as a fact management and employees are frequently offered training opportunities. No formal 'systems' to monitor morale are in place, though the size of the company allows for constant informal assessment of staff morale. Furthermore, no formal succession plan for senior management is in place.
7.1	The Board is of the view that the size of the Company and the board itself does not warrant the establishment of this committee. The Board is of the view that the size of the Board is such that it is in a position to evaluate its own performance.
8A	The Company has taken steps to appoint such a committee with the intention of the said committee making recommendations to the Board on matters within its remit.
8B	The Board has not appointed a nominations committee, particularly due to the requirements relating to nomination in the Articles of Association of the Company.
9.3	The memorandum and articles of association of the Company do not provide a mechanism for resolution of conflicts as referred to in this provision.

Internal Control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, risk in order to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls.

The key features of the Company's system of internal control are as follows:

Organisation

The Company operates through the CEO, who is the most senior Executive, with clear reporting lines and delegation of powers. The CEO reports directly to the Board.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Internal Control - continued

Risk identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. The Audit Committee's mandate also includes the continuous assessment and oversight of such key risks.

General Meetings

The general meeting is the highest decision making body of the Company and is regulated by the Company's Articles of Association. All shareholders registered on the register of members of the Company on a particular record date are entitled to attend and vote at general meetings. A general meeting is called by 21 days notice.

At an annual general meeting what is termed as 'ordinary business' is transacted, namely, the declaration of a dividend, the consideration of the accounts, balance sheets and the reports of the directors and auditors, the election of directors, and the appointment of auditors and the fixing of remuneration of directors and auditors. Other business which may be transacted at a general meeting (excluding the general meeting) is dealt with as 'Special Business'.

Voting at general meetings takes place by a show of hands or a poll where this is demanded. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands each shareholder is entitled to one vote and on a poll each shareholder is entitled to one vote for each share carrying voting rights of which he is a holder. Shareholders who cannot attend a meeting may appoint a proxy.

Business at the Company's AGM will cover the approval of the Annual Report and Audited Financial Statements, the election of Directors and the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration.

Further Information

To comply with the recommendations of the Code as regards the disclosure of Directors' remuneration, the Board has opted to disclose an aggregate figure. For the financial year under review the aggregate remuneration to which the Directors were entitled amounted to:

Directors of the Group	EUR66,000
Directors of the Company	EUR42,000

The remuneration of the Executive Directors is disclosed in the Key Management Personnel note to the financial statements.

The Non-Executive Directors have no arrangement for profit sharing, share options or pension benefits as part of their remuneration.

Board of Directors

The Board is aware of its corporate social responsibilities in terms of the Code and seeks to adhere, as far as possible within the various constraints inherent in the Company, to its obligations set forth in the said Code.

In general the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with the Company's requirements.

DIRECTORS' STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Further Information – continued

Control environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

The Memorandum and Articles of Association of the Company regulate the appointment of the Directors. Appointment of Directors is reserved exclusively to the Company's shareholders. Every shareholder owning, or group of shareholders who own together, not less than 10% of the ordinary share capital are entitled to appoint one Director for every such 10% holding.

The Chairman, Board of Directors and Auditors are all appointed by the shareholders during the Annual General Meeting (AGM). All Directors may be removed from their post either by the shareholder who appointed them or else by the passing of an ordinary resolution in the general meeting. The Directors hold office for a period of one year, unless they resign or are removed or are appointed for periods other than one year. Once the period stated in their letter of appointment lapses, the Directors would be eligible for re-appointment.

Dealings by Directors and Senior Officers

Directors and Senior Officers are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules. Chev. Anthony P. Demajo was appointed Designated Director of the Company for the purposes of the "Code of Conduct for Securities Transactions". There were no reported breaches of such obligations during the year under review.

Going concern

In accordance with Listing Rule 5.62, the Directors have considered the Company's operating performance, the statement of financial position at year end, and they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements set out on pages 14 to 56. Note 2 to the financial statements, details the going concern assessment.

Approved by the Board of Directors on 9 April 2013 and signed on its behalf by:

WALTER BONNICI	**ANTHONY DEMAJO**	**JOSEPH FENECH CONTI**
Chairman	Audit Committee Chairman	Director

MAZARS

Independent auditors' report to the shareholders of Loqus Holdings plc

Report on the financial statements

We have audited the accompanying financial statements of Loqus Holdings plc (the Company) and of the Group of which the Company is the parent set out on pages 14 to 56 which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described on pages 2 and 3, the directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act Cap 386 of the Laws of Malta, for such internal controls as the directors determine to be necessary to enable the presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the state of the affairs of the company as at 30 June 2012 and of its financial performance, cash flow and statement of changes in equity for the period then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

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Mazars Consulting Limited
VAT Reg No. MT 1633-8328
Company Reg. No.: C 29387

MAZARS

Report on other legal and regulatory requirements

The Listing Rules issued by the Malta Listing Authority require the Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance through the accounting period with those Principles.

The listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the Directors.

We read the Statement of Compliance and consider the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 4 to 11 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Matters on which we are required to report by exception

We also have responsibilities under:

- The Companies Act, 1995 Cap 386 of the laws of Malta, to report to you if, in our opinion:
    - The information given in the Director's report is not consistent with the financial statements
    - Adequate accounting records have not been kept,
    - The financial statements are not in agreement with the accounting records
    - We have not received all the information and explanations we require for our audit
    - Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

- The Listing Rules to review the statement made by the Directors that the business is a going concern together with the supporting assumptions or qualifications as necessary

We have nothing to report to you in respect of these responsibilities

This copy of the audit report has been signed by
Paul Giglio (Partner) for and on behalf of

Mazars Malta
Certified Public Accountants
Attard

Date: 9 April 2013

STATEMENT OF COMPREHENSIVE INCOME – Group
for the year ended 30 June 2012

	Notes	2012 EUR	2011 EUR
Revenue	3	**3,780,741**	4,106,455
Other income	3,5	**112,193**	171,666
Purchases and other directly attributable costs	3	**(1,114,137)**	(1,246,305)
Personnel expenses	3,6	**(2,167,903)**	(2,263,157)
Professional and consultancy fees		**(87,527)**	(182,549)
Travelling and accommodation		**(105,853)**	(162,134)
Marketing expenses		**(34,846)**	(62,997)
Other administrative expenses	7	**(396,395)**	(714,487)
Operating loss before depreciation and amortisation		**(13,727)**	(353,508)
Depreciation and amortisation	3, 10, 11	**(594,078)**	(838,647)
Finance income	3	**1,646**	1,170
Finance costs	3	**(234,589)**	(205,531)
Loss before tax			
Income tax expense	8	**(40)**	(80)
Loss for the year			
Other comprehensive income		-	-
Total comprehensive income for the year net of tax		**(840,788)**	(1,396,596)
Attributable to:			
Owners of the parent		**(835,849)**	(1,367,790)
Non-controlling interest		**(4,939)**	(28,806)
		(840,788)	(1,396,596)
Loss per share - basic	9.1	**(2c6)**	(4c3)

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION - Group
as at 30 June 2012

	Notes	30 June 2012 EUR	30 June 2011 *As restated** EUR	1 July 2010 EUR
ASSETS				
Non-current assets				
Property, plant and equipment	10	**229,245**	343,868	411,485
Intangible assets	11	**5,342,580**	5,606,045	5,812,258
		5,571,825	5,949,913	6,223,743
Current assets				
Inventories	15	**8,580**	9,776	10,484
Trade and other receivables	16	**2,025,341**	2,326,904	2,111,327
Income tax recoverable		**-**	-	7,199
Cash at bank	21	**60,455**	75,480	320,051
		2,094,376	2,412,160	2,449,061
Assets classified as held for sale		-	320,470	-
		2,094,376	2,732,630	2,449,061
TOTAL ASSETS		**7,666,201**	8,682,543	8,672,804

**Certain figures shown do not correspond to the 2011 financial statements and reflect adjustments made as detailed in Note 4.*

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION - Group
as at 30 June 2012

	Notes	30 June 2012 EUR	30 June 2011 *As restated** EUR	1 July 2010 EUR
EQUITY AND LIABILITIES				
Equity				
Issued capital	17.1	**7,430,457**	7,430,457	7,430,457
Share premium	17.2	**847,101**	847,101	847,101
Capital redemption reserve	17.3	**121,554**	121,554	121,554
Accumulated losses		**(6,541,420)**	(5,705,571)	(4,275,307)
Equity attributable to owners of the parent		**1,857,692**	2,693,541	4,123,805
Non-controlling interest		**16,089**	21,028	(57,222)
Total equity		**1,873,781**	2,714,569	4,066,583
Non-current liabilities				
Interest bearing loans and borrowings	18	**584,849**	556,274	104,547
Trade and other payables	20	**-**	300,000	-
		584,849	856,274	104,547
Current liabilities				
Interest bearing loans and borrowings	18	**952,711**	1,053,710	1,574,429
Trade and other payables	20	**4,254,860**	4,057,990	2,927,245
		5,207,571	5,111,700	4,501,674
Total liabilities		**5,792,420**	5,967,974	4,606,221
TOTAL EQUITY AND LIABILITIES		**7,666,201**	8,682,543	8,672,804

**Certain figures shown do not correspond to the 2011 financial statements and reflect adjustments made as detailed in Note 4.*

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

The financial statements on pages 14 to 56 have been authorised for issue by the Board of Directors on 9 April 2013 and were signed on its behalf by:

WALTER BONNICI
Chairman

ANTHONY DEMAJO
Audit Committee Chairman

JOSEPH FENECH CONTI
Director

STATEMENT OF CHANGES IN EQUITY – Group
for the year ended 30 June 2012

	Attributable to equity holders of the parent						
	Issued capital EUR	Share premium EUR	Capital redemption reserve EUR	Accumulated losses EUR	Total EUR	Non-controlling interest EUR	Total equity EUR
FOR THE YEAR ENDED 30 June 2011							
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 year	-	-	-	(1,367,790)	**(1,367,790)**	(28,806)	**(1,396,596)**
Other comprehensive income	-	-	-	-	**-**	-	**-**
Total comprehensive income	-	-	-	(1,367,790)	**(1,367,790)**	(28,806)	**(1,396,596)**
Acquisition of non-controlling interest (note 12)	-	-	-	(62,474)	**(62,474)**	107,056	**44,582**
At 30 June 2011	**7,430,457**	**847,101**	**121,554**	**(5,705,571)**	**2,693,541**	**21,028**	**2,714,569**
FOR THE YEAR ENDED 30 June 2012							
At 1 July 2011	7,430,457	847,101	121,554	(5,705,571)	**2,693,541**	21,028	**2,714,569**
Loss for the year	-	-	-	(835,849)	**(835,849)**	(4,939)	**(840,788)**
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(835,849)	**(835,849)**	(4,939)	**(840,788)**
Acquisition of non-controlling interest (note 12)	-	-	-	-	-	-	-
At 30 June 2012	**7,430,457**	**847,101**	**121,554**	**(6,541,420)**	**1,857,692**	**16,089**	**1,873,781**

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS - Group
for the year ended 30 June 2012

	Notes	2012 EUR	2011 EUR
Operating activities			
(Loss)/Profit before tax		**(840,788)**	(1,396,516)
Non-cash adjustment to reconcile loss before tax to net cash flows:			
Loss on sale of property, plant and equipment		**20,470**	-
Depreciation and amortisation	10, 11	**594,078**	838,647
Provision for impairment of receivables	16	**(34,517)**	301,257
Write-off of receivables	7	**22,173**	25,128
Interest expense		**234,589**	205,531
Interest income		**(1,646)**	(1,170)
Provision for exchange differences		**16,291**	(23,729)
Provision for obsolete inventory	15	**4,260**	3,257
Working capital adjustments:			
Increase in inventories		**(3,072)**	(2,547)
Decrease /(Increase) in trade and other receivables		**615,230**	(534,222)
(Decrease)/Increase in trade and other payables		**(202,059)**	946,579
		425,009	362,215
Interest paid		**(146,228)**	(158,796)
Interest received		**1,646**	1,170
Income tax paid	8	**(40)**	(80)
Income tax refunded		**-**	7,199
Net cash flows generated from operating activities		**280,387**	211,708
Investing activities			
Proceeds from sale of property, plant and equipment		**3,563**	17,340
Payment to acquire property, plant and equipment	10	**(5,667)**	(63,083)
Payments to acquire intangible assets	11	**(213,886)**	(239,540)
Payment for business combination	19	**-**	(102,000)
Net cash flows used in investing activities		**(215,990)**	(387,283)
Financing activities			
Proceeds from interest-bearing borrowings		**120,000**	-
Repayment of interest-bearing borrowings		**(174,438)**	(326,584)
Net cash flows used in financing activities		**(54,438)**	(326,584)
Net movement in cash and cash equivalents		**9,959**	(502,159)
Cash and cash equivalents at beginning of year		**(280,004)**	222,155
Cash and cash equivalents at end of year	21	**(270,045)**	(280,004)

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME - Company
for the year ended 30 June 2012

	Notes	2012 EUR	2011 EUR
Revenue		**-**	-
Personnel expenses	6	**(47,000)**	(47,000)
Professional and consultancy fees		**(1,854)**	(3,958)
Other administrative expenses	7	**(22,684)**	(22,651)
Operating loss		**(71,538)**	(73,609)
Finance income		**79,827**	70,774
Finance costs		**(78,648)**	(70,337)
Loss before tax		**(70,359)**	(73,172)
Income tax credit	8	**-**	-
Loss for the year		**(70,359)**	(73,172)
Other comprehensive income		**-**	-
Total comprehensive income for the year, net of tax		**(70,359)**	(73,172)
Loss per share - basic	9.1	**(0c2)**	(0c2)

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION - Company
as at 30 June 2012

	Notes	2012 EUR	2011 EUR
ASSETS			
Non-current assets			
Investment in subsidiaries	12	**9,655,336**	9,655,336
Current assets			
Trade and other receivables	16	**8,218**	10,887
Income tax recoverable		**-**	-
Cash at bank and in hand	21	**58,809**	58,466
		67,027	69,353
TOTAL ASSETS		**9,722,363**	9,724,689
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	17.1	**7,430,457**	7,430,457
Share premium	17.2	**847,101**	847,101
Accumulated losses		**(332,178)**	(261,819)
		7,945,380	8,015,739
Non-current liabilities			
Interest bearing loans and borrowings	18	**531,061**	475,970
Current liabilities			
Trade and other payables	20	**880,757**	991,894
Interest bearing loans and borrowings	18	**365,165**	241,086
		1,245,922	1,232,980
Total liabilities		**1,776,983**	1,708,950
TOTAL EQUITY AND LIABILITIES		**9,722,363**	9,724,689

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

The financial statements on pages 14 to 56 have been authorised for issue by the Board of Directors on 9 April 2013 and were signed on its behalf by:

WALTER BONNICI
Chairman

JOSEPH FENECH CONTI
Director

STATEMENT OF CHANGES IN EQUITY - Company
for the year ended 30 June 2012

	Issued capital EUR	Share premium EUR	Accumulated losses EUR	Total EUR
FOR THE YEAR ENDED 30 June 2011				
At 1 July 2010	7,430,457	847,101	(188,647)	8,088,911
Loss for the year	-	-	(73,172)	(73,172)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(73,172)	(73,172)
At 30 June 2011	7,430,457	847,101	(261,819)	8,015,739
FOR THE YEAR ENDED 30 June 2012				
At 1 July 2011	7,430,457	847,101	(261,819)	**8,015,739**
Loss for the year	-	-	(70,359)	**(70,359**)
Other comprehensive income	-	-	-	-
Total comprehensive income-	-		(70,359)	**(70,359**)
At 30 June 2012	**7,430,457**	**847,101**	**(332,178)**	**7,945,380**

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS - Company
for the year ended 30 June 2012

	Notes	2012 EUR	2011 EUR
Operating activities			
Loss before tax		**(70,359)**	(73,172)
Non-cash adjustment to reconcile loss before tax to net cash flows:			
Finance cost		**78,648**	70,337
Finance income		**(79,827)**	(70,774)
Working capital adjustments:			
Decrease/(Increase) in trade and other receivables		**2,062**	(662)
(Decrease)/Increase in trade and other payables		**(31,887)**	75,155
		(101,363)	884
Interest received		**1,184**	437
Income tax refunded		**-**	7,199
Net cash flows generated utilised in operating activities		**(100,179)**	8,520
Investing activities			
New capital subscription in subsidiaries	12	**-**	-
Net cash flows used in from investing activities		**-**	-
Financing activities			
Proceeds from amounts received from related parties		**120,000**	-
Repayment of amounts due to related parties		**(19,478)**	(18,368)
Net cash flows used in financing activities		**100,522**	(18,368)
Net movement in cash and cash equivalents		**343**	(9,848)
Cash and cash equivalents at beginning of year		**58,466**	68,314
Cash and cash equivalents at end of year	21	**58,809**	58,466

The accounting policies and explanatory notes on pages 23 to 56 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Loqus Holdings p.l.c (the "Company") is a public liability company, incorporated in Malta on 23 October 2000. The consolidated financial statements of the Company for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associated company. The Group is primarily involved in the provision of fleet management, back-office processing, consulting and ICT solutions.

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements (the "financial statements") have been prepared on a historical cost basis.

The financial statements have been prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Going Concern

On the basis of the progress made by the Group, the Directors are of the opinion that cash flows are sufficient to meet present and future commitments and liabilities of the Company and the Group as and when they fall due.

These 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 a 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.

2.2 BASIS OF CONSOLIDATION

Basis of consolidation from 1 July 2009

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.
If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial period except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 July 2012:

- IFRS 7 Amendments – Disclosures - Transfers of Financial Assets
- IAS 24 Revisions – Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
- IFRIC 14 Amendments – Prepayment of a Minimum Funding Requirement (*effective for annual periods beginning on or after 1 January 2012*)

The adoption of the above new and amended standards and IFRIC interpretations did not have an impact on the financial position or performance of the Group/Company.

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective up to 30 June 2012

Up to the financial position date, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the Group has not yet adopted. None of the below mentioned standards will have an affect on the Group's financial position and performance. These are as follows:

- IAS 1 Amendments – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- IAS 10 (Revised) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- IFRIC 19: IFRS9 – Extinguishing Financial Liabilities with Equity Instruments (*effective for annual periods beginning on or after 1 January 2015*)
- IFRIC 19: IFRS13 – Extinguishing Financial Liabilities with Equity Instruments (*effective for annual periods beginning on or after 1 January 2013*)

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union:

- IFRS 1 Amendments – Government Loans
- IFRS 1 Amendments – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- IFRS 7 Amendments – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of Interests in Other Entities
- IFRS 13 – Fair Value Measurement

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union: - continued

- IAS 12 Amendments – Deferred Tax: Recovery of Underlying Assets
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- IAS 32 Amendments – Offsetting Financial Assets and Financial Liabilities
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
- Improvements to IFRSs issued on May 2012
- Transitional Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting polices set out below have been applied consistently to all years presented in these financial statements and have been applied consistently by Group/Company.

Foreign currency translation

The separate and consolidated financial statements are presented in Euro, which is the Group/Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date, whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Gains and losses arising from such foreign exchange translations are taken to the statement of comprehensive income.

Revenue recognition

In general, revenue is measured at the fair value of the consideration received or receivable and is recognised to the extent that it is probable that the economic benefits will flow to the Group/Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue from services rendered

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion of contract costs incurred for work performed to date as a percentage to the estimated total costs. The excess of revenue measured at a percentage completion over the revenue recognised in prior periods is the revenue for the period.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income / expense is recorded using the effective interest rate (EIR). Interest income is included with finance income in the statement of comprehensive income.

Dividend income

Revenue is recognised when the right to receive the payment is established.

Taxes

Current tax

Current tax assets and liabilities for the current year and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Taxes - continued

VAT

Revenues, expenses and assets are recognised net of the amount of sales tax/value added tax except:

- where the sales tax/value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax/value added tax is recognised as part of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax/value added tax included.

The net amount of sales tax/value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grants on a systematic basis to the costs that are intended to compensate.

Employee benefits

The Group/Company contributes towards the State pension defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of fixed contributions. Related costs are recognised as an expense in the statement of comprehensive income during the year these are incurred.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. All other borrowing costs are recognised as an expense when incurred.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Management monitors the operating results 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.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Non-current classified as held for sale are re-classified to property, plant and equipment or intangibles if the qualifying criteria are no longer met. Such assets are measured at the lower of:

i) their carrying mount before being classified as held for sale adjusted for depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale, and

ii) their recoverable amount at the date when the qualifying criteria are no longer met

Any required adjustment to the carrying amount of a non-current asset that cease to be classified as held for sale in profit or loss from continuing operations in the period when the criteria are no longer met unless the asset had been revalued before classification as held for sale, in which case the adjustment is treated as a revaluation increase or decrease.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of each part of an item of property, plant and equipment. A depreciation charge equivalent to a half year's depreciation is charged for the year in which the asset is first brought into use and a half year's depreciation is charged during the year in which the asset is disposed of or scrapped.

The estimated lives for the current and comparative periods are as follows:

• System infrastructure	5 - 15 years
• Heavy plant and machinery	10 years
• Furniture, fittings and equipment	4 - 10 years
• Motor vehicles	5 years
• Factory improvements	over the remaining period of the lease

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Leased assets

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive income. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group/Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, development expenditure are carried out at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of future consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in the accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. The amortisation period for the intangibles category is as follows:

- Capitalised development costs — 5 years
- Acquired computer software — 4 years

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of comprehensive income when incurred.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Goodwill

The definition of an intangible asset requires an intangible asset to be identifiable to distinguish it from goodwill. Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The future economic benefits may result from synergy between the identifiable assets acquired or from assets that, individually, do not qualify for recognition in the financial statements.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Research and development

Research costs, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

A summary of the policies applied to the Company's intangible assets is as follows:

	Development cost	Acquired computer software
Useful lives	Finite	Finite
Amortisation method used	Amortised on a straight line method	Amortised on a straight line method
Internally generated or acquired	Internally generated	Acquired

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Impairment of assets

Financial assets

The Group/Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of assets - *continued*

Financial assets- continued

For financial assets carried at amortised cost, the Group/Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group/Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the statement of comprehensive income.

Non-financial assets

The Group/Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group/Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group/Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of assets - *continued*

Non-financial assets- continued

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than its carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with finite useful lives are tested for impairment whenever there is an indication that the intangible asset may be impaired.

Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised nor separately tested for impairment. The statement of comprehensive income reflects the share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investment in subsidiaries

The investment in subsidiary companies, which are unlisted, are stated at cost. Provision is made, where in the opinion of the directors, there is a permanent diminution in value. Income from the investment is recognised only to the extent of the distributions received by the Company.

Trade and other receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. Receivables from related party are recognised and carried at cost.

Cash and cash equivalents

Cash in hand and at banks in the statement of financial position comprise cash at banks and in hand.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Trade and other payables

Liabilities for amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group/Company. Payables to related parties are carried at cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less direct attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group/Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and
- either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

When the Group/Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's/Company's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is either discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Unrealised profits

Part II of the Third Schedule to the Companies Act, Cap. 386 of the Laws of Malta, requires that only profits/losses realised at the reporting date may be included in retained earnings available for distribution. Any unrealised profits/losses at this date, taken to the statement of comprehensive income, are transferred to a non-distributable reserve.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the year the changes become known. The most significant judgements and estimates are as follows:

Impairment of non-financial assets
The Group's impairment for goodwill is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next three years as approved by management. Cash flow projections beyond this period were extrapolated for the next eight years using a steady growth rate, after which the terminal value was calculated. These budgets do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the Group. The recoverable amount is most sensitive to the growth rate used as well as the expected future net cash-inflows and discount rate used for the discounted cash flow model. The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are further explained in note 11.1.

For previous year, the Group's impairment for goodwill was based on the fair value less cost to sell. This was derived by reference to the recoverable amount considered during negotiation of the disposal of the assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS - continued

Going concern

Management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Note 2.1 to the financial statements details the going concern assessment.

Development costs

Development costs are capitalised in accordance with the accounting policy in note 2.4. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected year of benefits. At 30 June 2012, the carrying amount of capitalised development costs was EUR 849,006 (2011: EUR1,099,160).

In the opinion of the management, except for the above, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) 'Presentation of financial statements'.

3. 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 the operating results 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SEGMENT INFORMATION - continued

Group

2012	**Fleet management EUR**	**Back-office processing EUR**	**Projects EUR**	**Consulting services EUR**	**Consolidated EUR**
Revenue	1,654,893	1,225,964	870,099	29,785	3,780,741
Other income	112,193	-	-	-	112,193
Purchases and other directly attributable costs	(311,439)	(134,972)	(667,726)	-	(1,114,137)
Personnel expenses	(842,553)	(726,969)	(550,820)	(47,561)	(2,167,903)
Other expenses	(273,407)	(202,543)	(143,750)	(4,921)	(624,621)
Operating profit/(loss) before depreciation and amortisation	339,687	161,480	(492,197)	(22,697)	(13,727)
Depreciation and Amortisation	(489,100)	(87,128)	(17,723)	(127)	(594,078)
Finance income	721	534	379	12	1,646
Finance cost	(102,684)	(76,069)	(53,988)	(1,848)	(234,589)
Loss before tax	**(251,376)**	**(1,183)**	**(563,529)**	**(24,660)**	**(840,748)**

2011	**Fleet management EUR**	**Back-office processing EUR**	**Projects EUR**	**Consulting services EUR**	**Consolidated EUR**
Revenue	2,192,601	1,426,741	314,849	172,264	4,106,455
Other income	171,666	-	-	-	171,666
Purchases and directly attributable cost	(846,218)	(161,704)	(216,968)	(21,415)	(1,246,305)
Personnel expenses	(935,861)	(778,385)	(354,593)	(194,318)	(2,263,157)
Other expenses	(580,963)	(378,037)	(83,424)	(79,743)	(1,122,167)
Operating profit/(loss) before depreciation and amortisation	1,225	108,615	(340,136)	(123,212)	(353,508)
Depreciation and amortisation	(738,781)	(88,957)	(6,800)	(4,109)	(838,647)
Finance income	625	406	90	49	1,170
Finance cost	(109,741)	(71,410)	(15,758)	(8,622)	(205,531)
(Loss)/Profit before tax	(846,672)	(51,346)	(362,604)	(135,894)	(1,396,516)

There is no inter-segment revenue and all revenue was generated from external customers.

NOTES TO THE FINANCIAL STATEMENTS - continued

3. SEGMENT INFORMATION - continued

Revenue by geographical markets	**Local EUR**	**Europe EUR**	**N Africa EUR**	**Total EUR**
2012	**2,654,445**	**1,121,816**	**4,480**	**3,780,741**
2011	2,559,048	1,501,082	46,325	4,106,455

4. RESTATEMENT ON FLEET MANAGEMENT OPERATIONS

At the end of June 2011, the Board of Directors had taken a decision to actively pursue the sale of its existing fleet management operations, including software and existing business relationships, to an established international strategic partner, who may be better placed to exploit the full potential of the said assets on the international market. As a result, part of the Group's assets, relating to fleet management were classified as assets held for sale in the prior period.

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. However until a sale is materialised the assets were re-classified to intangibles and property, plant and equipment and the prior year figures were restated accordingly.

In February 2012, the Group sold the Racelink business which was acquired as part of the Alemea business and the major classes of assets which continued to be classified as held for sale as at 30 June 2011 were as follows:

	2012 **EUR**	2011 *restated* EUR
Goodwill (note 11)	-	83,625
Intangible assets (note 11)	-	31,754
Tangible assets (note 10)	-	5,091
Inventories (note 15)	-	200,000
	-	320,470

5. OTHER INCOME

Other income includes government grants amounting to EUR112,193 (2011: EUR171,666). These are receivable for research being carried out by Loqus Solutions Limited under the ERDF Scheme. Management is confident that all conditions will be fulfilled by the time the request for payment is processed.

NOTES TO THE FINANCIAL STATEMENTS - continued

6. PERSONNEL EXPENSES

Personnel expenses incurred by the Group/Company during the year are analysed as follows:

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Directors' emoluments	**66,000**	66,000	**42,000**	42,000
Wages and salaries	**2,204,432**	2,270,010	**5,000**	5,000
Social security defined contribution costs	**105,786**	112,363	**-**	-
	2,376,218	2,448,373	**47,000**	47,000
Capitalised labour costs	(**208,315**)	(185,216)	**-**	-
Total personnel expenses	**2,167,903**	2,263,157	**47,000**	47,000

Social security defined contribution costs relating to Directors amount to EUR1,791 (2011: EUR1,714).

The average number of persons employed by the Group/Company during the years ended 30 June 2012 and 2011, was as follows:

	Group		Company	
	2012	2011	**2012**	2011
	No.	No.	**No.**	No.
Operating	**68**	68	**-**	-
Administration	**22**	22	**-**	-
	90	90	-	-

7. OTHER ADMINISTRATIVE EXPENSES

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Auditor's remuneration	**19,890**	53,183	**4,141**	3,126
Water and electricity	**53,809**	44,029	**-**	-
Printing expenses	**6,000**	5,973	**6,000**	5,973
Insurances	**33,918**	31,173	**-**	-
Listing and registration fees	**10,837**	11,460	**10,837**	11,460
Bank charges	**8,518**	9,509	**18**	18
Receivables written off	**22,173**	25,128	**-**	-
Movement in provision for impairment of receivables (note 16)	(**34,517**)	301,257	**-**	-
Movement in unrealised foreign exchange	**16,291**	(24,442)	**-**	-
Rent	**53,434**	54,378	**-**	-
Telecommunications	**57,996**	67,059	**-**	-
Fuel and Oil	**28,393**	30,598	**-**	-
Loss on sale of property, plant and equipment	**20,470**	-	**-**	-
Other expenses	**99,183**	105,182	**1,688**	2,074
	396,395	714,487	**22,684**	22,651

NOTES TO THE FINANCIAL STATEMENTS – continued

7. OTHER ADMINISTRATIVE EXPENSES - continued

Group

Professional and Consultancy fees included remuneration payable to the company's auditor for tax compliance services of EUR2,520 (2011: EUR2,163).

Company

Professional and Consultancy fees included remuneration payable to the company's auditor for tax compliance services of EUR437 (2011: EUR413).

8. INCOME TAX

The taxation charge/(credit) for the year is comprised of the following:

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Current tax charge				
- current year	40	80	**-**	-
- over provision in prior period	**-**	-	**-**	-
	40	80	-	-

The taxation on profit/(loss) before tax differs from the theoretical taxation expense that could apply on the Company's profit on ordinary activities before taxation using the applicable taxation in Malta of 35% as follows:

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
(Loss)/Profit before tax	**(840,748)**	(1,396,516)	(70,359)	(73,172)
Theoretical taxation expense/(credit) at domestic income tax rate 35%	**(294,262)**	(488,781)	(24,626)	(25,610)
Tax effect of:				
- Income not subject to tax	**(34,761)**	(58,276)	**-**	-
- Non-deductible expenses	**25,568**	107,121	25,038	25,763
- Deferred tax not recognised	**303,548**	440,016	(412)	(153)
- Interest income taxed at 15%	**(53)**	-	**-**	-
Tax charge/(credit)	**40**	80	**-**	-

NOTES TO THE FINANCIAL STATEMENTS – continued

9. (LOSS)/EARNINGS PER SHARE

9.1 Basic (loss)/earnings per share

The calculation of basic loss earnings per share is based on the consolidated loss for the year attributable to the ordinary equity holders and the Company's loss divided by the average number of equity shares outstanding during the year.

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Loss attributable to the ordinary equity holders/Company's loss	**(835,849)**	(1,367,790)	**(70,359)**	(73,172)
Average number of equity shares outstanding during the year	**31,899,000**	31,899,000	**31,899,000**	31,899,000
Basic loss per share attributable to the ordinary equity holders/Company's basic loss per share	**(2c6)**	(4c3)	**(0c2)**	(0c2)

9.2 Diluted earnings per share

As at the reporting date there are no instruments that could dilute ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS – continued

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment furniture & fittings EUR	Motor Vehicles EUR	Factory Improvements EUR	Total EUR
Cost				
At 1 July 2010	1,857,110	56,880	331,662	2,245,652
Additions	47,876	14,427	780	63,083
Acquisitions	23,603		-	23,603
Disposal	(31,255)	-	-	(31,255)
Assets transferred to non –current assets held for sale	(5,656)	-	-	(5,656)
At 30 June 2011 (restated)	1,891,678	71,307	332,442	2,295,427
Additions	5,333	-	334	5,667
Disposals	(7,121)	-	-	(7,121)
At 30 June 2012	**1,889,890**	**71,307**	**332,776**	**2,293,973**
Depreciation and impairment				
At 1 July 2010	1,577,034	23,360	233,773	1,834,167
Depreciation charge	97,769	12,819	21,288	131,876
Release on disposal	(13,919)	-	-	(13,919)
Provision for depreciation on transferred assets	(565)	-	-	(565)
At 30 June 2011 (restated)	1,660,319	36,179	255,061	1,951,559
Depreciation charge	81,095	14,289	21,343	116,727
Release on disposal	(3,558)	-	-	(3,558)
At 30 June 2012	**1,737,856**	**50,468**	**276,404**	**2,064,728**
Net Book Value				
At 30 June 2012	**152,034**	**20,839**	**56,372**	**229,245**
At 30 June 2011 (restated)	231,359	35,128	77,381	343,868
At 30 June 2010	280,076	33,520	97,889	411,485

Certain figures shown do not correspond to the 2011 financial statements and reflect adjustments made as detailed in Note 4.

The carrying value of assets held under finance lease at 30 June 2012 stood at EUR 8,249 (2011: EUR 10,227).

As at 30 June 2012, assets amounting to EUR 989,009(2011: EUR875,042) were fully depreciated.

NOTES TO THE FINANCIAL STATEMENTS – continued

11. INTANGIBLE ASSETS

	Goodwill EUR	Software Development EUR	Acquired Software EUR	Total EUR
Cost				
At 1 July 2010	5,701,288	4,249,961	433,783	10,385,032
Additions	-	230,288	9,252	239,540
Acquisition	270,929	-	105,468	376,397
Assets transferred to non –current assets held for sale	(83,625)	-	(35,282)	(118,907)
At 30 June 2011	5,888,592	4,480,249	513,221	10,882,062
Additions	-	208,315	5,571	213,886
At 30 June 2012	**5,888,592**	**4,688,564**	**518,792**	**11,095,948**
Amortisation and Impairment				
At 1 July 2010	1,460,670	2,695,507	416,597	4,572,774
Amortisation charge	-	685,582	21,189	706,771
Provision for depreciation non –current assets held for sale	-	-	(3,528)	(3,528)
At 30 June 2011	1,460,670	3,381,089	434,258	5,276,017
Amortisation charge	-	458,469	18,882	477,351
At 30 June 2012	**1,460,670**	**3,839,558**	**453,140**	**5,753,368**
Net Book Value				
At 30 June 2012	**4,427,922**	**849,006**	**65,652**	**5,342,580**
At 30 June 2011	**4,427,922**	**1,099,160**	**78,963**	**5,606,045**
At 30 June 2010	**4,240,618**	**1,554,454**	**17,186**	**5,812,258**

Intangible assets are made up of goodwill, software development and acquired software. Software development includes capitalised labour cost incurred in the enhancement and development of software.

As at year end, EUR 175,020 (2011: EUR175,020), relating to the development of one of the subsidiary's software products, was not in the condition necessary for it to be capable of operating in the manner intended by management.

Certain figures shown do not correspond to the 2011 financial statements and reflect adjustments made as detailed in Note 4.

As at 30 June, assets amounting to EUR552,744 (2011: EUR502,831) were fully amortised.

NOTES TO THE FINANCIAL STATEMENTS – continued

11. INTANGIBLE ASSETS – continued

11.1 Impairment test for the cash-generating units containing goodwill - current period

The Group performed its annual impairment test as at 30 June 2012. Since management only monitors revenue and directly attributable costs of its business units separately and the decision making process was managed on a group basis, the Group was considered to be a single cash generating unit.

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period. The cash flows beyond the budget period are extrapolated using a 6% (2010: 6%) growth rate for years four to eleven and 3% (2010: 3%) thereafter into perpetuity.

The key assumptions used in the value in use calculation are most sensitive to the following assumptions:
- Revenue growth rate (10% average) during the budgeted period;
- Growth rates (6% and 3%) beyond the budget period; and
- Pre-tax discount rate (10%).

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of the cash-generating unit is based, would not cause its carrying amount to exceed its recoverable amount. Further details are provided in note 25 – Liquidity.

12. INVESTMENT IN SUBSIDIARIES

Company

	Capital subscribed EUR	Shareholders' contribution EUR	Total EUR
At 30 June 2011	2,429,388	7,225,948	9,655,336
At 30 June 2012	**2,429,388**	**7,225,948**	**9,655,336**

NOTES TO THE FINANCIAL STATEMENTS – continued

12. INVESTMENT IN SUBSIDIARIES - continued

Ownership Interest **Significant Subsidiaries**	**Registered office**	**2012 %**	**2011 %**	**Nature of Business**
Loqus Services Limited (note iii)	F26, Mosta Technopark Mosta, MST 3000, Malta	99.9	99.9	Fleet management in Malta and back-office processing
Loqus Solutions Limited (note iii)	F26, Mosta Technopark Mosta, MST 3000, Malta	94.04	94.04	Software solutions
Loqus Consulting Limited	F26, Mosta Technopark Mosta, MST 3000, Malta	75.0	75.0	Consulting services
Loqus UK Ltd. (note i)	Treetops Cedar Drive, Snitterfield Stratford Upon Avon CV 37 OLJ, UK	100	100	Fleet Management in the UK
Datatrak IT Services Limited (note ii)	F26, Mosta Technopark Mosta, MST 3000, Malta	50.2	50.2	Software development and related services
Loqus Italia S.r.l. (note iii)	Via Paolo di Dono, 73 00142, Roma, Italia	100	100	Fleet management in Italy
Premiere Post Limited (note iii)	F26, Mosta Technopark Mosta, MST 3000, Malta	99.9	99.9	Postal Service

i. Loqus UK Ltd is a limited company registered on 2 July 2010 in the UK with an authorised share capital of 1,000 shares of GBP 1 each and an issued share capital of 1 share, fully paid up.

ii. Datatrak IT Services Limited has been dormant since 1 January 2008 and did not carry out any trading activity during the current year.

iii. The Company indirectly controls Loqus Italia S.r.l. (formerly Datatrak Italia S.r.l.) through Loqus Solutions Limited.

Furthermore, the Company indirectly controls Premiere Post Limited through Loqus Services Limited.

iv. Datatrak IT Algerie Sarl is in the process of liquidation and the investment was fully provided for in previous periods. Such subsidiary was not consolidated due to the fact that amounts are immaterial for the Group and no transactions were entered into during the year under review.

NOTES TO THE FINANCIAL STATEMENTS – continued

13. INVESTMENT IN ASSOCIATE

Group

The Group's investment in associate is analysed as follows:

	2012 **EUR**	2011 EUR
Investment in associated company:		
At 30 June	-	-

The investment in the associated company is held through Loqus Solutions Limited.

Significant subsidiary	**Registered office**	**Ownership interest 2012 %**	**2011 %**	**Nature of business**
Datatrak Nigeria Limited	Nigeria	30	30	Data network provider

The issued share capital of Datatrak Nigeria Limited is 85,000,000 shares of 1 Nigerian Naira each, fully paid up. All ordinary shares in the associate carry equal voting rights.

The Group has limited the recognition of losses of the associated company up to the extent of the value of the Group's interest in the enterprise. The Group does not have any exposure beyond its equity interest therein.

14. DEFERRED TAX

Group

As of 30 June 2012, the Group had deferred tax assets amounting to EUR5,394,393 (2011: EUR5,019,917). These deferred tax assets have not been recognised in these financial statements and will be recognised when utilised against future taxable profits.

These deferred tax assets are in respect of the tax effect of tax losses, capital allowances, investment tax credits and other temporary differences. These deductible temporary differences do not expire under current tax legislation.

Deferred tax assets relating to investment tax credits amount to EUR 2,009,467 (2011: EUR1,914,571).

Company

As of 30 June 2012, the Company had a deferred tax asset of EUR47,753 (2011: EUR48,166). These deferred tax assets have not been recognised in these financial statements and will be recognised when utilised against future taxable profits.

This deferred tax asset is in respect of the tax effect of tax losses and does not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS – continued

15. INVENTORIES

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Raw materials and consumables	**8,580**	9,776	**-**	-

Raw materials and consumables of the Group are stated net of a provision for slow moving inventories amounting to EUR 9,063 (2011: EUR 11,003).

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Trade receivables (note i)	**1,382,291**	1,869,598	**-**	-
Other receivables (note i)	**49,052**	64,816	**6,909**	6,909
Amounts owed by related parties (note ii)	**282,801**	161,957	**-**	1,794
Prepayments and accrued income	**311,197**	230,533	**1,309**	2,184
	2,025,341	2,326,904	**8,218**	10,887

i. Trade receivables and other receivables are stated net of impairment allowance, changes in which are presented below:

	Individually impaired		
	Trade receivables EUR	**Other receivables EUR**	**Total EUR**
At 30 June 2011	**411,709**	**78,248**	**489,957**
Movement for the year	**(22,788)**	**-**	**(22,788)**
Utilised	**(11,729)**	**-**	**(11,729)**
At 30 June 2012	**377,192**	**78,248**	**455,440**
At 30 June 2010	116,261	72,439	188,700
Movement for the year	319,698	5,809	325,507
Utilised	(24,250)	-	(24,250)
At 30 June 2011	411,709	78,248	489,957

NOTES TO THE FINANCIAL STATEMENTS – continued

16. TRADE AND OTHER RECEIVABLES - continued

As at 30 June 2012, the ageing analysis of trade receivables was as follows:

	Total EUR	Neither past due nor impaired EUR	Past due but not impaired <30 days EUR	30-60 days EUR	60 days EUR
30 June 2012	**1,382,291**	**713,978**	**240,581**	**124,258**	**303,474**
30 June 2011	1,869,598	1,338,108	146,013	101,700	283,777

Trade receivables are non-interest bearing and are generally on a 30 day term.

ii. Amounts due by related parties are interest free and repayable on demand. Amount due from associate of EUR227,728 (2011: EUR227,728) has been fully impaired.

17. CAPITAL AND RESERVES

17.1 Issued capital

	2012 EUR	2011 EUR
Authorised		
50,000,000 ordinary shares of EUR0.232937 each	**11,646,850**	11,646,850
Issued and fully paid		
31,899,000 ordinary shares of EUR0.232937 each, fully paid up	**7,430,457**	7,430,457

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17.2 Share premium

	2012 EUR	2011 EUR
1 July	847,101	847,101
Write-off of share premium (note i)	**-**	-
At 30 June	847,101	847,101

i. At an Annual General Meeting held on 7 August 2008, the Company resolved to reduce the share premium by EUR2,525,313 to offset losses.

17.3 Capital redemption reserve

In terms of Section 115 (1) of the Companies Act, Cap. 386 of the Laws of Malta there is a capital maintenance requirement upon redemption of preference shares. Where preference shares are redeemed otherwise than out of proceeds of a fresh issue, an amount equivalent to the nominal amount of the preference shares being redeemed is to be transferred from distributable profits to a capital redemption reserve.

This reserve is non distributable by way of dividends. It may be applied by the Company in paying up unissued shares of the Company as fully paid bonus shares to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS – continued

18. INTEREST BEARING LOANS AND BORROWINGS

Bank borrowings comprise bank loans analysed as follows:

Group

	2012 EUR	2011 EUR
Non-current liabilities		
- Other borrowings (note ii)	**50,662**	74,062
- Obligation under finance lease (note iii)	**3,126**	6,242
- Amounts owed to related parties (note iv)	**531,061**	475,970
	584,849	556,274
Current liabilities		
- Bank loans (note i)	**221,973**	422,940
- Bank overdrafts (note 21)	**330,500**	355,484
- Other borrowings (note ii)	**31,200**	31,200
- Obligation under finance lease (note iii)	**3,873**	3,000
- Amounts owed to related parties (note iv)	**365,165**	241,086
	952,711	1,053,710
	1,537,560	1,609,984

Company

	2012 EUR	2011 EUR
Non-current liabilities		
- Amounts owed to related parties (note iv)	**531,061**	475,970
Current liabilities		
- Amounts owed to related parties (note iv)	**365,165**	241,086
	896,226	717,056

i. The Group has a total banking facility of EUR 720,976 which includes guarantee facilities of EUR300,000. Bank loans and overdraft bear interest ranging from 4.25% to 7% p.a. and are payable by 2013-2014. The banking facilities are secured by general hypothec over the assets of subsidiaries, guarantees provided by Group companies, pledging of cash balances and by general hypothec over the assets, pledging of insurance policies and guarantees of the major shareholder.

ii. Other borrowings, which bear interest ranging from 0.75% to 2% p.a., are payable by 2015 and are secured by general hypothec over assets of a subsidiary and pledge of insurance policy.

iii. Obligations under finance lease, which bear interest at 8% p.a., are payable by 2014.

iv. Amounts payables to related parties are unsecured and bear interest at 8%.

NOTES TO THE FINANCIAL STATEMENTS – continued

18. INTEREST BEARING LOANS AND BORROWINGS - continued

The table below shows the bank loans and other borrowings according to when they are expected to be repaid based on their contractual maturity. For the Group's exposure to liquidity, interest rates and foreign currency risks, see note 25.

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Between 1 and 2 years	**34,326**	34,076	**-**	-
Between 2 and 5 years	**550,523**	522,198	**531,061**	475,970
	584,849	556,274	**531,061**	475,970

19. ACQUISITIONS

Group

	2012	2011
	EUR	EUR
Goodwill	-	270,929
Intangible assets	-	105,468
Tangible asset	-	23,603
Inventories		200,000
	-	600,000

On 23 December 2011, the Group acquired a business relating to fleet management. During the year under review, the group disposed of the Racelink service, which was acquired as part of the Alemea fleet management business in the previous financial year.

20. TRADE AND OTHER PAYABLES

Non-current	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Other payables	**-**	300,000	**-**	-

Current	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Trade payables (note i)	**1,319,459**	1,991,820	**41,501**	103,468
Trade payables to related parties (note ii)	**65,678**	112,774	**-**	-
Other payables	**469,961**	412,000	**-**	-
Amounts payable to subsidiaries (note ii)	**-**	-	**823,957**	881,186
Other taxes and social security contributions	**1,672,286**	1,189,690	**-**	-
Accruals and deferred income	**727,476**	351,706	**15,299**	7,240
	4,254,860	4,057,990	**880,757**	991,894

NOTES TO THE FINANCIAL STATEMENTS – continued

20. TRADE AND OTHER PAYABLES - continued

i. Amounts due to trade payables are unsecured, interest free and are generally on 30-90 days term.

ii. Trade payables to related parties are unsecured and bear no interest.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the statement of cash flows reconcile to the amounts in the statement of financial position as follows:

	Group		Company	
	2012	2011	**2012**	2011
	EUR	EUR	**EUR**	EUR
Bank balances (note i)	**60,455**	75,480	**58,809**	58,466
Bank overdraft (note 18)	**(330,500)**	(355,484)	-	-
Cash and cash equivalents	**(270,045)**	(280,004)	**58,809**	58,466

i. Bank balances are pledged as detailed in note 18.

22. COMMITMENTS

22.1 Operating lease commitments - Group as lessee

The Group leases factory facilities under cancellable operating lease agreements. The lease agreements run for an initial term of 16 years which initiated on 28 May 1998.

During the year ended 30 June 2012, operating leases amounted to EUR53,434 were recognised as an expense in the statement of comprehensive income (2011: EUR54,378).

22.2 Operating lease commitments - Group as lessor

A subsidiary company leases equipment to customers under operating leases equipment amounting to EUR130,208 (2011: EUR134,822). Accumulated depreciation on these assets at year end amounted to EUR68,401 (2011: EUR53,504).

During the year ended 30 June 2012, EUR161,952 was recognised as rental income in the statement of comprehensive income (2011: EUR197,594) and EUR28,812 charged to the statement of comprehensive income in respect of depreciation relating to equipment under operating leases to customers (2011: EUR28,812).

The future minimum lease receivables under non-cancellable leases are as follows:

	2012	2011
	EUR	EUR
Within one year	**119,360**	226,896
After one year but not more than five years	**39,269**	136,488
	158,629	363,384

NOTES TO THE FINANCIAL STATEMENTS - continued

22. COMMITMENTS - continued

22.3 Finance lease commitments - Group as lessee

The subsidiary has a finance lease for computer tablets. Obligations arising from the finance lease are disclosed in note 18.

22.4 Guarantees

The Company

The Company is a guarantor for EUR1,694,518 (2011: EUR1,694,518) and has cash balances pledged in respect to banking facilities provided to two group companies as detailed in note 18.

23. RELATED PARTY DISCLOSURES

Group

The related parties of the company with which the company had balances outstanding or transactions were as follows:

GO plc	(shareholder of the company)
JFC Trading Limited	(other related party)
GDL Trading Limited	(other related party)
E-tail Limited	(other related party)

Transactions with related parties

During the year, the Group entered into various transactions with related parties, as follows:

	2012	2011
	EUR	EUR
Revenue		
Sales	**46,636**	14,871
Expenses		
Telecommunication Expenses	**21,592**	31,193
Professional Fees	**51,213**	51,216
Finance Expenses	**18,368**	18,368
Other Expenses	**594**	8,393

Balances with related parties

Balances with related parties are disclosed in notes 16, 18 and 20.

Key management personnel

The Board of Directors are considered to be key management personnel. Total Directors' emoluments are included in note 6 - Personnel Expenses. Aggregate emoluments paid to Executive Directors amounted to EUR314,036 (2011: EUR338,994).

NOTES TO THE FINANCIAL STATEMENTS - continued

23. RELATED PARTY DISCLOSURES - continued

Company

Transactions with related parties

During the year, the Company entered into various transactions with related parties, as follows:

		2012	2011
		EUR	EUR
Revenue	*Related Party*		
Finance Expenses	GO plc	**18,368**	18,368

Balances with related parties

Balances with related parties are disclosed in notes 16, 18 and 20.

Key management personnel

Total directors' emoluments are included in note 6 – Personnel Expenses.

24. EVENTS AFTER THE REPORTING DATE

The Group will be relocating to different premises at SUB008A, San Gwann Industrial Estate, San Gwann by 12th May 2013.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

The Group Audit Committee oversees how the management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

Aged receivables are regularly monitored in order to highlight potential credit risks and also to assist in cash flow planning. The Group's invoicing system contains specific payment terms which are enforced accordingly. Customers that are found to be in substantial arrears on settlement are contacted and should they not regulate their position, the service provided is terminated after giving sufficient notice. The monitoring is carried out by both the accounts and sales departments in order to ensure that the credit limits and terms are adjusted accordingly. Customers that are considered to be a credit risk are referred to the Chief Financial Officer for appropriate action.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Exposure to credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Group's exposure to concentration of risk arises from activity exceeding 25% of its revenues. At year end the Group had EUR796,616 (2011: EUR715,826) owed by a major customer representing 57% (2011: 38%) of the Group's total trade receivables. This customer generated EUR2,292,615 (2011: EUR1,820,388) of the Group's total revenue, representing 61% (2011: 44%) of the Group's total revenue.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The directors have a reasonable expectation that the Group has adequate resources to improve its liquidity including the cash flows from the realisation of the assets held for sale. Furthermore, the Group maintains lines of credit as disclosed in note 18 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Liquidity risk - continued

Contractual maturities

The following are the undiscounted contractual maturities of financial liabilities:

Group
Year ended 30 June 2012

	Carrying amount EUR	Contractual Cash flows EUR	Less than 6 months EUR	6 to 12 months EUR	1 to 2 years EUR	2 to 5 years EUR	More than 5 years EUR
Bank loans	**221,973**	**234,696**	**74,315**	**74,124**	**86,257**	**-**	**-**
Other borrowings	**88,861**	**90,223**	**18,288**	**18,136**	**35,043**	**18,756**	**-**
Trade and other payables	**4,254,860**	**4,254,860**	**4,254,860**	**-**		**-**	**-**
Bank overdraft	**330,500**	**330,500**	**330,500**	**-**	**-**	**-**	**-**
Amounts owed to related parties	**896,226**	**1,145,469**	**-**	**365,164**	**-**	**780,305**	**-**
	5,792,420	**6,055,748**	**4,677,963**	**457,424**	**121,300**	**799,061**	**-**

Year ended 30 June 2011

	Carrying amount EUR	Contractual Cash flows EUR	Less than 6 months EUR	6 to 12 months EUR	1 to 2 years EUR	2 to 5 years EUR	More than 5 years EUR
Bank loans	422,940	422,940	422,940	-	-	-	-
Other borrowings	114,504	116,469	16,152	19,035	36,847	44,435	-
Trade and other payables	4,357,990	4,357,990	4,057,990	-	300,000	-	-
Bank overdraft	355,484	355,484	355,484	-	-	-	-
Amounts owed to related parties	717,056	940,442	-	241,086	-	699,356	-
	5,967,974	6,193,325	4,852,556	260,121	336,847	743,791	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income and equity. The Group had limited exposure to foreign exchange risk, while interest on borrowings is denominated in Euro which matches the cash flows, generated by the underlying operations of the Group. The Group's interest bearing loans and borrowings are priced at a margin over the bank's base rate, which reflects local market rates. Bank borrowings are hence repriceable when the Company's bankers amend their base rate.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Currency risk

Exposure to currency risk

All the Group's assets and liabilities are denominated in the functional currency except the following trade receivables (based on notional amounts):

	2012		2011	
	GBP	**USD**	GBP	USD
Trade receivables	**99,196**	**-**	83,850	-
Trade payables	**(27,571)**	**(66,190)**	(47,227)	(101,845)
	71,625	**(66,190)**	36,623	(101,845)

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2012	2011	**2012**	2011
GBP1	**0.8100**	0.8573	**0.8068**	0.9026
USD1	**1.2814**	1.3641	**1.2590**	1.4453

The Group's exposure to currency risk is therefore limited, as shown in the table above.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Notes 16, 18 and 20 incorporate information with respect to the Group/Company's assets and liabilities exposure to interest rates. Up to the reporting date the Group/Company did not have any hedging policy with respect to interest rate risk as exposure to such risks was not deemed to be significant by the Directors.

The interest rate risk and terms of repayment of interest-bearing instruments at reporting date are set out in note 18 to the financial statements.

Interest rates in bank borrowings are established at a margin over the banker's base rate, whilst other borrowings are established at a margin below the ECB's base rate. Borrowings are hence repriceable when base rates are amended.

The following table demonstrates the sensitivity of the Group/Company's profit before tax to a reasonably possible change in interest rates, with all other variables held constant, based on the balances at year end.

	Increase/ decrease in basis points	**Effect on (loss)/profit before tax EUR000**
2012	**+100/-100**	**(6)/6**
2011	+100/-100	(3)/3

NOTES TO THE FINANCIAL STATEMENTS - continued

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Fair values

The fair values of the financial assets which are measured at amortised cost are not materially different from their carrying amount.

Capital management

Capital includes equity attributable to equity holders of the parent. The primary objective of the Group and the Company's capital management is to improve its capital ratios in order to support its business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

OTHER DISCLOSURES IN TERMS OF THE LISTING RULES

Share Capital Structure

In the year under review, the Company's authorised share capital was eleven million six hundred and forty six thousand eight hundred and fifty Euro (EUR11,646,850) divided into fifty million (50,000,000) ordinary shares of EUR0.232937 per share. The Company's issued share capital was seven million four hundred and thirty thousand four hundred fifty seven Euro (EUR7,430,457) divided into thirty one million eight hundred and ninety-nine thousand (31,899,000) ordinary shares having a nominal value EUR0.232937 per share.

All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *pari passu* between themselves.

Dividends: The shares carry the right to participate in any distribution of dividend declared by the Company in general meeting on the recommendation of the Directors.

Voting Rights: Each share entitles its holder to one vote per share at meetings of shareholders.

Pre-emption rights: None.

Transferability: All the shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time.

There are no agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights.

Mandatory takeover bids: Chapter 11 of the Listing Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website (www.mfsa.com.mt) of the Listing Authority.

Holdings in excess of 5% of the share capital

On the basis of the information available to the Company, the direct and indirect shareholders as at the 30 June 2012 and 31 January 2013 in excess of 5% of the share capital of the Company are the following:

		30 June 2012		31 January 2013
	Number of Shares	Holding %	Number of Shares	Holding %
JFC Holdings Ltd	15,949,500	50.00	15,949,500	50.00
Go plc	4,784,850	15.00	4,784,850	15.00

Appointment and replacement of Directors (in terms of articles 54 to 60 of the Company's Articles of Association)

The Directors of the Company must be individuals.

1. The Directors shall be appointed as follows:

   a. A Member holding not less than ten per cent of the equity securities having voting rights or a number of Members who between them hold not less than ten per cent of the equity securities are entitled to appoint one Director for every ten per cent holding, by letter to the Company. In the event that any such appointment is intended to fill a vacancy resulting from the retirement of a Director at an Annual General Meeting, any such letter may be sent in advance of the Annual General Meeting in question and the appointment thereby has effect immediately at the end thereof;

   b. Any Member who (i) does not qualify to appoint Directors in terms of the provisions abovementioned (1a) and (ii) any Member who, although qualified as aforesaid has not voted all his equity securities having voting rights (or some of them) for the purposes of appointing a Director(s) pursuant thereto, shall be entitled to vote such of his equity securities as shall not have been so voted on any resolution or resolutions to fill vacancies in the Board of Directors.

An election pursuant to point 1(b) above shall be held every year, if there are vacancies on Board which are not filled by the appointment of Directors pursuant to point 1(a) above.

Unless they resign or are removed, Directors shall hold office up until the end of the Annual General Meeting next following their appointment. Directors whose term of office expires or who resign or are removed are eligible for re-appointment.

In the event that there are, or are to be, vacancies in the Board of Directors which will not be filled by appointments made pursuant to point 1(a) above, the Company shall grant a period of at least 14 days to Members to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least 2 daily newspapers. All such nominations shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time and shall reach the office not later than 14 days after the publication of the said notice.

In respect of the appointment of Directors pursuant to point 1(b) above every Member or group of Members holding alone or between them at least EUR232,937 in nominal value of equity securities entitled to vote in terms of that point 1(b) above shall be entitled to nominate one person to stand for appointment as Director.

Unless a Member demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed Directors.

2. The Directors shall be replaced as follows:

   a. Any Director may be removed at any time by the Member or Members by whom he was appointed. The removal may be made in the same manner as the appointment.

   b. Any Director may be removed at any time by the Company in general meeting pursuant to the provisions of section 140 of the Companies Act, Cap. 386 of Malta.

Without prejudice to the provisions of the Companies Act, Cap. 386 of the Laws of Malta, the office of a Director shall 'ipso facto' be vacated:-

a. If, by notice in writing to the Company, he resigns from the office of Director; or

b. If he absents himself from the meetings of the Directors for a continuous period of 3 calendar months without leave of absence from the Directors and the Directors pass a resolution that he has, by reason of such absence, vacated office; or

c. If he violates the declaration of secrecy required of him under the Articles and the Directors pass a resolution that he has so violated the declaration of secrecy; or

d. If he is prohibited by or under any law from being a Director; or

e. If he is removed from office pursuant to the Articles of Association or the Companies Act, Cap. 386 of the Laws of Malta; or

f. If he becomes of unsound mind, or is convicted of any crime involving public trust, or declared bankrupt during his term of office and the Directors pass a resolution that he has for such reasons vacated office.

A resolution of the Directors declaring a Director to have vacated office as aforesaid shall be conclusive as to the fact and the grounds of vacation stated in the resolution.

Any vacancy among the Directors may be filled by the co-option of another person to fill such vacancy.

Such co-option shall be made by the Board of Directors. Any vacancy among the Directors filled as aforesaid, shall be valid until the conclusion of the next Annual General Meeting.

In the event that at any time and for any reason the number of Directors falls below the minimum number established by the Memorandum of Association of the Company then, notwithstanding the provisions regulating the quorum for meetings of the Directors, the remaining Directors may continue to act notwithstanding any vacancy in their body, provided they shall, with all convenient speed, and under no circumstances later than 3 months from the date upon which the number of Directors has fallen below the minimum, convene a general meeting for the sole purpose of appointing/electing the Directors.

Amendment of the Memorandum and Articles of Association

In terms of the Companies Act, Cap. 386 of Malta, the Company may by extraordinary resolution at a general meeting alter or add to its Memorandum or Articles of Association. An extraordinary resolution is one where:

a. it has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principle purpose thereof has been duly given.

b. it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting.

Amendment of the Memorandum and Articles of Association - continued

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

Provided further that in respect of a resolution for a change in the public limited company status of the Company the requisite majority shall be not less than ninety five per cent (95%) of the nominal value of the shares entitled to attend and vote at the general meeting.

Board Member Powers

The Directors are vested with the management of the Company, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the Company in general meeting or by any provision contained in any law in force at the time.

Subject to regulatory requirements, the Company may in accordance with Article 10 of its Articles of Association, acquire its own shares.

Other

There are no special control rights.

There are no significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a take-over bid.

There are no agreements between the Company and its Board Members or employees by providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

STATEMENT BY THE DIRECTORS ON THE FINANCIAL STATEMENTS AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

Pursuant to Listing Rule 5.55.2, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the Annual Report and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the Group and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors by:

WALTER BONNICI
Chairman

JOSEPH FENECH CONTI
Director

9 April 2013

SHAREHOLDER REGISTER INFORMATION

Directors' interests in the Company as at 30 June 2012 and as at 31 January 2013.

Shareholder Range	Ordinary shares held as at 30.06.12	Ordinary shares held as at 31.01.13	Movement in Shares held by Directors
Chev. Anthony Demajo	**1,350,750**	**1,350,750**	**-**

Mr. Joseph Fenech Conti has a beneficial interest of 15,949,500 shares currently registered in the name of JFC Holdings Limited. Mr. Walter Bonnici has a beneficial interest of 1,434,030 shares currently registered in the name of GDL Trading and Services Limited. There have been no changes after year-end up to 31 January 2013**.**

Holders holding 5% or more of the Share Capital at 30 June 2012 and at 31 January 2013.

	Ordinary Shares of EUR0.2329374 each at:			
	30.06. 12		31.01.13	
	Number of shares	Holding (%)	Number of shares	Holding (%)
JFC Holdings Limited	**15,949,500**	**50.00**	**15,949,500**	**50.00**
GO P.L.C.	**4,784,850**	**15.00**	**4,784,850**	**15.00**

Number of holders

The total number of shareholders at year end was 1,559. As at 31 January 2013, 1,557 shareholders held the Company's issued share capital consisting of 31,899,000 shares. All shares are of equal class and carry equal voting rights.

Shareholder Range	Number of holders at 30.06.12	Number of Holders at 31.01.13	Movement in holders increase /(decrease)
1 - 500 shares	**387**	**389**	**2**
501 - 1,000 shares	**430**	**430**	**-**
1,001 - 5,000 shares	**624**	**623**	**(1)**
5,001 and over	**116**	**116**	**-**
	1,557	**1,558**	**1**

Company Secretary and Registered Address

Dr. Adrian Mallia
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Malta