



20 July 2010

Lo-Q plc

**UNAUDITED INTERIM RESULTS
for the six month period ended 30 April 2010
and BOARD CHANGES**

Lo-Q plc, the AIM listed provider of virtual queuing systems for theme parks and major attractions, announces unaudited Interim Results for the six month period ended 30 April 2010 and changes to the Board of the Company.

Lo-Q designs, installs and operates systems which allow members of the public to make ride and show reservations when they visit a theme park or other attractions. Lo-Q's flagship product, VQ2020, is a true virtual queuing system which uses hand-held units, called Q-bots, in major theme parks around the world. Lo-Q sites encompass 11 Six Flags theme parks in North America, Dollywood in the US, theme parks in Australia and Italy, as well as Legoland Windsor in the UK.

Financial Highlights

- Revenue up 21% to £2.46m (2009*: £2.04m)
- Operating losses reduced by £0.2m to £0.9m (2009*: £1.1m)
- Debt free, with net cash of £2.9m

** Unaudited pro-forma results for 6 month period to 30 April 2009*

Operational Highlights

- Visitor utilisation of Lo-Q system up 18% during the period and total attendances within the parks in which we operate up 8%
- Two new parks signed up in 2010
- Successful first installation of the Q-txt queue management system in a US theme park
- A new premium version of the Q-bot introduced and selling well: the platinum Q-bot
- Increased investment on R&D work on existing and new systems, specifically into a new system that is expected to be initially trialled during the current year in two water parks

Board Changes

- The Board is in advanced discussions with its preferred candidate for new Chief Executive Officer
- Jeff McManus ceased to be a Director of the Company today

Commenting, Leonard Sim, Founding Director and Acting Chief Executive of Lo-Q, said today:

"Lo-Q has added new customers and maintained a strong cash position during this period whilst strengthening relationships within the existing consumer base.

"Progress is being made in securing new customers for our products, so the period ahead continues to look exciting. An extensive strategic review identified potential areas where our innovative approach to the problems of queuing could enable us to begin to broaden our reach.

"The Board would like to thank Jeff for his significant contribution to Lo-Q over the last ten years and we wish him well for the future."

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These Interim Results are available on Lo-Q's website at www.lo-q.com.

Lo-Q plc (“Lo-Q” or the “Company”)

Interim Results for the six month period ended 30 April 2010

Acting Chief Executive’s Statement

Financial Results

I am pleased to report continued good performance and an improved financial position for the Company against the corresponding period in 2009 in what is still a challenging economic environment.

The change in our year end to 31 October, which was implemented in 2009, means that the first six months of the financial year now only includes limited trading activity in our parks, as the majority of the parks and attractions in which we operate have reduced activity between November and April. The last Interim Results that we presented for the six month period to 30 June 2009 are therefore not a meaningful comparison to the results that we are now publishing for the six month period to 30 April 2010. Accordingly an unaudited ‘pro-forma’ comparison for the six month period to 30 April 2009 has also been presented.

On a pro-forma basis, revenue was up 21% to £2.46m (2009: £2.04m). The substantial uptake of the platinum Q-bot, our new premium product launched in 11 of the parks in which we operate, has been well received and contributed to the increase in revenue. Similarly the introduction of the gold Q-bot into parks that only sold regular Q-bots last year is helping improve their trade. The Company will also further benefit from the 3 new parks introduced in 2009. New parks traditionally achieve significant increased growth in their second full year of operation.

Visitors utilizing our systems were up 18% during the period, whilst total attendances within the parks in which our products are used were up 8%. The impact of poor weather, which can have a significant impact on our operation, was thankfully limited and sporadic amongst the parks in the first six months, although the Texas Spring Break was negatively impacted by unseasonal snow.

Administrative expenses have remained stable on the comparative pro-forma basis.

The Company continues to invest at a progressively higher rate on R&D and patent protection of new products and systems and is recruiting more staff in this sector to enable further advancement to take place.

Operating losses reduced in the period by £0.2m to £0.9m (Proforma 2009: £1.1m).

Cash position

The cash outflow of £1.6m in the first six months has resulted in net cash balances of £2.9m at 30 April 2010. The Company, which remains debt free, has cash and cash equivalents of £1.6m million more than at the same time in the prior year. The end of April, which is at the start of the theme park season, normally represents the annual cash low point for the Company.

The Board is comfortable with the current cash position which reflects the impact of increased expenditure in Research and Development incurred in the six month period and also the consequence of the company having substantially utilised its tax losses in its various countries of operation.

New Business and Contract Extensions

The period has seen significant activity in the areas of new business and the strengthening of relationships within the existing customer base.

Two new parks were added in the first six months of 2010. The addition of Six Flags America, located in the Baltimore/Washington, D.C. region of the US brings the total number of Six Flags installations to eleven and now allows any guest, at any Six Flags dry theme park, in North America to rent a Flash Pass from the Lo-Q sales point.

The second addition for the 2010 season is the installation of our Q-txt queue management system in the Lake Compounce Family Theme Park in Bristol, Connecticut, USA. This is Lo-Q's first Q-txt installation in a US theme park.

The Lake Compounce park is operated by Palace Entertainment, part of the Parques Reunidos group of parks. Palace Entertainment is the largest operator of waterparks and family entertainment centres in the USA with over 14 million visitors annually at 38 locations with seven theme parks, 10 waterparks and 21 family entertainment centres. Lake Compounce itself has over 700,000 visitors annually and attendance continues to grow. This is a one year agreement, extendable to a four year contract. Mirabilandia, in Italy, which started operation with Q-bots last year, is also part of the Parques Reunidos group.

In terms of existing business, Lo-Q is pleased to have secured the following contract extensions during the period:

- LEGOLAND® Windsor (UK), for a further three years
- Dreamworld (Australia), for a further three years
- Mirabilandia (Italy), for a further four years
- Dollywood of Tennessee (USA), for a further year

Parque Isla Mágica in Seville, Spain, agreed on 26 March 2010 to extend its agreement to a one year rolling contract for the supply of Lo-Q's Q-txt, queue management system.

Largest Customer

We are pleased to report that our largest customer emerged from Chapter 11 bankruptcy proceedings in the US in April 2010, following a 10 month period of re-organisation, which had little impact to the performance of the Company. Subsequent senior management changes within this company are not expected to adversely impact our strong relationship.

Currency

Recent activity in the currency markets had seen a sustained period of the US dollar strengthening against sterling. Such strengthening would benefit the result of the Group as it reports in sterling but as previously reported, the policy of the Board is to hedge a proportion of its dollar exposure at the start of year. The hedging in place in respect of the current year will predefine a large percentage of the amount of currency impact in this current year.

Research & Development

R&D work continues on enhancements to existing and new systems and specifically the Company is expending significant resource on a new system that is expected to be trialed for the first time during the current year in two water parks.

Our patent applications in relation to this system were published in May 2010 and the patents have received significant interest from potential customers, where it is expected that this new innovation will have wider applications than theme parks, whether attraction or water based.

More details of the system and the trials will be released by the Company once these activities have been concluded.

Board Changes

For the previous four years Jeff McManus has acted as both Chairman and Chief Executive of the Company. In February 2010, Jeff however, decided to step down from the role as Chief Executive and to continue as part time Chairman as he did not feel he would be able to consistently commit the necessary time for the dual role. On 20 July 2010, Jeff ceased to be a Director of the Company. The Board would like to thank Jeff for his significant contribution to Lo-Q over the last ten years and we wish him well for the future.

I have taken over the duties of Acting Chief Executive, and will continue to carry out this role whilst the Board finalises the appointment of a new Chief Executive. The Board is currently in advanced discussions with its preferred candidate for the position of Chief Executive Officer and expects to make a further announcement in the near future.

John Lillywhite has agreed to take over as Acting Chairman with immediate effect. An announcement about the role of Chairman of the Company will be made in due course.

Dividend

The Board remains conscious that its future cash requirements will depend, inter alia, on the requirement for investment into new products and the subsequent release of these products into the market place. Once the new Chief Executive has undertaken his review of the Group and the Board has agreed its strategic direction and investment requirements, the Board will consider the appropriateness of introducing a dividend policy.

Outlook

Trading in the year to date, which is the quieter period of the financial year, has been satisfactory but the eventual out-turn for the rest of the year as always will be very dependent on park attendance. The Group's positive cash generation profile has allowed Lo-Q to add additional patent rights to its intellectual property portfolio. We have acquired the various patents and applications from Palmtop Productions and, as these lie in parallel areas to our existing patents, this will further strengthen our operating position.

Progress is being made in securing new customers for our products, so the period ahead continues to look exciting. An extensive strategic review identified potential areas where our innovative approach to the problems of queuing could enable us to begin to broaden our reach. Our respected position in the theme park industry should enable growth in the numbers of theme parks who operate our systems and our expanded engineering capabilities will enable the features in our current offerings to be expanded, also.

Leonard Sim
Acting Chief Executive
20 July, 2010

**Statement of Comprehensive Income
For The Six Month Period Ending 30 April 2010**

	Actual Six months to 30 April 2010	Pro - Forma Six months to 30 April 2009	Actual Six months to 30 June 2009
	£	£	£
INCOME STATEMENT			
Revenue	2,457,214	2,042,725	5,893,364
Cost of Sales	<u>(2,147,989)</u>	<u>(1,974,197)</u>	<u>(4,802,247)</u>
GROSS PROFIT	309,225	68,528	1,091,117
Administrative expenses	<u>(1,211,632)</u>	<u>(1,210,521)</u>	<u>(922,236)</u>
OPERATING (LOSS)/PROFIT	(902,407)	(1,141,993)	168,881
Finance costs	(15)	(28)	(15)
Finance income	<u>2,635</u>	<u>27,078</u>	<u>8,176</u>
(LOSS)/PROFIT BEFORE TAX	<u>(899,787)</u>	<u>(1,114,943)</u>	<u>177,042</u>
Tax	<u>188,955</u>	<u>234,000</u>	<u>(35,572)</u>
(LOSS)/PROFIT FOR THE PERIOD	<u><u>(710,832)</u></u>	<u><u>(880,943)</u></u>	<u><u>141,470</u></u>
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations	<u>64,436</u>	<u>88,205</u>	<u>(108,680)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>64,436</u>	<u>88,205</u>	<u>(108,680)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(646,396)</u></u>	<u><u>(792,738)</u></u>	<u><u>32,790</u></u>
(Loss)/Profit attributable to Owners of the parent	<u><u>(710,832)</u></u>	<u><u>(880,943)</u></u>	<u><u>141,470</u></u>
Total comprehensive income attributable to Owners of the parent	<u><u>(646,396)</u></u>	<u><u>(792,738)</u></u>	<u><u>32,790</u></u>
Earnings per share (pence)			
Basic	<u>(4.47)</u>	<u>(5.64)</u>	<u>0.91</u>
Diluted	<u><u>(4.27)</u></u>	<u><u>(5.14)</u></u>	<u><u>0.83</u></u>

All activities of the company are classified as continuing.

**Statement of Financial Position
As at 30 April 2010**

	Actual 30 April 2010 £	Pro - Forma 30 April 2009 £	Actual 30 June 2009 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	846,007	579,019	611,797
Property, plant and equipment	70,062	55,923	56,255
Installed Systems	24,822	-	-
Deferred tax	188,955	256,026	159,428
	1,129,846	890,968	827,480
CURRENT ASSETS			
Inventories	448,131	795,323	357,761
Trade and other receivables	1,066,506	149,785	826,692
Tax receivable	1,027	3,393	569
Cash and cash equivalents	2,865,833	1,272,399	1,901,287
	4,381,497	2,220,900	3,086,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	577,840	541,386	505,834
Tax payable	213,717	-	-
	791,557	541,386	505,834
NET CURRENT ASSETS	3,589,940	1,679,514	2,580,475
NET ASSETS	4,719,786	2,570,482	3,407,955
SHAREHOLDERS' EQUITY			
Called up share capital	160,637	153,141	155,066
Share premium	5,093,077	5,001,063	5,008,950
Capital redemption reserve	12,473	12,473	12,473
Other reserves	108,148	45,607	65,606
Retained earnings	(654,549)	(2,641,802)	(1,834,140)
Total equity	4,719,786	2,570,482	3,407,955
TOTAL SHAREHOLDERS' EQUITY	4,719,786	2,570,482	3,407,955

Statement of Cash Flows
For The Six Month Period Ending 30 April 2010

	Actual Six months to 30 April 2010 £	Pro - Forma Six months to 30 April 2009 £	Actual Six months to 30 June 2009 £
Cash flows from operating activities			
Cash generated from operations	(1,253,686)	(1,489,795)	(501,952)
Interest paid	(15)	(28)	(15)
Tax paid	(75,011)	(20,538)	(10,562)
	<u>(1,328,712)</u>	<u>(1,510,361)</u>	<u>(512,529)</u>
Net cash outflow from operating activities			
Cash flows from investing activities			
Purchase of intangible fixed assets	(238,032)	(126,291)	(146,980)
Purchase of tangible fixed assets	(51,318)	(20,732)	(16,469)
Interest received	2,635	27,078	8,176
	<u>(286,715)</u>	<u>(119,945)</u>	<u>(155,273)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Share Issue	1,720	-	1,850
Share Premium	40,928	-	7,888
	<u>42,648</u>	<u>-</u>	<u>9,738</u>
Net cash from financing activities			
Decrease in cash and cash equivalents	(1,572,779)	(1,630,306)	(658,064)
Cash and cash equivalents at beginning of year	4,438,612	2,902,705	2,559,351
	<u>2,865,833</u>	<u>1,272,399</u>	<u>1,901,287</u>
Cash and cash equivalents at end of period			

**Statement of Changes in Equity
For The Six Month Period Ending 30 April 2010**

Actual: 6 Months Ended 30 April 2010	Share capital	Retained earnings	Share premium	Capital redemption reserve	Share based payment reserve	Total
	£	£	£	£	£	£
Balance at 1 November 2009	158,917	(8,153)	5,052,149	12,473	87,148	5,302,534
Loss for Period	-	(710,832)	-	-	-	(710,832)
Foreign exchange	-	64,436	-	-	-	64,436
Issue of share capital	1,720	-	40,928	-	-	42,648
Recognition of share-based Payments	-	-	-	-	21,000	21,000
Balance at 30 April 2010	160,637	(654,549)	5,093,077	12,473	108,148	4,719,786
Pro-Forma: 6 Months Ended 30 April 2009						
	£	£	£	£	£	£
Balance at 1 November 2008	153,141	(1,849,064)	5,001,063	12,473	52,770	3,370,383
Loss for Period	-	(880,943)	-	-	-	(880,943)
Foreign exchange	-	88,205	-	-	-	88,205
Recognition of share-based Payments	-	-	-	-	(7,163)	(7,163)
Balance at 30 April 2009	153,141	(2,641,802)	5,001,063	12,473	45,607	2,570,482
Actual: 6 Months Ended 30 June 2009						
	£	£	£	£	£	£
Balance at 1 January 2009	153,216	(1,866,930)	5,001,062	12,473	45,606	3,345,427
Profit for Period	-	141,470	-	-	-	141,470
Foreign exchange	-	(108,680)	-	-	-	(108,680)
Issue of share capital	1,850	-	7,888	-	-	9,738
Recognition of share-based Payments	-	-	-	-	20,000	20,000
Balance at 30 June 2009	155,066	(1,834,140)	5,008,950	12,473	65,606	3,407,955

Cash Flow Statement
For The Six Month Period Ending 30 April 2010

	Actual Six months to 30 April 2010 £	Pro - Forma Six months to 30 April 2009 £	Actual Six months to 30 June 2009 £
(Loss)/Profit before tax	(899,787)	(1,114,943)	177,042
Depreciation charges	127,177	87,450	88,280
Share based payment	21,000	(7,163)	20,000
Foreign exchange	64,436	88,205	(108,680)
Finance costs	15	28	15
Finance income	(2,635)	(27,078)	(8,176)
	(689,794)	(973,501)	168,481
Increase in inventories	(33,003)	(569,593)	(50,737)
Increase in trade and other receivables	(409,462)	(134,975)	(728,214)
(Increase)/Decrease in trade and other payables	(121,427)	188,274	108,518
Net cash outflow from operations	<u>(1,253,686)</u>	<u>(1,489,795)</u>	<u>(501,952)</u>

Notes to the Interim Statements

1. These accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS).
2. The financial information in this statement is unaudited and does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006. The accounts of the Company for the financial period ended on 31 October 2009 have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was unqualified and did not include any statement under section 498 of the Companies Act 2006.
3. The change in the year end to 31 October in 2009 means that the Interim results presented for the 6 month period to 30 June 2009 are not a meaningful comparison to the results for the six month period to 30 April 2010 presented here. Therefore a 'pro-forma' comparative position has been presented.
4. A Corporation tax rate of 28% has been utilised to determine the tax credit on the result for the period.
5. Earnings per share have been calculated on the result for the period after taxation and the weighted average number of shares in issue of 15,916,281. The diluted earnings per share is calculated with 16,650,004 shares.
6. The directors have not declared an interim dividend. No dividend is shown in the income statement.