



22 June 2011

Lo-Q plc

**UNAUDITED INTERIM RESULTS  
for the six month period ended 30 April 2011**

Lo-Q plc (AIM: LOQ), 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 2011. The results show a strong increase in revenues, despite total guest attendances being broadly in line with those for 2010, and a stable result before tax, following planned increases in expenditure.

This trading period only represents a small percentage of annual revenue due to the very seasonal nature of Lo-Q's business, with the majority of parks being closed or only running a limited operational calendar until Easter.

**Financial Highlights**

	Six months ended 30 April 2011 (unaudited)	Six months ended 30 April 2010 (unaudited)	Year ended 31 October 2010 (audited)
	£m	£m	£m
Revenue	3.27	2.46	20.30
Loss before tax	(0.94)	(0.90)	2.32
Net cash	4.03	2.87	6.02
Earnings per share – basic (pence)	(4.46)	(4.47)	11.69

**Operational Highlights**

- Four additional parks signed during the period
- Appointment of John Weston as Chairman
- 28% year on year increase in average customer spend with increased proportion of guests using premium products
- 4%, like for like, increase in park attendees utilising our systems
- Continued R&D into a new generation of innovative queue management solutions
- 2011 Queen's Award for International Trade

**Post-Period End Highlights**

- Contract extension at Parque Isla Mágica in Seville
- Operational trial of our new Q-credits water park product now live
- FTSE reclassification to Software sector

**Commenting on the results, Tom Burnet, Chief Executive of Lo-Q, said:**

"It's a pleasure to be able to report strong interim figures today and trading continues to be positive. As always at this stage of the year, there remains a great deal to be done over the important summer trading period, but

the Board remains confident that the Company is well on track to perform in line with market expectations for the year as a whole.”

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These Interim Results are available on Lo-Q's website at [www.lo-q.com](http://www.lo-q.com).

**About Lo-Q**

Lo-Q is the creator of a virtual queuing system for theme parks and other leisure attractions that allows users to queue without waiting in line. Lo-Q users reserve their place in a queue electronically and are notified when their turn is up, spending less time queuing and more time enjoying their day out.

Lo-Q's system has been adopted by leading theme park and attraction operators globally, with customers including Parques Reunidos, Six Flags, Dollywood and LEGOLAND Windsor. These operators benefit not only from happier customers but also from additional revenue streams as time previously spent queuing is instead transformed in to higher spending in park restaurants, gift shops and other retail facilities. By the end of 2010, more than six million individuals had used a Lo-Q product and that number is growing.

The Company's technology is protected by extensive patents or patents pending in Europe, USA, Hong Kong and Japan. The target market for this technology is large and growing, with Lo-Q currently exploring opportunities for expansion into new theme parks and new geographies as well as opportunities to develop new product for other complementary adjacent markets.

Lo-Q is listed on the Alternative Investment Market ("AIM") under the ticker "LOQ." For further information please visit [www.lo-q.com](http://www.lo-q.com)

## **Lo-Q plc (“Lo-Q” or the “Company”)**

**Interim Results for the six month period ended 30 April 2011**

### **Chief Executive’s Statement**

#### **Financial Review**

I am pleased to report a positive financial performance for the first six months. Revenues were up 33% to £3.27m (2010: £2.46m) with guest attendances within the parks in which our products operate being broadly in line with those for the same period in 2010. This revenue growth is attributable to a combination of factors, including stronger Lo-Q in-park management, improved in-park marketing and investment in new rides by the parks themselves. We have also benefitted from increased guest take up of the premium products that are offered in the majority of the parks in which we operate. This has resulted in a 4%, like for like, increase in guests utilising our systems and a 28% increase in average guest expenditure, as guests take advantage of the premium products offered. The contribution from our new business gains, which is detailed below, is not significant as installation or commencement of operations occurred towards the end of the period or within the second half.

During the six months, expenditure has increased in line with our expectations as we continue to implement initiatives within our existing business and build resources to exploit opportunities within the market. We have invested in increasing our sales and marketing efforts and are already seeing the benefits of this expenditure with new wins and trials. The Company also continues to invest at a higher rate on R&D and patent protection and we have recruited additional staff to manage the trial of our Q-credits product in the USA. We have strengthened our corporate governance and are already seeing the benefits of new levels of professionalism. We also incurred a number of one off costs including expenditure relating to restructuring and head office re-location.

That notwithstanding, the Board is very encouraged that our loss before tax only increased marginally to £0.94m (2010: £0.90m), a better outcome than originally expected against the backdrop of increased expenditure.

#### **Cash**

The Company, which remains debt free, has cash of £4.03 million: a year on year increase of 41%. The end of April, which is at the start of the principal theme park season, normally represents the annual cash low point for the Company.

Cash outflow for the period increased to £1.99m from £1.57m. This is consistent with increased working capital requirements from new business installations, increase in revenues, and increased tax payments. The Board is satisfied with its strong financial position at the period end.

As previously announced, it is the view of the Board that the payment of a dividend is unlikely in the short to medium term given anticipated new product and other investment opportunities.

## **Operational Review**

### **Existing Parks**

The Company continues to work with its Theme Park partners to increase the marketing and use of its systems. In addition to the factors identified above, we are actively increasing communication within the trade and guest communities and we have also invested in additional, mobile rental locations at several parks and intend to extend their use during the season.

### **New Business and Contract Extensions**

In the first half the Company has announced a significant number of new business gains. Installation is now complete in all four new parks and therefore Lo-Q's VQ2020 queuing technology will be operational in these parks in the 2011 season. They are Blackpool Pleasure Beach (UK); Parque de Atracciones (Spain - Parques Reunidos); Heide Park (Germany - Merlin Entertainments); and Movie Park Germany (Germany - Parques Reunidos). We were also pleased to announce an incremental three year contract with our long standing client, Dollywood (USA) and a contract extension at Parque Isla Mágica in Seville.

The Board is particularly encouraged that the majority of these business gains are new mandates won with existing customers. These customers have already used our system successfully within other parks in their portfolios and we are delighted by their decision to extend the relationship. The Company continues to pursue opportunities to expand its presence across existing park customers, where the Company believes real opportunity exists to expand its business, as well as cultivating new client relationships. We also have a developing pipeline of new prospects around the globe which we continue to progress.

It should be noted that in the first year of a new park's operations any contribution to the Company's profits will be limited. The achievement of value and growth generally materialises in the second or third year as park guests become more familiar with the Lo-Q system.

### **New Product Development**

During the period, the Company continued to invest in its new product, Q-credit, which is primarily aimed at the water park market. I am pleased to report that this exciting new product is now undergoing a full trial at a major North American water park.

We also continue to progress deployment of our existing technology onto Smartphone platforms for existing and potential new customers.

In addition the Company continues to explore opportunities to apply its technology to provide innovative solutions for theme parks, attraction operators and adjacent markets.

### **Intellectual Property**

The Company continues to strengthen its extensive patent protection. We have also taken steps to ensure that these rights are not, and will not be utilised by others. The Board is conscious of the risks attached to litigation but will take appropriate and proportionate action to defend its investment in this area.

## **Board Changes**

The Company is committed to operating to high standards of corporate governance. We are delighted to have been able to announce the appointment of John Weston as our non-executive Chairman and the appointment of David Gammon as a non-executive Director. In addition we have restructured the Board to increase both operational and strategic focus.

## **Strategy**

As discussed in our full year results announced in February 2011, we have undertaken a strategic review of the business to help us assess our position in the market and take advantage of the opportunities in the future. We continue to focus on the global leisure market, looking at theme amusement and water parks, attractions and events and we continue to strive to improve our governance and sales execution both to park operators and guests.

We will continue to invest in research and development of new products. Alongside our existing product range, we have developed a Smartphone alternative to our proprietary Q-bot device, we are developing the scope of our Q-txt product and we continue to refine our Q-Credits wristband technology.

We also see possible advantages to reinforcing our position in our core markets through the addition of complementary IP. The Board will look to leverage our overhead, global footprint, operational expertise and relationships by targeted acquisition of other technically led organisations working in the Theme, Amusement and Water Park sectors.

## **FTSE Sector Reclassification**

FTSE has agreed that it is more appropriate for Lo-Q to be classified as a Software company within the Software sector. This change took effect from Monday 20 June 2011.

## **Queen's Award for International Trade**

We are immensely proud to have recently received a 2011 Queen's Award for our contribution to the UK's international trade. This prestigious award recognises the success we have had within the international trading market.

## **Outlook**

It's a pleasure to be able to report strong interim figures today. Trading continues to be positive. As always at this stage of the year, there remains a great deal to be done over the important summer trading period, but the Board remains confident that the Company is well on track to perform in line with market expectations for the year as a whole.

**Tom Burnet**  
**Chief Executive**  
**22 June 2011**

## Consolidated Statement of Comprehensive Income

	Six months ended 30 April 2011 (unaudited) £	Six months ended 30 April 2010 (unaudited) £	Year ended 31 October 2010 (audited) £
<b>INCOME STATEMENT</b>			
Revenue	3,265,929	2,457,214	20,304,048
Cost of Sales	<u>(2,696,144)</u>	<u>(2,147,989)</u>	<u>(15,262,254)</u>
<b>GROSS PROFIT</b>	569,785	309,225	5,041,794
Administrative expenses	<u>(1,526,126)</u>	<u>(1,211,632)</u>	<u>(2,728,395)</u>
<b>OPERATING (LOSS)/PROFIT</b>	(956,341)	(902,407)	2,313,399
Finance costs	-	(15)	(16)
Finance income	<u>13,859</u>	<u>2,635</u>	<u>7,203</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	<u>(942,482)</u>	<u>(899,787)</u>	<u>2,320,586</u>
Tax	<u>206,975</u>	<u>188,955</u>	<u>(448,077)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD/YEAR</b>	<u><u>(735,507)</u></u>	<u><u>(710,832)</u></u>	<u><u>1,872,509</u></u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences on translating foreign operations	<u>(39,948)</u>	<u>64,436</u>	<u>(40,965)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR, NET OF TAX</b>	<u>(39,948)</u>	<u>64,436</u>	<u>(40,965)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/ YEAR</b>	<u><u>(775,455)</u></u>	<u><u>(646,396)</u></u>	<u><u>1,831,544</u></u>
Loss Attributable to Owners of the parent	<u>(735,507)</u>	<u>(710,832)</u>	<u>1,872,509</u>
Total comprehensive income attributable to Owners of the parent	<u><u>(775,455)</u></u>	<u><u>(646,396)</u></u>	<u><u>1,831,544</u></u>
<b>Earnings per share (pence)</b>			
Basic	(4.46)	(4.47)	11.69
Diluted	<u>(4.32)</u>	<u>(4.27)</u>	<u>11.23</u>

All activities of the company are classified as continuing

## Consolidated Statement of Financial Position

	30 April 2011 (unaudited) £	30 April 2010 (unaudited) £	31 October 2010 (audited) £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	1,225,165	846,007	1,203,770
Property, plant and equipment	188,748	70,062	82,243
Installed Systems	73,535	24,822	96,245
Deferred tax	-	188,955	-
	<u>1,487,448</u>	<u>1,129,846</u>	<u>1,382,258</u>
<b>CURRENT ASSETS</b>			
Inventories	561,343	448,131	243,273
Trade and other receivables	1,055,078	1,066,506	828,736
Tax receivable	198,761	1,027	1,030
Cash and cash equivalents	4,026,648	2,865,833	6,018,443
	<u>5,841,830</u>	<u>4,381,497</u>	<u>7,091,482</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	815,372	577,840	1,005,118
Tax payable	-	213,717	208,801
	<u>815,372</u>	<u>791,557</u>	<u>1,213,919</u>
<b>NET CURRENT ASSETS</b>	<u>5,026,458</u>	<u>3,589,940</u>	<u>5,877,563</u>
<b>NET ASSETS</b>	<u>6,513,906</u>	<u>4,719,786</u>	<u>7,259,821</u>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	171,215	160,637	162,327
Share premium	6,467,550	5,093,077	5,132,482
Own shares held in trust	(1,331,956)	-	-
Other reserves	159,161	120,621	141,621
Retained earnings	1,047,936	(654,549)	1,823,391
	<u>6,513,906</u>	<u>4,719,786</u>	<u>7,259,821</u>
Total equity	<u>6,513,906</u>	<u>4,719,786</u>	<u>7,259,821</u>
<b>TOTAL SHAREHOLDERS EQUITY</b>	<u>6,513,906</u>	<u>4,719,786</u>	<u>7,259,821</u>

## Consolidated Statement of Cash Flows

	<b>Six months ended 30 April 2011 (unaudited) £</b>	Six months ended 30 April 2010 (unaudited) £	Year ended 31 October 2010 (audited) £
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>(1,520,278)</b>	(1,253,686)	2,987,770
Interest paid	-	(15)	(16)
Tax paid	<b>(199,557)</b>	(75,011)	(528,007)
Net cash flow from operating activities	<b>(1,719,835)</b>	(1,328,712)	2,459,747
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets	<b>(158,472)</b>	(238,032)	(741,252)
Purchase of tangible fixed assets	<b>(139,347)</b>	(51,318)	(229,610)
Interest received	<b>13,859</b>	2,635	7,203
Net cash used in investing activities	<b>(283,960)</b>	(286,715)	(963,659)
<b>Cash flows from financing activities</b>			
Share Issue	<b>350</b>	1,720	3,410
Share Premium	<b>11,650</b>	40,928	80,333
Net cash from financing activities	<b>12,000</b>	42,648	83,743
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(1,991,795)</b>	(1,572,779)	1,579,831
<b>Cash and cash equivalents at beginning of year</b>	<b>6,018,443</b>	4,438,612	4,438,612
<b>Cash and cash equivalents at end of period</b>	<b>4,026,648</b>	2,865,833	6,018,443



## Statement of Changes in Equity

Six Months ended 30 April 2011 (unaudited)	Share capital	Retained earnings	Share premium	Own shares held in trust	Other reserves	Total
	£	£	£	£	£	£
Balance at 1 November 2010	162,327	1,823,391	5,132,482	-	141,621	7,259,821
Loss for Period	-	(735,507)	-	-	-	(735,507)
Foreign exchange	-	(39,948)	-	-	-	(39,948)
Issue of share capital	8,888	-	1,335,068	-	-	1,343,956
Own shares held in trust	-	-	-	(1,331,956)	-	(1,331,956)
Recognition of shared-based Payments	-	-	-	-	17,540	17,540
<b>Balance at 30 April 2011</b>	<b>171,215</b>	<b>1,047,936</b>	<b>6,467,550</b>	<b>(1,331,956)</b>	<b>159,161</b>	<b>6,513,906</b>

Six Months ended 30 April 2010 (unaudited)	Share capital	Retained earnings	Share premium	Own shares held in trust	Other reserves	Total
	£	£	£	£	£	£
Balance at 1 November 2009	158,917	(8,153)	5,052,149	-	99,621	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 shared-based Payments	-	-	-	-	21,000	21,000
<b>Balance at 30 April 2010</b>	<b>160,637</b>	<b>(654,549)</b>	<b>5,093,077</b>	<b>-</b>	<b>120,621</b>	<b>4,719,786</b>

Year ended 31 October 2010 (audited)	Share capital	Retained earnings	Share premium	Own shares held in trust	Other reserves	Total
	£	£	£	£	£	£
Balance at 1 November 2009	158,917	(8,153)	5,052,149	-	99,621	5,302,534
Profit for the year	-	1,872,509	-	-	-	1,872,509
Foreign exchange	-	(40,965)	-	-	-	(40,965)
Issue of share capital	3,410	-	80,333	-	-	83,743
Recognition of shared-based Payments	-	-	-	-	42,000	42,000
<b>Balance at 31 October 2010</b>	<b>162,327</b>	<b>1,823,391</b>	<b>5,132,482</b>	<b>-</b>	<b>141,621</b>	<b>7,259,821</b>

## Cash Flow Statement

	<b>Six months ended 30 April 2011 (unaudited) £</b>	<b>Six months ended 30 April 2010 (unaudited) £</b>	<b>Year ended 31 October 2010 (audited) £</b>
(Loss)/Profit before tax	<b>(942,482)</b>	(899,787)	2,320,586
Depreciation charges	<b>192,629</b>	127,177	367,322
Share based payment	<b>17,540</b>	21,000	42,000
Foreign exchange	<b>(39,948)</b>	64,436	(40,965)
Finance costs	-	15	16
Finance income	<b>(13,859)</b>	(2,635)	(7,203)
	<b>(786,120)</b>	(689,794)	2,681,756
(Increase)/ Decrease in inventories	<b>(318,070)</b>	(33,003)	171,855
Increase in trade and other receivables	<b>(226,342)</b>	(409,462)	(171,692)
(Decrease)/Increase in trade and other payables	<b>(189,746)</b>	(121,427)	305,851
<b>Net cash (outflow)/ inflow from operations</b>	<b><u>(1,520,278)</u></b>	<b><u>(1,253,686)</u></b>	<b><u>2,987,770</u></b>

## Notes to the Interim Statements

1. Lo-Q plc is a public limited company incorporated in the United Kingdom, whose shares are publicly traded on the AIM market. The Company is domiciled in the United Kingdom and its registered address is Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD.
2. The interim financial information in this statement was approved for issue by the Board on 21 June 2011.
3. These accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS).
4. 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 2010 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.
5. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 October 2010.
6. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.
7. Earnings per share have been calculated on the result for the period after taxation and the weighted average number of shares in issue of 16,477,331. The diluted earnings per share is calculated with 17,010,184 shares.