25 June 2013

Lo-Q plc
("Lo-Q" or the "Company")

UNAUDITED INTERIM RESULTS
for the six month period ended 30 April 2013

Lo-Q plc (AIM: LOQ), the AIM-listed technology solutions provider to the attractions and leisure industry, announces unaudited and unreviewed results for the six month period ended 30 April 2013. Notwithstanding the seasonal nature of our business, where historically first half revenues have only represented around 12% - 15% of annual turnover, the results demonstrate the strong, strategic fit of the acquired *accesso* business and show continued sales momentum across all product lines at both new and existing customers.

Financial Highlights

	Six months ended 30 April 2013 (unaudited)	Six months ended 30 April 2012 (unaudited)	Period ended 4 November 2012 (audited)
	£m	£m	£m
Revenue	**5.57**	3.71	29.14
Underlying (loss)/ profit*	**(1.58)**	(1.15)	3.09
Net (debt)/ cash	**(1.82)**	5.27	8.91
Earnings per share – basic (pence)	**(9.41)**	(4.97)	14.56

*Underlying (loss)/ profit is defined as operating (loss)/ profit before amortisation, acquisition and refinance costs.

Operational Highlights

- **Good sales momentum across all Lo-Q product lines at both new and existing customers**
  - Extended our relationships with key customers, securing Q-bot extension at Dollywood and leveraging our Q-band product to expand our work with a major US theme park operator
  - Secured further new mandates for Q-band at Palace Entertainments' Raging Waters, Dollywood's Splash Country and Camelbeach Mountain Waterpark
  - Added Vialand – Turkey's first combined theme park, exhibition and shopping centre complex – as a Q-bot and Q-smart customer
  - Continued to see a resilient and positive trading growth in our queuing business despite poor weather impacting theme park activity globally

- ***accesso* acquisition performing ahead of plan and proving a strong strategic fit**
  - Many Lo-Q business functions now fully integrated with *accesso* and Steve Brown, who joined the Lo-Q board at acquisition, now responsible for the totality of our business in North America
  - Both teams now sharing a client in the shape of Palace Entertainments, providing both Q-band and the *accesso* Passport eCommerce platform
  - Agreement signed between *accesso* and a major North American Membership Club which sees Passport become the club's exclusive eCommerce ticketing solutions platform
  - Strong commercial momentum from the *accesso* ticketing business, with ticket sales increased by 32% year on year and a 90% increase in mobile ticket sales, ahead of our expectation at time of purchase
  - Despite similar seasonality to Lo-Q, *accesso* trading ahead of initial expectations

Post-Period End Highlights

- New relationship with Village Roadshow Theme Parks with agreements to install Q-band at Wet'n'Wild Las Vegas and Wet'n'Wild Phoenix water parks

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

"For me, today's results demonstrate two really important things. Firstly, they prove what an exciting and growing business accesso is and what a great fit it makes with our Lo-Q operations. The two teams are now working together, focusing on the combined opportunity open to us and already delivering joint successes.

Secondly, the sales traction we have seen in the first half right across the business proves the real strength and depth to our offering. New mandates across our entire product range have been encouraging and, in spite of testing weather conditions in some markets, we have delivered revenue growth from all our operations.

As always, the second half is where the significant balance of revenue is generated. Our focus lies squarely on delivering that revenue from our much larger, combined firm."

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

About Lo-Q

Lo-Q is the premier technology solutions provider to the attractions and leisure industry, focused on driving increased revenues and improved guest experiences through its range of innovative award-winning solutions operated in over 130 attractions worldwide.

Virtual Queuing Solutions

Used by over 8.4 million guests since 2001, Lo-Q's range of patented virtual queuing solutions allow users to queue without having to stand in line. Instead, they reserve their place in a queue line electronically and are notified when their turn is up. For attraction operators, this means increased guest satisfaction and increased revenues thanks to customers being unlocked from queue lines, enjoying the rest of the park's attractions instead and spending time in retail and food and beverage outlets.

Whether delivered on the smartphone based; Q-smart, the waterproof RFID wristband; Q-band, or the original handheld device; Q-bot – Lo-Q's range of virtual queuing solutions are designed to deliver revenue driving systems to all theme park and water park environments. Customers including Six Flags Entertainment, Merlin Entertainments, Parques Reunidos, Herschend Family Entertainment and Compagnie des Alpes are all currently benefiting from the happier guests and additional revenues that Lo-Q's virtual queuing solutions bring. For more information visit www.lo-q.com.

***accesso* Ticketing and Content Solutions**

A wholly owned subsidiary of Lo-Q plc is recognised as the attraction industry's leading provider of ticketing solutions; offering a range of proprietary, fully-hosted ticketing, eCommerce, mobile and payment processing solutions to more than 100 top venues including Six Flags Entertainment, Cedar Fair Entertainment, Herschend Family Entertainment, and Palace Entertainment.

The *accesso* Passport ticketing suite is a comprehensive solution built for where customers shop – OnSite. OnLine. OnTheGo. noted for a streamlined, easy-to-use design with seamlessly integrated revenue driving features that allow attractions to up-sell, cross-sell and simply-sell. Combined with level 1 PCI security certification, and 24/7 support, *accesso* Passport gives clients the tools, security and support they need to drive sales.

With over 1.5 million native mobile app downloads for clients so far, the *accesso* brand also provide content rich iPhone and Android applications that deliver added value information and functionality to attraction guests plus revenue driving mobile ticketing functionality that seamlessly integrates with the rest of the Passport Suite. For more information visit www.accesso.com.

Chief Executive's Statement

Financial Review

I am happy to report an encouraging set of half-year results for Lo-Q.

Group revenues in the first half increased by 50.1% year on year to £5.57m (H1 2012: £3.71m).

This is a resilient and positive performance in a period when the weather had a sizeable impact on theme park activity, particularly in Europe. Year-on-year visitor numbers at our parks tell a very different story, depending on which side of the Atlantic those parks are based. In North America, for example, visitor numbers have shown an increase even in what is traditionally the very quietest part of the theme park year. In Europe, however, poor weather has led to a reduction in visitor numbers, muting our performance there.

As always it is difficult to confidently extrapolate meaningful trends from our first half numbers. Firstly, this remains a relatively quiet time for our business overall in terms of revenues as many of our customers are closed for much or all of the period. It is when we take time to secure new customers, build out new mandates and prepare for the busy theme park peak season in H2. Secondly, the revenue contribution from most of our newest contract wins and extensions will only start to be recognised in the second half, building over time.

These numbers do, however, show an encouraging resilience to our business, spread as it is across multiple geographies. As we continue to extend our reach, particularly into our target expansion market of Asia, and as we begin to realise the full benefits of the *accesso* acquisition, we firmly believe that this resilience will strengthen further still.

Several of our key indicators have continued to show growth in the first half. Average revenue per guest has increased during the period by 17.0%. While this is a much stronger increase than last year, it should be noted that a large driver of this increase has been the higher proportion of revenue generated this year in North America where guest spend is traditionally greater than in Europe and where we experienced like for like growth versus 2012. This has been driven by the continued migration of customers to higher service level products within our parks, proving the attractiveness of our premium solutions and entrenching our strong position within key park estates.

As is typical for our business, during the first half we recorded an underlying loss. Removing acquisition amortisation and acquisition related expenses, this amounted to a loss of £1.58m (H1 2012: £1.15m). *accesso*, exhibits a similar seasonality to our own business, and derives greater revenue and profitability from its operations in the second half. It is encouraging however to note that, at this point in the year, *accesso* is trading ahead of our initial expectations at the time of the acquisition.

First contribution and continued growth from *accesso*

The business has demonstrated some very encouraging growth momentum in the period, driven by further new business wins at seven sites in North America. At the same time, *accesso* continued to broaden and deepen its business with existing customers, with a number of *accesso* clients choosing to select its mobile ticketing products in the period. Whilst it still accounts for only a small proportion of online tickets sold by *accesso*, the number of same store mobile ticket sales generated in the period grew by 90% year on year: an encouraging trend for the future.

Cash

Net Cash outflow from operating activities, before acquisition related expenses, was £1.44mm in the period, down from £1.68m in 2012, despite the increase in underlying operating losses. It is typical for our group to see a cash outflow in the first half as we increase investment in people, technology and new client mandates ahead of the theme park season, and as expected, this profile has continued with the *accesso* acquisition.

Our closing net debt balance of £1.82m is better than our initial expectations, even accounting for the funds discharged in connection with the *accesso* acquisition and the board believes that the company is in a strong financial position at the period end.

The policy of the board continues to be to hedge an appropriate proportion of its dollar exposure before or during the relevant period.

New Banking Facility

In February we successfully negotiated a new banking arrangement with Lloyds Bank Commercial Banking. The £4.75million ($7.5m) debt facility refinanced the £4.0million convertible loan note issued as part of the company's acquisition of *accesso*, and the remaining £0.75m is being deployed as working capital to facilitate future growth. The new facility was agreed at a rate of 1.5% above LIBOR and is due to expire in February 2017, including step downs over the four year period.

Dividend

The board maintains its view that the payment of a dividend is unlikely in the short to medium term with cash better invested in product development, complementary M&A as demonstrated by the *accesso* acquisition and other growth focused investment opportunities.

Operational Review

Operationally, this has been a very exciting period for our team and we have made good progress in each of our focus areas for growth. We have secured new customers, deepened our relationships with existing customers, extended some of our longest-standing customer relationships, and delivered the first, early wins from our combined *accesso* and Lo-Q offering.

Delivering new wins

We have secured some encouraging new business wins in the first half, highlighting the continued appeal of our core queuing products.

Lo-Q's Q-bot and Q-smart solutions secured a new, combined and exciting customer in the shape of Vialand: Turkey's first international theme park, for its 2013 inaugural season. The park, which represents one of the biggest retail investments ever made in the history of the Turkish Republic, includes not only a theme park but also a shopping centre and exhibition hall. The park is expected to welcome approximately two million guests each year. Our technology will be installed at Vialand for a period of two years at eight of the park's largest rides, with the option for Vialand to extend its agreement with us for a further two years. This is a strong endorsement for both our newest and our longest-serving solutions and represents Lo-Q's first ever customer win in Turkey.

The successful new customer momentum of Q-band, Lo-Q's water park ride reservation system launched in 2011, has also continued in the period. In February, we signed a new contract that has seen us deploy Q-band at Camelbeach Mountain Waterpark: Pennsylvania's largest water park. The five year agreement paved the way for the installation of Lo-Q's Q-band system at ten of the park's busiest slides in time for the 2013 summer season.

Q-band has also enabled us to secure entirely new mandates with new parts of existing customer groups. For example, Dollywood's Splash Country water park will now also utilise our Q-band product for an initial three year period, adding to the work we already carry out for Dollywood's Tennessee theme park.

Deepening and extending our relationships

It is not only new customer mandates where we have a significant opportunity for growth. Many of our largest existing customers represent a growth opportunity for us, with the potential for them to take new technologies from our product suite or simply to extend technologies they are already familiar with to new parks across their estate.

During the period, Lo-Q extended its relationship with Herschend Family Entertainment Group which owns, operates or manages 26 family-oriented theme parks and attractions across ten US states. The group's Dollywood theme park, Tennessee's most ticketed tourist attraction entertaining more than two million visitors per year, extended its existing installation of Q-bot until 2015.

We have also been successful in extending some of our newest customer relationships. Last year, we signed an exciting agreement with a major US theme park operator to install Q-bot at two of its parks in the USA. At the time, we firmly believed that it would be possible for us to expand this mandate to other parks across the operator's estate. During the first half we saw the first evidence of this, expanding our agreement to include the installation of our Q-band product at the operator's US water park.

Leveraging the *accesso* opportunity

On 5 December 2012, we announced the transformational acquisition of *accesso,* a leading US ticketing and eCommerce company. This was a hugely important milestone for Lo-Q and, just over six months later, our two teams are working together and delivering encouraging results.

During the period, the *accesso* team continued to grow the business and in January announced an agreement with a major North American Membership Club that will see *accesso* Passport become the club's exclusive eCommerce ticketing solutions provider. This is a significant win for *accesso*, as it runs for a four year period but also because it serves to highlight the strength of *accesso's* offering, particularly in the North American market. In addition to this platform win, *accesso* added seven new venues to its portfolio in the first half including Passport Online ecommerce for Gilroy Gardens, Ocean Breeze Water Park and Rapid Water Park and *accesso* Mobile apps for four additional International Speedway Corporation tracks.

As already discussed, we reached another important milestone in January of this year when both Lo-Q and *accesso* became suppliers to Palace Entertainments, the largest operator of water parks in the United States and operating a total of 40 attractions in North America. Under the terms of the agreement, two of Palace Entertainment's major water parks leveraged the group's combined technology solutions in time for the 2013 season. Raging Waters, California's largest water park, added Q-band, Lo-Q's water park ride reservation system, while Noah's Ark, the largest water park in the US, began utilising the *accesso* Passport online ticketing. For *accesso* this win also held further significance, as it expanded *accesso's* relationship with Palace Entertainments to include all 18 of its theme parks and water parks across North America.

This win serves as a clear indicator of the strength of the group's combined offering. We are now well on the way to being considered the leading and most innovative supplier of technology solutions to the attractions industry. In total we serve eight of the world's top theme park groups as customers, three of them jointly. As this reputation grows it will help us to further deepen our relationships with leading park operators globally.

Being better

I would like to take this opportunity to congratulate the team on the results of their hard work, continuing to deliver growth whilst also focusing on the integration of our two firms. As this process moves forward, we are delighted at the strength of the *accesso* team and the benefits they bring to our expanded business.

Our North American Operations team, now reporting to Steve Brown, is performing more strongly than ever and our combined development teams are well on the way to working under the same methodology and processes under the guidance of Eric Petrusic, now our Chief Information Officer, having formally been *accesso's* VP Technology. We have also found synergies and efficiency in our Sales and Marketing organisation as we consider how to represent our combined presence at the major trade shows around the world and engage with those customers of both organisations where there is an opportunity to cross sell.

We are committed to providing opportunities for our people, maintaining an environment where people are proud to work at Lo-Q and where we continue to innovate and deliver technology solutions to the attractions and leisure industry. I'm therefore excited to announce as part of our intention to foster a one firm approach, we have extended our staff stock options to the whole group, some 101 full time employees.

Deriving value from our partnerships

Expanding our reach into markets where the company does not currently operate continues to be an important part of Lo-Q's strategy. A key area of focus is Asia, which has the fastest-growing theme and water park market globally. In order to progress our ambition to expand into this market, in September last year we announced our partnership with Sanderson Group: an Australian multi-national corporation with over 23 years' experience in delivering high quality, themed tourist attractions.

The partnership commenced on the ground in January this year and we continue to see a strong and maturing pipeline of opportunities emerging as a consequence of this arrangement. At the same time, we continue to forge strong relationships with park operators in Asia. Post-period end, we signed our first ever agreement with Village Roadshow Theme Parks: Australia's largest theme park operator and another strategic partner of Sanderson Group. We have now installed our Q-band technology at two of Village Roadshow's Wet'n'Wild properties in Las Vegas and in Phoenix in time for their operating season.

Outlook

The strength of our offering and the broad, geographical spread of our client base has enabled us to drive continued revenue growth in H1. This, combined with the early progress made at *accesso*, serves as an encouraging platform on which to build in the second half of the year.

Looking forward, our primary focus will rest on delivering a successful peak park season in partnership with our customers. We will also continue to look at organic opportunities to expand, both in existing and new customers and drive further benefits from the *accesso* acquisition. M&A will remain an area of strategic interest for the board and we will continue to seek out sensible, earnings enhancing opportunities to expand the market we serve.

With this in mind, the board believes that Lo-Q remains well positioned to perform in-line with its expectations for the financial year as a whole.

Tom Burnet
Chief Executive Officer

Consolidated statement of comprehensive income
for the six month period ended 30 April 2013

	Six months ended 30 April 2013 (unaudited) £	Six months ended 30 April 2012 (unaudited) £	Period Ended 4 November 2012 (audited) £
Revenue	**5,569,421**	3,711,210	29,137,370
Cost of Sales	**(3,667,986)**	(3,086,588)	(22,326,209)
Gross Profit	**1,901,435**	624,622	6,811,161
Administrative expenses	**(4,223,000)**	(1,776,019)	(3,717,224)
Underlying operating (loss)/ profit	**(1,583,592)**	(1,151,397)	3,093,937
Costs of acquisition and related refinancing	**(384,172)**	-	-
Amortisation relating to acquisitions	**(353,801)**	-	-
Operating (loss)/ profit	**(2,321,565)**	(1,151,397)	3,093,937
Finance Expense	**(29,978)**	-	-
Finance income	**7,384**	32,753	59,594
(Loss)/ profit before tax	**(2,344,159)**	(1,118,644)	3,153,531
Tax	**554,116**	262,894	(632,187)
(Loss)/ profit for the period	**(1,790,043)**	(855,750)	2,521,344
Other comprehensive income			
Exchange differences on translating foreign operations	**(123,141)**	(4,645)	(84,954)
Other comprehensive income for the period net of tax	**(123,141)**	(4,645)	(84,954)
Total comprehensive income for the period	**(1,913,184)**	(860,395)	2,436,390
(Loss)/ Profit attributable to Owners of the parent	**(1,790,043)**	(855,750)	2,521,344
Total comprehensive income attributable to Owners of the parent	**(1,913,184)**	(860,395)	2,436,390
(Loss)/ earnings per share expressed in pence per share:			
Basic	(9.41)	(4.97)	14.56
Diluted	(9.41)	(4.97)	13.94

All activities of the company are classified as continuing

Consolidated statement of financial position
as at ended 30 April 2013

	30 April 2013 (unaudited)	30 April 2012 (unaudited)	4 November 2012 (audited)
	£	£	£
Assets			
Non-current assets			
Intangible assets	**14,576,070**	1,187,752	1,233,179
Property, plant and equipment	**1,917,157**	458,467	1,450,592
Deferred tax	**284,061**	-	284,061
	16,777,288	1,646,219	2,967,832
CURRENT ASSETS			
Inventories	**879,519**	1,311,451	455,647
Trade and other receivables	**1,222,689**	1,065,520	1,032,966
Tax receivable	**739,651**	284,612	-
Cash and cash equivalents	**2,381,033**	5,265,964	8,914,404
	5,222,892	7,927,547	10,403,017
Liabilities			
Current liabilities			
Trade and other payables	**1,415,612**	869,675	764,468
Corporation Tax payable	**-**	-	205,780
	1,415,612	869,675	970,248
Net current assets	**3,807,280**	7,057,872	9,432,769
Non current liabilities			
Deferred tax	**43,491**	-	43,491
Borrowings	**4,197,348**	-	-
	4,240,839	-	43,491
Net assets	**16,343,729**	8,704,091	12,357,110
Shareholders' equity			
Called up share capital	**195,097**	173,162	175,290
Share premium	**12,508,157**	6,602,931	6,654,906
Own shares held in trust	**(1,331,956)**	(1,331,956)	(1,331,956)
Other reserves	**610,537**	281,661	583,792
Retained earnings	**4,416,240**	2,982,938	6,206,283
Translation reserve	**(54,346)**	(4,645)	68,795
Total equity	**16,343,729**	8,704,091	12,357,110
Total shareholders' equity	**16,343,729**	8,704,091	12,357,110

Consolidated statement of cash flows
for the six month period ended 30 April 2013

	Six months ended 30 April 2013 (unaudited) £	Six months ended 30 April 2012 (unaudited) £	Period ended 4 November 2012 (audited) £
Cash flows from operating activities			
Cash generated from operations	**(1,817,525)**	(1,682,433)	4,062,552
Interest paid	**(29,978)**	-	
Tax paid	**(391,315)**	(368,288)	(752,641)
Net cash from operating activities	**(2,238,818)**	(2,050,721)	3,309,911
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	**(7,839,658)**	-	-
Purchase of intangible fixed assets	**(347,042)**	(208,391)	(453,360)
Purchase of tangible fixed assets	**(370,696)**	(93,951)	(1,642,118)
Interest received	**7,384**	32,753	59,594
Net cash used in investing activities	**(8,550,012)**	(269,589)	(2,035,884)
Cash flows from financing activities			
Share Issue	**58,111**	88,483	142,586
Proceeds from borrowings	**4,197,348**	-	-
Net cash from financing activities	**4,255,459**	88,483	142,586
Increase/ (decrease) in cash and cash equivalents	**(6,533,371)**	(2,231,827)	1,416,613
Cash and cash equivalents at beginning of period	**8,914,404**	7,497,791	7,497,791
Cash and cash equivalents at end of period	**2,381,033**	5,265,964	8,914,404

Net cash from operating activities			
(Loss)/ profit before tax	**(2,344,159)**	(1,118,644)	3,153,531
Depreciation and amortisation charges	**817,150**	316,505	1,072,089
Share based payment	**26,745**	43,000	84,225
Foreign exchange	**(219,780)**	(4,645)	(84,954)
Finance costs	**29,978**	-	-
Finance income	**(7,384)**	(32,753)	(59,594)
	(1,697,450)	(796,537)	4,165,297
(Increase)/ decrease in inventories	**(423,871)**	(817,150)	38,654
Increase in trade and other receivables	**216,947**	77,635	101,610
Increase/ (decrease) in trade and other payables	**86,849**	(146,381)	(243,009)
Net cash (outflow)/ inflow from operations	**(1,817,525)**	(1,682,433)	4,062,552

Consolidated statement of changes in equity
for the six month period ended 30 April 2013

	Share capital £	Share premium £	Retained earnings £	Other Reserves £	Own shares held in trust £	Translation reserve £	Total £
Balance at 5 November 2012	**175,290**	**6,654,906**	**6,206,283**	**583,792**	**(1,331,956)**	**68,795**	**12,357,110**
Loss for period	-	-	(1,790,043)	-	-	-	**(1,790,043)**
Foreign exchange	-	-	-	-	-	(123,141)	**(123,141)**
Issue of share capital	19,807	5,853,251	-	-	-	-	**5,873,058**
Share based payments	-	-	-	26,745	-	-	**26,745**
Balance at 30 April 2013	**195,097**	**12,508,157**	**4,416,240**	**610,537**	**(1,331,956)**	**(54,346)**	**16,343,729**
Balance at 1 November 2011	171,702	6,515,908	3,838,688	238,661	(1,331,956)	-	9,433,003
Loss for period	-	-	(855,750)	-	-	-	(855,750)
Foreign exchange	-	-	-	-	-	(4,645)	(4,645)
Issue of share capital	1,460	87,023	-	-	-	-	88,483
Share based payments	-	-	-	43,000	-	-	43,000
Balance at 30 April 2012	173,162	6,602,931	2,982,938	281,661	(1,331,956)	(4,645)	8,704,091
Balance at 1 November 2011	171,702	6,515,908	3,684,939	238,661	(1,331,956)	153,749	9,433,003
Profit for period	-	-	2,521,344	-	-	-	2,521,344
Foreign exchange	-	-	-	-	-	(84,954)	(84,954)
Issue of share capital	3,588	138,998	-	-	-	-	142,586
Share based payments	-	-	-	84,225	-	-	84,225
Share option tax credit	-	-	-	260,906	-	-	260,906
Balance at 4 November 2012	175,290	6,654,906	6,206,283	583,792	(1,331,956)	68,795	12,357,110

Notes to the Interim Statements

1. Basis of preparation

Lo-Q plc (the "Company") is a company domiciled in England. The basis of preparation of this financial information is consistent with the basis that will be adopted for the full year accounts which were prepared in accordance with IFRS as adopted by the European Union.

While the financial figures included in this half-yearly report have been computed in accordance with IFRS applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

This interim financial information has neither been audited nor reviewed pursuant to guidance issued by the FRC and the financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The 52 weeks and 6 days to 4 November 2012 figures have been extracted from the audited financial statements for this period.

Having considered the principal risks and uncertainties as presented in the 4 November 2012 audited financial statements and those additional risks and uncertainties disclosed below, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis in preparing the half yearly financial information.

2. Accounting policies

The condensed consolidated interim financial information has been prepared using accounting policies consistent with those set out on pages 25 to 30 in the audited financial statements for the period ended 4 November 2012, except as set out below, which have changed as a result of the acquisition. These accounting policies have been applied consistently to all periods presented in this Financial Information.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the identifiable net assets acquired. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Any impairment losses would be recognised within administrative expenses in the consolidated statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment losses on goodwill are not reversed.

Externally acquired intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below). The significant intangibles recognised by the group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset period	
Internally developed technology	5 years straight line
Customer relationships	15 years straight line

Hedges of a net investment in a foreign operation
The group borrowed foreign currency borrowings to hedge changes in the net investment of foreign operations arising from movements in the forward exchange rate. To the extent that the hedge is effective, gains and losses arising on the derivative are recognised in other comprehensive income. The ineffective portion of such hedges is recognised in profit or loss.

Critical accounting estimates & judgements and principal risks & uncertainties

There have been no changes to any of the group's critical accounting estimates and judgements of its principal financial risks, except for those listed out below:

(i) Goodwill and impairment

The recoverable amount of goodwill is determined based on value in use calculations of the cash-generating units to which it relates. The "value in use" calculations use pre-tax cash flow projections using data from the group's latest internal forecasts. The revenue forecasts are extrapolated on a reasonable basis applying an applicable rate of growth. The results of the value in use calculations are reviewed by the board.

The key assumptions for the value in use calculations are those regarding discount rates, revenue commencement dates, growth rates, absolute values of expected sales and expected margins and costs. Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating unit. Revenue commencement dates are based on current planned launch dates. Growth rates, absolute values of expected sales and expected margins and costs are based on information received from commercial partners and market intelligence reports on expectations of future changes in the market.

Pre-tax cash flow projections are discounted to calculate value in use using a pre-tax discount rate. The pre-tax discount rate is based on a number of factors including the risk-free rate in the UK, the group's estimated market risk premium, and a premium to reflect the inherent risk of the forecast income streams included in the Group's cash flow projections, which remain subject to contracts being agreed with prospective customers.

(ii) Fair value of identifiable net assets acquired

Upon acquisition of a business, its identifiable assets and liabilities are assessed to determine their fair value. The values attributed to assets and liabilities as part of this process are, where appropriate, based on market values identified for equivalent assets, together with management's experience and assessments including comparison to the carrying value of assets of a similar condition and age in the existing business.

(iii) Useful lives of acquired intangible assets

Acquired intangible assets are amortised over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the combined statement of comprehensive income in specific periods.

3. Taxation

The tax charge for the half year is calculated on the basis of the estimated full year effective tax rate.

4. Earnings per share ("EPS")

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	Six months ended 30 April 2012 (unaudited) £	Six months ended 30 April 2011 (unaudited) £	Year ended 4 November 2012 (audited) £
(Loss)/ profit attributable to ordinary shareholders	**(1,790,043)**	(855,750)	2,521,344
Denominator			
Weighted average number of shares used in basic EPS	**19,022,754**	17,217,582	17,319,153
Basic earnings per share - pence	**(9.41)**	(4.97)	14.56

5. Acquisition

On 4 December 2012, the group acquired 100% of the voting equity of *accesso* LLC (‘*accesso*’), a leading US ticketing and e-commerce provider to the entertainment sector. The principal reason for this acquisition was to take advantage of the complimentary opportunities available within the sector in which we operate.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are:

	Book value		Adjustment	Fair value
	£		**£**	**£**
Identifiable intangible assets				
Goodwill	856,752		(856,752)	-
Internally developed technology	188,249		3,170,643	3,358,892
Customer relationships	-		2,660,148	2,660,148
Property, plant and equipment	328,350		(53,462)	274,888
Receivables and other debtors	411,822		(5,150)	406,672
Payables and other liabilities	(496,780)		(67,513)	(564,293)
Cash	397,844		-	397,844
Total net assets	**1,686,237**		**4,847,914**	**6,534,151**
Cash paid at completion	3,952,045	(1)	-	3,952,045
Loan note to seller	3,952,045	(1),(2)	-	3,952,045
Lo-Q plc shares	5,815,041	(1),(3)	96,326	5,911,367
Cash paid reflecting surplus working capital	371,968		(38,556)	333,412
Total consideration	**14,091,099**		**57,770**	**14,148,869**
Goodwill on acquisition				**7,614,718**

1) Fair value of consideration paid, based on exchange rate of £1:$1.6036.

2) The loan note to seller was repayable on 31 March 2014 with an interest rate of 1.25% for the period to 31 March 2013 and 2.5% from 1 April 2013 to repayment. The note was repayable by Lo-Q at any time before maturity and can be converted to Lo-Q plc shares at any time after 1 April 2013 at the option of the holder. This loan note was fully repaid on 12 March 2013.

3) In accordance with IFRS 3 Business Combinations (revised 2008) the fair value adjustment to consideration paid in shares is based on the difference between the share price at the date on which the company obtained control of *accesso* and the price determined in the Membership Interest Purchase Agreement for calculating the number of shares to be issued to the vendors.

Acquisition costs of £384,172 were incurred in relation to this transaction and have be expensed to the income statement within this period.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as the assembled workforce of the acquired entity and the expected synergies of the enlarged group which do not qualify for separate recognition.

The goodwill and intangible assets recognised will attract tax deductions under the applicable local tax jurisdictions.

On 11 February 2013, the group entered into a facility agreement with Lloyds TSB Bank PLC to provide a revolving credit facility of up to $7.5m. The facility has a term of four years and interest is payable at a rate of 1.5% above LIBOR on amounts utilised or 0.6% on any unutilised element , and includes step downs over the four year period.. The facility is secured on the assets of Lo-Q plc, Lo-Q Inc and *accesso*.

On 12 March 2013, this facility was utilised to fully re finance the loan note issued as part of the consideration for the acquisition.

6. Dividend

No dividend has been proposed or recommended during the period. The board remains committed to the integration of the newly acquired businesses and the exploration of investment opportunities which are the short to medium term strategic goals of the group.