

Lo-Q plc (“Lo-Q” or the “Company”)

Registered number 3959429

NOTICE IS HEREBY GIVEN THAT the 2012 Annual General Meeting of the Company will be held at Unit 2, The Pavilions, Ruscombe Park, Twyford, Berkshire, RG10 9NN on Tuesday 27 March 2012 at 11 a.m. for the following purposes:

Ordinary Business

- Resolution 1:** To receive the audited financial statements of the Company for the year ended 31 October 2011 and to receive the Directors’ Report and the Auditors’ Report thereon.
- Resolution 2:** To re-elect as a Director Mr John Alder, who retires by rotation and offers himself for re-election.
- Resolution 3:** To re-elect as a Director Mr John Pix Weston, who, having been appointed by the Board since the last AGM, retires in accordance with the Articles of Association and offers himself for re-election.
- Resolution 4:** To re-elect as a Director Mr John George Lillywhite, who is offering himself for re-election.
- Resolution 5:** To re-elect as a Director Mr Anthony Victor William Bone, who is offering himself for re-election.
- Resolution 6:** To re-appoint Menzies LLP as Auditors of the Company until the conclusion of the next Annual General Meeting.
- Resolution 7:** To authorise the Directors to determine the remuneration of the Auditors.

Special Business

- Resolution 8:** To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** in substitution for all existing authorities the Directors be given power under Section 551 of the Companies Act 2006 (“the Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (‘Rights’)

- (i) up to an aggregate nominal amount of £57,567.13; and,
- (ii) up to a further aggregate nominal amount of £57,567.13 provided that (a) they are equity securities (within the meaning of section 560(1) of the Act) and (b) they are offered by way of a rights issue to holders of ordinary shares in the Company at such record dates as the directors may determine where the equity securities attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever,

provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company or 30 April 2013 (whichever is sooner) unless any offer or agreement is made before the end of that period in which case the Directors may allot shares and grant Rights pursuant to such offer or agreement as if the power granted by this resolution had not expired.”

Resolution 9 To consider and, if thought fit, pass the following resolution as a special resolution:
“**THAT**, in substitution for all existing powers and subject to the passing of Resolution 8, the Directors be given power to allot equity securities (as defined in Section 560 of the Companies Act 2006) as if the pre-emption provisions of Section 561 of the Act did not apply to such allotment. The power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £17,270.14 being 10% of the Company’s issued share capital and shall expire at the next Annual General Meeting of the Company or 30 April 2013 (whichever is the sooner) unless any offer or agreement is made before expiry of this power in which case the Directors may allot securities pursuant to such offer or agreement as if the power granted by this resolution had not expired.”

Resolution 10 To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“ **THAT** the rules of the Lo-Q plc 2011 Share Option Scheme for Directors and Employees of Lo-Q Inc (“the Scheme”), the principal terms of which are set out in the summary attached to this Notice of Annual General Meeting and the rules of which are presented to the meeting and signed by the Chairman for the purposes of identification, be and are hereby approved, and that the Directors be and are hereby authorised to do all acts and things which they consider necessary or expedient to carry the Scheme into effect, including the making of any amendment to the rules as they may consider necessary”.

Registered Office:-
Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

BY ORDER OF THE BOARD

Martha Bruce
Company Secretary

20 February 2012

Your attention is drawn to the Notes below

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy to exercise all or any of his rights to attend, speak and vote in his place on a show of hands or on a poll provided that each proxy is appointed to a different share or shares. Such proxy need not be a member of the Company. A form of proxy is enclosed. Appointment of a proxy will not preclude a member from attending the meeting and voting in person.
2. To be valid, the completed and signed form of proxy must be returned to the Company’s Registrars, SLC Registrars Limited, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD by 11 a.m. on Friday 23 March 2012. Lodging a form of proxy does not preclude a member from attending and voting at the meeting.
3. Any corporation which is a member may appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same shares.

4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), entitlement to attend and vote at the Meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on 23 March 2012, the day which is two working days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. You may not use any electronic address provided either in this notice of AGM or any related documents (including the form of proxy) to communicate for any purposes other than those expressly stated.
6. The following documents are available for inspection during normal business hours at the Company's registered office up to the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting from 15 minutes before the start of the meeting until conclusion of the meeting:
 - Copies of all Directors' Service Contracts for periods in excess of one year with the Company or any of its subsidiaries;
 - The Rules of the Lo-Q plc 2011 Share Option Scheme for Directors and Employees of Lo-Q Inc.

Explanatory notes to the resolutions

Resolution 1 Annual Report and Accounts

The directors must lay before shareholders the accounts of the Company for the financial year ended 31 October 2011, the report of the directors and the report of the auditors of the Company on these accounts.

Resolutions 2 to 5 Directors

Article 111 of the Articles of Association requires that at each annual general meeting one-third of the directors, or if the number of directors is not three or a multiple of three, the number of directors nearest to but not exceeding one third shall retire by rotation.

Resolution 2 proposes the re-election of John Alder who was appointed as a director on 3 August 2009 as the director retiring by rotation at this annual general meeting.

Article 116 of the Articles of Association requires that where the directors have appointed an additional director any director so appointed will only hold office until the next Annual General Meeting of the Company and they must offer themselves for re-appointment.

Resolution 3 proposes the election of John Pix Weston who was appointed as a director on 1 May 2011.

The UK Corporate Governance Code ("the Code") provides at B.7.1 that non-executive directors who have served for longer than nine years should be subject to annual re-election. Although the provisions of the Code apply to Premium Listed companies the directors of the company are fully supportive of the aims of the Code. The Company has two non-executive directors who have each served on the board for a period in excess of nine years.

John George Lillywhite who has been a director since 23 September 2000 is offering himself for re-election pursuant to resolution 4.

Anthony Victor William Bone who has been a director of the Company since 23 September 2000 is offering himself for re-election pursuant to resolution 5.

Details of the directors offering themselves for re-election are included in that last page of this notice.

The Board of Directors considers the performance of each of the Directors standing for re-election at the Annual General Meeting to be fully effective and they each demonstrate the commitment and behaviours expected of a Lo-Q director. The Board of Directors also concluded that the non-executive directors standing for re-election are, with the exception of their length of service, independent in terms of the criteria set out in the UK Corporate Governance Code.

Resolution 6 and 7 Reappointment and remuneration of auditors

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company to hold office until the next such meeting. Resolution 6 proposes the reappointment of Menzies LLP as auditors to the Company. Resolution 7 authorises the directors to agree the auditors' remuneration.

Resolution 8 Authority to allot shares

The authority sought by this resolution is for the Directors to be authorised to allot Ordinary Shares up to two-thirds of the Company's current issued share capital at the date of this notice. Paragraph (i) of the resolution will give the Directors a general authority to allot up to an aggregate nominal value of £57,567.13 being the equivalent of one-third of the Company's issued ordinary share capital at the date of this notice. This is in accordance with the ABI guidelines. In addition, the guidelines permit the authority to extend to a further third of the issued share capital, where any such shares allotted using this additional authority are in connection with a rights issue. Paragraph (ii) of the resolution proposes this additional authority be granted to the Directors.

The Directors are seeking the annual renewal of this authority in accordance with best practice and to ensure the Company has maximum flexibility in managing its capital resources. Should the additional authority described in paragraph (ii) of the resolution be used, all Directors will stand for re-election at the next Annual General Meeting as required by the ABI.

Resolution 9 Disapplication of pre-emption rights

When shares are to be allotted for cash, Section 561 of the Companies Act 2006 provides that existing shareholders have pre-emption rights and that any new shares are offered first to such shareholders in proportion to their existing shareholdings. This resolution is seeking to authorise the Directors to allot shares of up to an aggregate nominal amount of £17,270.14 otherwise than on a pro-rate basis. This represents 10% of the Company's issued share capital at the date of this notice and is within guidelines issued by institutional investors for companies listed on AIM.

The Directors are seeking the annual renewal of this authority in accordance with best practice and to ensure the Company has maximum flexibility in managing its capital resources.

Resolution 10 The Lo-Q plc 2011 Share Option Scheme for Directors and Employees of Lo-Q Inc ("the Scheme")

The following is a summary of the main provisions of the Scheme and is not intended to be an exhaustive explanation of the Scheme. A copy of the Scheme can be inspected at the registered office of the Company or on the Company website www.lo-q.com.

The Scheme is intended to enable directors and employees of the Company's US subsidiary, Lo-Q Inc to participate in a share option scheme. The Scheme commenced on 23 June 2011.

The Scheme is governed by the laws of the State of Georgia and it is intended that all Options exercised under the Scheme should comply, where applicable to the requirements of section 409A of the United States Internal Revenue Code of 1986, as amended, and all regulations and other guidance there under ("the Code").

Any Director or Employee of Lo-Q Inc is eligible to participate in the Scheme.

The Board of Directors of the Company has absolute discretion (subject to restrictions as set out in the Scheme) to grant options as either ISOs or NQSOs. An ISO is an option or part of an option that satisfies the requirements of section 422 of the Code. It is not possible to grant an Option as an ISO to a non-employee director. A NQSO is a nonqualified stock Option.

The maximum number of options to be granted to any Participant in a calendar year (including options issued under any other incentive stock option plan) is 250,000. The maximum number of Ordinary Shares to be issued pursuant to the Scheme is 1,000,000 ("Share Authorization"). This Share Authorization figure can be increased, decreased or otherwise adjusted under the Scheme.

The Grant of Options is evidenced by the issue an Award Agreement which can specify such additional terms, conditions and limitations on any Option as determined by the Board of Directors of the Company.

Other than as detailed below the Subscription Price of an Option is to be equal to or greater than the Market Value of an Ordinary Share on the day the Option is issued.

With the exception of the circumstance described in the Scheme, Options lapse on the tenth anniversary of their Date of Grant. Options cannot be assigned and lapse in the event of an Option holder being adjudicated bankrupt.

The Scheme can be terminated at any time by a resolution of the Board of Directors of the Company or by the passing of a resolution of the Company at a general meeting.

Voting Recommendation

The Board of Directors believes that all of the proposed resolutions set out in the Annual General Meeting notice are in the best interests of shareholders as a whole and the Company and unanimously recommends that members vote in favour of all the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

Details of the Directors offering themselves for re-election:-

John Alder, Finance Director

John is a Chartered Accountant who qualified with Coopers and Lybrand (PricewaterhouseCoopers). He subsequently held Finance Director and Controller positions in quoted and private pan - European businesses. John is responsible for all aspects of the company's financial management and reporting.

John Weston, Non-Executive Chairman

John joined Lo-Q in May 2011. He was previously Chief Executive of British Aerospace and then BAE Systems from 1998 to 2002, at the time it was a £12.5billion business employing over 120,000. He is also Chairman of MB Aerospace, a supplier of machined engine components to the aero-engine industry, AWS Electronics, a company manufacturing circuit boards and wiring harnesses for the defence and aerospace businesses, and Torotrak plc, developers in the commercial application of gearless traction drive technology. John is also chairman of the trustees for Ufi Charitable Trust.

John Lillywhite, Non-Executive Director

John is a Fellow of the Institute of Management Accountants and has been in the information technology industry for over 40 years. In 1997 he stepped down as group finance director of ICL, after a long career with the group. He is chairman or non-executive director of a number of technology companies.

John, in addition to normal board duties, provides the company with direction in compliance and financial matters as well as chairing the audit committee and serving on the remuneration committee.

Anthony Bone, Non-Executive Director

Tony spent over 30 years in the IT industry with ICL, from hardware design, software design, consultancy and then general management. In 1988 he was one of the founder directors of the OSI Group which specialised in program and project management, IT, and change consultancy. OSI was acquired by the FI Group plc in 1999. Mr. Bone now acts as an investor in, and non-executive director of, a number of high technology companies.

Tony, in addition to normal board duties, provides advice in product strategy and development to the company as well as chairing the remuneration committee and serving on the audit committee.