

Lo-Q plc (“Lo-Q” or the “Company”)

Registered number 3959429

NOTICE IS HEREBY GIVEN THAT the 2011 Annual General Meeting of the Company will be held at Unit 2, The Pavilions, Ruscombe Park, Twyford, Berkshire, RG10 9NN on Tuesday 12 April 2011 at 10.30 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 2010 and to receive the Directors’ Report and the Auditors’ Report thereon.
- Resolution 2:** To elect as a Director Mr Thomas James Wardlaw Burnet 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 3:** To elect as a Director Mr David Ranken Gammon 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 Leonard Sim, who retires by rotation and offers himself for re-election.
- Resolution 5:** To re-elect as a Director Mr John George Lillywhite, who is offering himself for re-election.
- Resolution 6:** To re-elect as a Director Mr Anthony Victor William Bone who is offering himself for re-election.
- Resolution 7:** To re-appoint Menzies LLP as Auditors of the Company until the conclusion of the next Annual General Meeting.
- Resolution 8:** To authorise the Directors to determine the remuneration of the Auditors.

Special Business

- Resolution 9:** 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 £54,225.56; and,
- (ii) up to a further aggregate nominal amount of £54,225.56 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 2012 (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 10 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 9, 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 £16,267.67 being 10% of the Company’s issued share capital and shall expire at the next Annual General Meeting of the Company or 30 April 2012 (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 11 To consider and, if thought fit, pass the following resolution as a special resolution.
“**THAT:**
(i) the Articles of Association of the Company be amended by deleting all of the provisions formerly in the Company’s Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company’s Articles of Association; and
(ii) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification be and are hereby adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, all existing Articles of Association”

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

BY ORDER OF THE BOARD

Martha Bruce
Company Secretary

1 March 2011

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 not less than 48 hours before the time fixed for the meeting. 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 8 April 2011, 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;
 - A copy of the current Memorandum and Articles of Association; and
 - A copy of the proposed new Articles of Association.

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 2010, the report of the directors and the report of the auditors of the Company on these accounts.

Resolutions 2 to 6 Directors

Article 127 of the present Articles of Association requires that where additional directors have been appointed since the last annual general meeting they must offer themselves for re-appointment at the next annual general meeting after their appointment.

Resolution 2 proposes the election of Thomas James Wardlaw Burnet who was appointed as a director on 4 October 2010.

Resolution 3 proposes the election of David Ranken Gammon who was appointed as a director on 30 November 2010.

Article 121 of the present 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 4 proposes the re-election of Leonard Sim who was appointed as a director on 23 August 2000 as the director retiring by rotation at this annual general meeting.

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 5.

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 6.

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 7 and 8 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 7 proposes the reappointment of Menzies LLP as auditors to the Company. Resolution 8 authorises the directors to agree the auditors' remuneration.

Resolution 9 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 £54,225.56 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 10 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 £16,267.67 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.

In the last three years the directors have issued 165,000 shares which represent 1.014% of the Company's current issued share capital.

Resolution 11 – Adoption of new Articles of Association

The Company's current Articles of Association ('Current Articles') were drafted before the Companies Act 2006 (the '2006 Act') was enacted and are based on the Companies Act 1985 (the '1985 Act'), which has largely been replaced by the 2006 Act. The Company proposes to adopt new Articles of Association ('New Articles') to embrace the 2006 Act. A copy of the New Articles will be available for inspection during normal working hours at the Company's registered office (Thames House, Portsmouth Road, Esher, Surrey KT10 9AD), from the date of this notice up until the AGM. A copy may also be downloaded from the Company's website (www.lo-q.com) under the 'Our Company' tab and then 'Corporate Information'. A copy will also be available 15 minutes prior to, and during the AGM.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act or the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations'), have not been noted.

The Company's Memorandum of Association and authorised share capital

The provisions regulating the operations of the Company are currently set out in the Company's current Memorandum and Articles of Association. The Memorandum of Association contains, amongst other things, an objects clause which sets out the scope of activities that the Company is authorised to undertake, the Company's authorised share capital (i.e. the maximum number of shares that can be in issue) and the liability of the members. However, the 2006 Act significantly reduced the constitutional significance of the Memorandum of Association and only requires it to record the names of the subscribers on formation and the number of shares allotted to them at that time. All other provisions that were contained in the Memorandum of Association, including the objects clause, the authorised share capital and the limited liability of the shareholders, since 1 October 2009, have been deemed to be contained in the Current Articles.

The 2006 Act now permits a company not to have an objects clause or an authorised share capital and, hence, enabling it to be unrestricted in its activities and the number of shares that can be in issue. Like other companies, the Company proposes to take advantage of this and remove its objects clause and its authorised share capital. Special Resolution 11 confirms this removal, but one effect of this removal is

the shareholders' limited liability clause, which was also contained in the Company's Memorandum of Association and will also be removed. However, this clause has been carried over to the New Articles to maintain the limited liability of the shareholders.

Whilst under the New Articles, the Company will no longer have an authorised share capital; the 2006 Act still requires authority to be obtained before the directors may allot any shares, other than in respect of employee share schemes (see Resolution 9 seeking such authority).

Articles which duplicate and/or were required by statutory provisions

Provisions in the Current Articles, which replicate provisions in the 2006 Act have, in the main, been omitted in the New Articles. This is consistent with the approach taken by other companies and is advocated by the UK government.

The 1985 Act required a company to have specific provisions in its articles of association in order to be able to purchase its own shares, consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves, as well as the necessary shareholder authority to take such action. The 2006 Act no longer requires such provisions to be contained in the articles of association, although shareholder approval is still required to effect such things. The relevant provisions have, therefore, been omitted in the New Articles.

Redeemable shares

It is no longer necessary under the 2006 Act for the articles of association to include the terms on which redeemable shares may be redeemed, although should the directors wish to issue redeemable shares, the 2006 Act enables directors to determine such matters provided they are so authorised by the articles of association. The New Articles retain such an authorisation, although specific authority to allot redeemable shares still needs to be obtained from the shareholders in the usual way. The Company has no current plans to issue redeemable shares.

Stock

Under the 2006 Act, it is no longer possible for a company to convert its shares into stock. As the Company has no stock in issue, the provisions as regards stock in the Current Articles have been omitted in the New Articles.

Closure of the Register of Members

It is no longer possible under the 2006 Act to suspend the registration of share transfers for up to 30 days in any year. Therefore, this power has been omitted in the New Articles.

Extraordinary General Meetings and notice periods for General Meetings

The New Articles reflect the terminology and the provisions in the 2006 Act, such as an Extraordinary General Meeting (i.e. a meeting that is not an Annual General Meeting) now being referred to as a General Meeting as well as the ability to call a General Meeting on 14 clear days' notice, even when a special resolution is being considered at that meeting. Under the 1985 Act, where a special resolution was being considered at an Extraordinary General Meeting, 21 clear days' notice was required. The law and the New Articles remain unchanged as regards the minimum notice period for an Annual General Meeting, which is still 21 clear days. The Company's intention is to give as much notice as possible for calling General Meetings, but wishes to have the flexibility to call a General Meeting at 14 clear days' notice should the circumstances require it.

Electronic Communications

The New Articles have preserved the ability in the Current Articles for the Company to send electronic communications (such as notices and other documents) to the shareholders, but, in addition, the New Articles now permit such communications to be sent to the Company electronically, as well as enabling the Company to provide documents to its shareholders by the means of a website. It is now best practice to have provisions in the articles of association which permit electronic communications (including by means of a website), due to the potential cost savings that can be achieved, corporate social responsibility in saving paper and to reflect modern practices of communication. Many companies have already taken advantage of electronic communications and the Company would like to follow suit. The Company will, when sending out any communication electronically, follow best practice guidance as issued by the Institute of Chartered Secretaries and Administrators, in ensuring that it first obtains the necessary consent (or deemed consent) from each shareholder and will provide a document in hard copy format, if a shareholder requests such a copy. Please also note that a shareholder can revoke his consent, or deemed consent, to receiving documents or notices electronically at any time.

In contemplation of the New Articles being adopted, enclosed with this notice of the Annual General Meeting is a letter requesting your permission for the Company to communicate electronically with you. Please complete the reply part of the letter, ideally, providing your e-mail address should you have one, and return to the address stated on the letter. The Company will ensure that your personal details given will be kept securely and in accordance with the law. The Company will only use or permit its agents

(such as its share registrars) to use your e-mail address for the purposes of sending official Company communications to you. If you would rather the Company continues to communicate with you in hard copy form, please tick the relevant box on the letter and return it to the address stated on the letter. Please note that if you do not respond to the letter by 10 May 2011 (presuming that the New Articles are adopted at the meeting), you will be deemed to have agreed to receiving communications via the website and, thereafter, we will write to you to notify when any such documents or notices have been placed on the website and how you may access them.

Deadline to appoint a proxy to attend and vote at General Meetings or to revoke their appointment

The 2006 Act permits for part of a day, that is not a working day (i.e. a bank holiday or a day that falls at the weekend), to be excluded from the 48 hour deadline before a General Meeting to submit or revoke a proxy appointment to attend and vote at the meeting. This has been reflected in the New Articles.

Multiple locations for General Meetings

The Current Articles permit for General Meetings to be held in multiple locations. This ability has been extended in the New Articles to enable General Meetings to be viewed by a televisual link such as by the means of a webcast. However, if a person views the meeting in such a manner, they will not be considered to form part of the meeting, nor can they vote, unless they appoint a proxy in the normal way. Where a General Meeting is held in multiple locations, the New Articles require for the shareholders to be able to exercise their rights to speak or vote at any such location, including one that is abroad. The quorum for a meeting held in multiple locations may be formed with the shareholders (or their proxies) being in several locations. Whilst the Company has traditionally held its General Meetings at its UK head office, it may wish, in the future, to facilitate meetings in other locations and/or by means of a webcast, should this be cost effective to the Company and convenient for the shareholders.

Voting of shares by proxies and corporate representatives

The Shareholders' Rights Regulations amended the 2006 Act to clarify the position as regards the voting of shares, in particular by proxies and corporate representatives. The New Articles reflect the new law and, in particular, clarify the position where a proxy who has been appointed by several shareholders as regards the number of votes they have on a resolution put to the General Meeting on a show of hands.

In addition, the Shareholders' Rights Regulations introduced the obligation for a proxy to vote in accordance with the instructions of his appointor. Whilst this may be self-apparent, the New Articles state that the Company is not obliged to enquire whether such voting instructions have been followed, nor a proxy's failure to follow any given instructions will invalidate any vote cast by them.

Directors' Interests

The 2006 Act revised the law on directors' interests. The New Articles reflect the current law and, substantially, are the same as the Current Articles. Under Section 175 of the 2006 Act, a director now has a duty to avoid an actual or potential conflict of interest with the Company. The New Articles, as permitted by Section 175 of the 2006 Act, enable the directors, who are not interested in the matter themselves, to authorise an actual or potential conflict of a director and set parameters on how that conflict shall be managed. For example, the directors may decide to exclude an interested director from participating in Board meetings and from receiving Board papers on a matter where he has the conflict. In turn, the interested director is not obliged to divulge confidential information to the Company which he has gained from the other party.

Number of directors

The Current Articles require a minimum of two and no more than eight directors appointed, although these limits (subject to complying with the 2006 Act requirement of there being at least two directors appointed for a public company) can be altered by ordinary resolution. The New Articles do not prescribe a limit on the number of directors appointed, but still enable for the shareholders, by ordinary resolution, to set a minimum and maximum number of directors appointed. Following the re-organisation of the Board on 30 November 2010, the Board comprises six directors and the Board would like to have the flexibility to increase the Board size, should it be necessary for the growth plans or strategy for the Company. Any new directors appointed, will of course, be subject to rigorous selection, and, would be required by the New Articles to retire at the next AGM and, if they so wish, offer themselves for re-election.

Remuneration of directors

The Current Articles (as amended last on 9 May 2006) state that the aggregate annual remuneration of the directors (other than received in an executive capacity) is £70,000. The New Articles have increased this amount to £150,000 in order to provide sufficient headroom for inflationary increases and for further directors to be appointed, should it be desirable to increase the Board size as part of the growth plans or strategy for the Company.

Vacation of office by directors

The Current Articles require a director who has attained the age of 70 to retire at the next Annual General Meeting. This requirement has been omitted in the New Articles to be consistent with the law on age discrimination.

The circumstances as to when a director must vacate his office have been expanded in the New Articles. The new circumstances are:-

- When a director, in the Board's opinion, has become physically or mentally incapable of performing his duties. The Current Articles only require him to vacate his office, upon receipt of a written medical opinion that he is of unsound mind and the majority of the directors resolve that he should vacate his office.
- When a director has been absent from Board meetings for 6 consecutive months without permission of the Board, regardless of whether an alternate director attended or not in his place. The Current Articles only permit for the office to be vacated in such circumstances where the alternate (if any) has not attended in his place.
- When all the other directors (provided their number is not less than three) sign a notice requiring him to vacate his office and the notice is delivered to the company's registered office or given at a Board meeting.

Change of name

Under the 1985 Act, a company could only change its name by the shareholders passing a special resolution. The 2006 Act permits companies to have in their articles of association an alternative method to effect a name change. The New Articles enable the directors to change the Company's name by passing a Board resolution. Whilst it is recognised that the New Articles enable the directors to change the Company's name without seeking shareholder approval, there are currently no plans to rebrand the Company or change its name. Any decision to do so would only be taken upon the completion of a full assessment of the Company's brand and its strategy.

Provision for employees

The 2006 Act enables the directors to make provisions for current and former employees of the company (or any of its subsidiaries) in connection with the cessation or transfer of the whole or part of the undertaking of the company or one of its subsidiaries, if they are so authorised by the articles of association or by the shareholders in general meeting. The New Articles enable the directors to exercise such a power which reflects best practice, whereas the Current Articles permit the directors to exercise such a power if the maximum payment to any individual is no higher than 50% of their gross annual salary, otherwise a special resolution of the shareholders is required to sanction such a payment.

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 Lillywhite, Acting Chairman

John is a Fellow of the Institute of Management Accountants and has been in the information technology industry for 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.

Thomas Burnet, Chief Executive Officer

Tom joined Lo-Q as chief executive officer in October 2010. He joined from Serco plc where he was Managing Director of the company's 5,000 person Defence Services division. Prior to Serco, Tom was Managing Director of QinetiQ's Capability Support Division, a high growth £50 million technical consultancy, working with Governments and industry around the world.

Tom is responsible for the leadership, strategic direction and growth of Lo-Q.

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.

David Gammon, Non-Executive Director

David has 15 years experience as an investment banker having worked for Baring Securities, Salomon Brothers, Robert Fleming & Co and Credit Lyonnais. Since 2001, David has focused on developing, advising and investing in UK technology companies.

Leonard Sim, Founding Director

Leonard is the inventor of the System, which was conceived while he ran Tellurian (Lo-Q's predecessor), a sales agency in data communication devices and software. Previously, Mr. Sim ran technical sales teams for Rockwell Semiconductor and Ferranti Semiconductor after a period as an electronics engineer at Plessey Radar. He gained an Honours Electronic Engineering degree from Heriot-Watt University, Edinburgh in 1971.

Leonard's responsibilities include business development, strategic planning, product marketing and managing the engineering team.

Lo-Q plc (the "Company")

Form of Proxy

I/We, _____ of _____ being a member of Lo-Q plc hereby appoint the Chairman of the meeting or _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 12 April 2011 and at any adjournment thereof.

Please tick here if this proxy appointment is one of multiple appointments being made. Please refer to Explanatory Note 2.

Please indicate with an 'X' in the space below how you wish your votes to be cast.

Resolutions	For	Against	Discretionary	Vote Withheld
1 To receive the report and accounts for the year ended 31 October 2010				
2 To elect Thomas James Wardlaw Burnet as a director				
3 To elect David Ranken Gammon as a director				
4 To re-elect Leonard Sim as a director				
5 To re-elect John George Lillywhite as a director				
6 To re-elect Anthony Victor William Bone as a director				
7 To re-appoint Menzies LLP as auditors				
8 To authorise the directors to determine the auditors remuneration				
9 To renew the directors' authority to allot securities				
10 To waive shareholders' rights of pre-emption on allotment of securities				
11 To adopt new Articles of Association				

Signed this _____ day of _____ 2011

.....
Signature or common seal (please refer to Explanatory Note 3). (Any one joint holder may sign)

Explanatory Notes:

1. Every shareholder has the right to appoint some other person(s) of their choice who need not be a shareholder as his proxy, to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. To appoint a person other than the Chairman please insert the name of your chosen proxy holder in the space provided. Unless you authorise your proxy to act in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account), please specify next to their name the number of shares in relation to which they are authorised.
2. To appoint more than one proxy, you should photocopy this form and specify next to the proxy holder's name the number of shares in relation to which they are authorised to act. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. To be valid this proxy form must, in the case of an individual, be signed by the holder or his/her attorney, or, in the case of a corporation, be either given under its common seal or signed on its behalf by an attorney or duly authorised officer, and lodged with SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD not less than 48 hours before the time appointed for the meeting. Any Power of Attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
4. The 'Vote Withheld' box is provided to enable you to abstain on any particular resolution. However, it should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'for' and 'against' a resolution.
5. Only those shareholders registered on the register of members of the Company at 6.00 p.m. on 8 April 2011 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the register of members thereafter will be disregarded in determining the rights of any person to attend or vote at the meeting.
6. In the case of joint shareholders, the signature of one holder on a proxy card will be accepted and the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
7. If in respect of any resolution you have not indicated as to how your proxy should vote, or you have marked as 'Discretionary', your proxy will have discretion to vote on that resolution, in respect of your total holding, as they see fit. Your proxy will also have the discretion to vote as they see fit on any other business which may properly come before the meeting, including amendments to resolutions, and at any adjournment of the meeting.
8. The completion and return of this form will not preclude a member from attending the meeting and voting in person.

Lo-Q plc
Unit 2, The Pavilions, Ruscombe Park,
Twyford, Berkshire, RG10 9NN,
England

t: +44 (0)118 934 7400
f: +44 (0)118 934 7410
w: www.lo-q.com

1 March 2011

Shareholder Communications

Dear Shareholder,

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

This letter accompanies the notice ("Notice") to members of the annual general meeting ("AGM") of Lo-Q plc (the "Company") to be held on 12 April 2011 at Unit 2, The Pavilions, Ruscombe Park, Twyford, Berkshire, RG10 9NN. As you will see from resolution 11 set out in the Notice, the Company is seeking members' consent to adopt new Articles of Association in line with the Companies Act 2006. If passed, the new Articles of Association will, inter alia, enable the Company to send or supply any documents, information or notices ("Documents", "Information" or "Notices") to shareholders via its website.

Increased use of electronic communications will deliver savings to the Company in terms of administration, printing and postage costs, as well as speeding up the provision of information to shareholders. The reduced use of paper will also have environmental benefits.

Under the provisions of the Companies Act 2006, we are also required to ask you individually to confirm your agreement to the Company sending or supplying Documents, Information and Notices to you as a member of the Company via www.lo-q.com (the "Website").

Assuming that the resolution to adopt the new Articles of Association (as set out in the Notice) is passed by the members on 12 April 2011, if we do not receive a response from you by 10 May 2011 (being 28 days after the AGM), then you will be taken to have agreed (under paragraph 10 of Schedule 5 to the Companies Act 2006) that the Company may send or supply Documents, Information and Notices to you via the Website on and after 10 May 2011. Shareholders receiving Documents, Information and Notices via the Website will still be notified by post or e-mail as the case may be on each occasion that new Documents, Information or Notices become available.

Therefore, if you agree to the Company sending or supplying Documents, Information and Notices to you via the Website but receive notification by post, you need take no further action.

Should you wish us to communicate with you by e-mail rather than post please provide your e-mail address at option 1 and return the form to the Company's Registrars.

If you would prefer on and after 10 May 2011 to continue to receive Documents, Information and Notices in paper form rather than via the Website, you will need to let us know by completing option 3 in the shareholder communications election form ("the form") enclosed with this letter and returning it to the Company's Registrars.

In order to access the Documents, Information and Notices on the Website, you will need a computer with internet connection, internet browser software such as Internet Explorer and Adobe Reader software. Adobe Reader software may be downloaded free of charge from the Website.

When we notify you of Documents, Information and Notices being made available on the Website we will provide you with:

- The address of the Website.
- The place on the Website where the Documents, Information and Notices may be accessed.
- Details of how to access the Documents, Information or Notices.

Should you subsequently wish to receive Documents, Information or Notices in hard copy you can do so at any time by contacting the Company's Registrar, SLC Registrars, Thames House, Portsmouth Road, Surrey, KT10 9AD.

Notwithstanding any of the above, the Company may, at its sole and absolute discretion, send any Documents, Information or Notices to shareholders in hard copy form.

Yours sincerely

John Alder

Director

Lo-Q plc

Shareholder Election Form

Shareholder Name (in full)

Please print

The options you can choose from are listed below. There is more information about the changes in the Companies Act 2006 in the letter entitled "Shareholder Communications".

Your options:

Option 1 E-mail Communication

If you wish to receive notification of Documents, Information or Notices being placed on the Company's website by e-mail or receive Documents, Information or Notices by e-mail please provide your e-mail address below and return this form to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD.

My e-mail address is

Option 2 Website Communication

If you no longer require hard copy Documents, Information or Notices, **you do not need to take any further action**. Instead you will be able to view any documents such as Annual Reports, financial statements and company updates online following publication – we will let you know by post what is available at the time.

Option 3 Paper Communication

To continue to receive Documents, Information and Notices in the traditional paper form, **please tick this box** and return this form to SLC Registrars Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD.

Please note that if you do not return this form correctly completed, then you will be treated as having selected Option 2 above. As such, if the resolution to adopt new Articles of Association is passed by the members on 12 April 2011, on and after 10 May 2011 documents, information and notices will not be sent directly to you, but instead will be available for you to review their publication on the Company's website www.lo-q.com.

The Company's Reports and Accounts and AGM documents will be available for viewing approximately one month before the scheduled Annual General Meeting each year starting with those in respect of the current financial year ending 31 October 2011.

Guidance Notes

- Please refer to the letter entitled 'Shareholder Communications' for information about the changes to communications between the Company and its shareholders under the Companies Act 2006.
- You must return this form if you do not elect option 2.
- The Company reserves the right to send any documents, information or notices to shareholders in paper form should it feel it appropriate to do so.
- You can change your instructions at any time by writing to **SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD**.