



27 August 2009

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

INTERIM RESULTS
for the six months ended 30 June 2009

Lo-Q plc, the AIM listed provider of virtual queuing systems for theme parks and major attractions, announces Interim Results for the six months ended 30 June 2009.

Lo-Q designs, installs and operates systems which allow members of the public to make ride and show reservations when they visit a theme park or other attractions. Lo-Q's flagship product, VQ2020, is a true virtual queuing system which uses hand-held units, called Q-bots, in major theme parks around the world, including Legoland Windsor in the UK.

Lo-Q also owns a Text-Q product which allows mobile phone users to reserve their place in line. Users pay a fee and using the premium rate SMS services, avoid standing in a queue. Text-Q was first used at the London Dungeon and Madame Tussauds in London, and is now installed in Flamingo Land, in Yorkshire and Parque Isla Mágica in Spain.

Financial Highlights:

- Revenue up 44% to £5.89m (2008: £4.07m)
- Profit before tax of £0.18m (2008: £0.18m)
- Strong cash position: £1.90m in cash (2008: £0.58m); no debt

Operational Highlights:

- Lo-Q products are now used in 16 parks across the world (2008: 11 parks)
- Strong revenue growth despite slower sales in some parks
- Rise in administrative costs due to increased investment in R&D and sales resources
- The reorganisation of Lo-Q's major customer has had no impact on day-to-day park operations
- Change of year end to 31 October to coincide with the more concentrated trading periods at theme parks
- Lo-Q have commenced trading of shares on Sharemark to increase liquidity whilst maintaining commitment to AIM
- The Board has been strengthened with the appointment of two directors
- Possibility of maiden dividend payment, currently being discussed by the Board.

Commenting on Outlook, Jeff McManus, Chairman of Lo-Q, said:

"Sales have continued at a reasonably steady pace through the summer and we therefore expect our full year results to be in line with market expectations. As usual I have to caution that bad weather could negatively impact these estimates, but we are looking forward to a satisfactory finish to the year, with a solid performance during the next two months.

"These results reflect my view that the company has fared extremely positively during this very difficult and challenging period and, with increasing investment in R&D and sales resource, we are well placed to continue this pattern of growth."

Contacts:

Lo-Q plc	Jeff McManus, Chairman	Tel: 01491 577 210
Arbuthnot Securities Limited	John Prior/Ed Burbidge	Tel: 020 7012 2000
Walbrook PR Ltd	Paul McManus Ben Knowles	Tel: 020 7933 8780 Mob: 07980 541 893 paul.mcmanus@walbrookpr.com ben.knowles@walbrookpr.com

Lo-Q plc (“Lo-Q” or the “Company”)

Interim Results for the six months ending 30 June 09

Chairman’s Statement

Introduction: progress during the first six months of 2009

This has been a period of sustained sales growth and significant investment in future growth whilst maintaining an underlying good cash position. Although sales in some of our theme parks have been slower over the corresponding period last year, this has been more than made up by the increase in the total number of park customers using Lo-Q products across all of the parks.

Financial Results

The Company’s sales have continued to grow during the period with revenue up 44% to £5.89m (2008: £4.07m). This increase in sales has been due mainly to the sales of Q-bots from the new parks that have been installed during last winter and spring, and consequently the proportionate cost of sales has been higher and so gross profit rose by 15% to £1.09m (2008: £0.94m).

The rise in administrative costs is attributed mainly to the cost of increased staff in the research and development and sales areas of the company, and the subsequent renting of additional office space for them. The company also continues to invest at a progressively higher rate on R&D and patent protection of new products and systems. As a result Operating Profit fell by 7.2% to £168,881 (2008: £181,839) and with additional financial income from interest received on cash deposits a Pre-tax Profit of £177,042 was recorded, down 2.9% on the same period last year (2008: £182,281).

Cash position and potential maiden dividend

The underlying cash position has remained relatively stable during this six month period. The cash balance at 30 June 2009 was £1.9m.

Should trade continue at the current level we expect to eliminate the retained losses by the end of the company year. As a result the Board should be in a position to pay a maiden dividend and the Board is currently discussing this possibility.

Operations Review

At the previous year end (31 December 2008) we announced that 11 park customers used Lo-Q products in their parks. At 30 June 2009 Lo-Q products are now used in 16 parks across the world, with less than two thirds being with our major customer.

As mentioned above we have seen slower sales in some parks, in part due to the effects of the general financial downturn, the fear of swine flu, but also due to bad weather, particularly in the US (New York had the wettest June for 20 years). Our major customer recently announced results for their first six months of trading this year and reported that park attendance has fallen by 8% when compared with the same period last year. However, despite these negative constraints to our trade, revenues have held up well and any drop in attendance has been more than counterbalanced by trade in the new parks and the effects of the fall in value of the pound.

Reorganisation of our major customer

In June our major customer applied to the Bankruptcy District Court of Delaware for expedited approval of its pre-negotiated plan of reorganisation under Chapter 11 of the United States Bankruptcy Code. The financial reorganisation is currently underway and as expected the whole process has had no impact on day-to-day park operations. The Board is not expecting bad debts from our trade and therefore no provisions have been made.

Change of year end

Those that are familiar with the company will know that most of Lo-Q’s trading takes place in a concentrated period when the majority of our theme parks are open and that trading begins to wind down dramatically at the end of October when most parks close for the winter.

As a result we believe it is more appropriate to change our current financial year end to the 31 October. This will mean that the year end balance sheet will provide a robust view of the Group’s annual cash position and company’s performance to shareholders and potential shareholders as well as suppliers, customers, banks and finance companies.

As a result we expect to announce our results for the 10 months to 31 October 2009 early in the new year.

Trading on Sharemark

The Board has been looking into how we can improve the liquidity of our company's shares and has decided to appoint Sharemark to deal in the company's common stock. This market is to be based on the Sharemark auction procedure, an order driven process, with these auctions being held on the last working Friday of each month. However, our commitment to trading on the AIM market, a quote based process, will still continue.

Strengthening of the Board

To strengthen the ability of the company to deal with the increasingly complex finances of our operation, the Board decided to appoint two directors, John Alder as the Finance Director and Paul Cassar as Commercial Director.

Outlook

Sales have continued at a reasonably steady pace through the summer and we therefore expect our full year results to be in line with market expectations. As usual I have to caution that bad weather could negatively impact these estimates, but we are looking forward to a satisfactory finish to the year, with a solid performance during the next two months.

These results reflect my view that the company has fared extremely positively during this very difficult and challenging period and, with increasing investment in R&D and sales resource, we are well placed to continue this pattern of growth.

Jeff McManus
Chairman
26 August 2009

Consolidated Interim Income Statement

	Six months to 30 Jun 2009 £	Six months to 30 Jun 2008 £
Continuing Operations		
Revenue	5,893,364	4,070,048
Cost of Sales	<u>4,802,247</u>	<u>3,125,953</u>
Gross profit	1,091,117	944,095
Administrative expenses	<u>922,236</u>	<u>762,256</u>
Operating Profit	168,881	181,839
Finance costs	(15)	(1,247)
Finance income	<u>8,176</u>	<u>1,689</u>
Profit before tax	177,042	182,281
Taxation on profit on ordinary activities	<u>(35,572)</u>	<u>-</u>
Profit for period	<u>141,470</u>	<u>182,281</u>
Earnings per share (pence)		
Basic	0.91	1.2
Diluted	0.83	1.15

All amounts relate to continuing activities

There are no recognised gains or losses other than those within the profit and loss account.

Consolidated Balance Sheet

	As at 30 Jun 2009 £	As at 30 Jun 2008 £
ASSETS		
Non-Current Assets		
Intangible assets	611,797	557,433
Property, Plant and Equipment	56,255	25,270
Deferred Tax	159,428	
	<hr/> 827,480	<hr/> 582,703
Current Assets		
Inventories	357,761	372,442
Trade and other receivables	826,692	191,870
Tax receivable	569	884
Cash and cash equivalents	1,901,287	575,973
	<hr/> 3,086,309	<hr/> 1,141,169
Current Liabilities		
Trade and other payable	505,833	288,030
	<hr/> 2,580,476	<hr/> 853,139
Net Current Assets		
	<hr/> 3,407,955	<hr/> 1,435,842
Net Assets		
EQUITY		
Issued capital and reserves		
Called up share capital	155,066	153,211
Share premium account	5,008,950	5,001,063
Shares to be issued reserve	0	66,250
Other reserves	78,079	65,243
Profit and loss account	(1,834,140)	(3,849,925)
	<hr/> 3,407,955	<hr/> 1,435,842
Total Equity		
	<hr/> 3,407,955	<hr/> 1,435,842
Total Equity		
	<hr/> 3,407,955	<hr/> 1,435,842

Consolidated cash flow statement

	Six months to 30 Jun 2009 £	Six months to 30 Jun 2008 £
Cash Flows From Operating Activities		
Total Operating Profit / (loss)	168,881	181,839
Non-Cash Adjustments		
Depreciation	88,280	64,189
Unrealised gains on foreign currency exchange	(108,680)	15,364
Share based payments	20,000	25,389
Non-Cash Adjustments	<u>(400)</u>	<u>104,942</u>
Cash Flows Before Changes in working Capital	168,481	286,781
Increase in Working Capital		
Increase in inventories	(50,737)	(200,784)
Increase in trade and other receivables	(728,213)	(71,478)
Decrease/(Increase) in trade and other payables	108,518	66,896
(Decrease)/Increase in tax payable	(10,562)	(5,294)
Increase in Working Capital	<u>(680,995)</u>	<u>(210,660)</u>
Cash Flows From Operating Activities	(512,513)	76,121
Cash Flows From Investing Activities		
Payments to acquire property, plant and equipment	(163,449)	(145,159)
Cash Flows From Financing Activities		
Gross proceeds from issue of equity share capital	9,738	13,715
Interest Received	8,176	1,689
Interest Paid	(15)	(1,247)
Net Cash Flows From Financing Activities	<u>(145,551)</u>	<u>(131,002)</u>
Net decrease in Cash and Cash Equivalents	(658,064)	(54,881)
Cash and Cash equivalents as at 1 January 2009	2,559,351	630,854
Cash and Cash Equivalents As At 30 June 2009	<u>1,901,287</u>	<u>575,973</u>

Consolidated Statement Of Changes In Equity

	Issued capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Balance at 1 January 2009	153,216	5,001,063	58,079	(1,866,930)	3,345,428
Profit for the year	-	-	-	141,470	141,470
Total income for the year recognised directly in equity - foreign exchange	-	-	-	(108,680)	(108,680)
Total recognised expense for the year	<u>153,216</u>	<u>5,001,063</u>	<u>58,079</u>	<u>(1,834,140)</u>	<u>3,378,218</u>
Issue of share capital	1,850	7,887	-	-	9,737
Recognition of share-based payments	-	-	20,000	-	20,000
Balance at 30 June 2009	<u>155,066</u>	<u>5,008,950</u>	<u>78,079</u>	<u>(1,834,140)</u>	<u>3,407,955</u>
Balance at 1 January 2008	149,292	4,991,266	106,104	(4,047,570)	1,199,092
Profit for the year	-	-	-	182,281	182,281
Issue of share capital	3,919	9,797	-	-	
Recognition of share based payments	-	-	25,389	-	25,389
Total expense for the year recognised directly in equity - foreign exchange	-	-	-	15,364	15,364
Balance at 30 June 2008	<u>153,211</u>	<u>5,001,063</u>	<u>131,493</u>	<u>(3,849,925)</u>	<u>1,435,842</u>

Notes to the Interim Statements

1. These accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The interim statement for the six months are unaudited and do not constitute statutory accounts for the purpose of the Companies Acts. The accounts for the year ended 31st December 2008 have been filed with the Registrar of Companies and the auditors' report on those accounts was not qualified.

2. Corporation tax is provided at 28% on profit for the period.

3. Earnings per share have been calculated on the profits for the period after taxation and 15,631,101 shares in issue. The diluted earnings per share calculation is based on 17,129,122.

5. The directors have not declared an interim dividend. No dividend is shown in the income statement.