

Lo-Q plc (“Lo-Q” or the “Company”)

Interim Results for the six months ending 30 June 2008

Chairman’s Statement

Our trading year normally starts in March, in the south of the United States as the weather warms there earliest. This year we had a new park in this area, in Texas, added to our growing list, so we were focussed on how this park would perform. I am pleased to report that sales were very positive from the start.

The newly installed system in Legoland, Windsor, is also being well received and has been favourably reviewed by the press in newspaper and magazine articles.

Trade in the later spring was a little slow but as the parks overseas and the park at home started renting Q-bots in volume, the pace has quickened.

As in previous years the volume of sales varies from site to site. Some locations appear to be doing really well, when compared with last year, whilst others have been selling at a slower pace. However, collectively, trading has been strong with overall revenue growth of circa 50 per cent when compared with the same six-month period last year. The volume of Q-bots rentals this year has also grown and, coupled with a number of price rises, the overall effect has been that daily sales values have moved ahead during the summer.

As you will see from the interim financial information, the Company is making good progress with a profit of £182,281 compared to a profit of £14,327 for the same period last year. The profit and loss statement, as per the published accounts for 2007, includes the total Q-bot rental income.

The Company’s trading results are currently being helped by the strengthening dollar and were this to continue the results for this year would be positively impacted.

At nine of the ten parks where the Lo-Q system is installed, we now have the new VQ 2020 system in operation. Customers’ feedback after using the new system is very encouraging, citing the saving of walking as a major step forward. This is achieved through being able to book rides remotely from anywhere within the park. Also, instant information updates of queuing times for each ride is visible on the Q-bot.

We have made good progress with the Text-Q system and the trial in the Drayton Manor theme park, in Tamworth, yielded positive feedback. The guests were delighted with the system through its positive contribution to their park visit. We are looking forward to employing this system in a number of locations next year.

At the beginning of the year we combined my role of Chairman with CEO, and, with Colin Robertson fully taking over sales responsibilities, it allowed Leonard Sim to concentrate on leading the Research and Development team, accelerating product development. Whilst this team is making further enhancements to the VQ 2020 software, the members are also carrying out work on automatic line measurement, producing our first system for operation in water parks and creating software that, through predicting queuing demands, flattens out peak arrivals at the park ride. This is the subject of our latest patent application. A number of other specialist applications are being studied in detail, which, we believe, will result in more patents being filed.

We are continuing to exploit marketing opportunities for our products and will be involved in five Theme Park shows this year, with Leonard scheduled to present a paper on ‘queue line management’ to the international theme park industry, at the European Autumn show.

We are mindful that the economic climate here and abroad could cause the Company’s progress to slow, as could persistent bouts of poor weather, however the Board is very happy with the Company’s strong performance so far this year. Once high summer is over, we will report again to the market in late September on how sales have grown during this very busy season.

Jeff McManus,
Chairman and CEO

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LO-Q PLC**Consolidated Interim Income Statement**

	Six months to 30 Jun 2008	Six months to 30 Jun 2007
	£	£
Continuing Operations		
Revenue	4,070,048	2,713,593
Cost of Sales	3,125,953	2,235,800
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Gross profit	944,095	477,793
Administrative expenses	762,256	445,361
	<hr/>	<hr/>
Operating Profit	181,839	32,432
Finance costs	(1,247)	(19,100)
Finance income	1,689	995
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Profit before tax	182,281	14,327
Taxation on profit on ordinary activities	-	-
	<hr/>	<hr/>
Profit for period	182,281	14,327
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Earnings per share (pence)		
Basic	1.20	0.10
Diluted	1.15	0.09

All amounts relate to continuing activities

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

LO-Q PLC**Consolidated Balance Sheet**

	Six months to 30 Jun 2008 £	Six months to 30 Jun 2007 £
ASSETS		
Non-Current Assets		
Intangible assets	557,433	158,759
Property, Plant and Equipment	25,270	18,081
	<hr/> 582,703	<hr/> 176,840
Current Assets		
Inventories	372,442	200,798
Trade and other receivables	191,870	220,418
Tax receivable	884	53,557
Cash and cash equivalents	575,973	237,314
	<hr/> 1,141,169	<hr/> 712,087
Current Liabilities		
Trade and other payable	288,030	355,796
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Net Current Assets	853,139	356,291
Net Assets	<u>1,435,842</u>	<u>533,131</u>
EQUITY		
Issued capital and reserves		
Called up share capital	153,211	147,658
Share premium account	5,001,063	4,982,067
Shares to be issued reserve	66,250	
Other reserves	65,243	20,578
Profit and loss account	(3,849,925)	(4,617,172)
	<hr/>	<hr/>
Total Equity	1,435,842	533,131
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Total Equity	<u>1,435,842</u>	<u>533,131</u>

LO-Q PLC**Consolidated cash flow statement**

	Six months to 30 Jun 2008 £	Six months to 30 Jun 2007 £
Cash Flows From Operating Activities		
Total Operating Profit / (loss)	181,839	32,432
Non-Cash Adjustments		
Depreciation	64,189	15,458
Unrealised gains on foreign currency exchange	15,364	5,402
Share based payments	25,389	-
Non-Cash Adjustments	<u>104,942</u>	<u>20,860</u>
Cash Flows Before Changes in working Capital	286,781	53,292
Increase in Working Capital		
Increase in inventories	(200,784)	(5,572)
Increase in trade and other receivables	(71,478)	(108,461)
Decrease/(Increase) in trade and other payables	66,896	(150,531)
(Decrease)/Increase in tax payable	(5,294)	11
Increase in Working Capital	<u>(210,660)</u>	<u>(264,553)</u>
Cash Flows From Operating Activities	76,121	(211,261)
Cash Flows From Investing Activities		
Payments to acquire property, plant and equipment	(145,159)	(177,288)
Cash Flows From Financing Activities		
Gross proceeds from issue of equity share capital	13,715	-
Interest Received	1,689	995
Interest Paid	(1,247)	(19,100)
Net Cash Flows From Financing Activities	<u>(131,002)</u>	<u>(195,393)</u>
Net decrease in Cash and Cash Equivalents	(54,881)	(406,654)
Cash and Cash equivalents as at 1 January 2008	630,854	643,968
Cash and Cash Equivalents As At 30 June 2008	<u>575,973</u>	<u>237,314</u>

LO-Q PLC

Consolidated Statement Of Changes In Equity

	Issued capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Balance at 1 January 2008	149,292	4,991,266	106,104	(4,047,570)	1,199,092
Total income for the year recognised directly in equity - foreign exchange	-	-	-	15,364	15,364
Profit for the year	-	-	-	182,281	182,281
Total recognised expense for the year	<u>149,292</u>	<u>4,991,266</u>	<u>106,104</u>	<u>(3,849,925)</u>	<u>1,396,737</u>
Issue of share capital	3,919	9,797	-	-	13,716
Recognition of share-based payments	-	-	25,389	-	25,389
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>
Balance at 1 January 2007	147,658	4,982,067	20,578	(4,636,901)	513,402
Total expense for the year recognised directly in equity - foreign exchange	-	-	-	5,401	5,401
Profit for the year	-	-	-	14,328	14,328
Balance at 30 June 2007	<u>147,658</u>	<u>4,982,067</u>	<u>20,578</u>	<u>(4,617,172)</u>	<u>533,131</u>

Notes to the Interim Statements

1. These accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and show the effects of changes from Generally Accepted Accounting Practice (GAAP) previously adopted in the Accounts.

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 2007 have been filed with the Registrar of Companies and the auditors' report on those accounts was not qualified.

2. Due to corporation tax losses available no tax charge has been provided.

3. Earnings per share have been calculated on the profits for the period after taxation and 15,252,131 shares in issue. The diluted earnings per share calculation is based on 15,848,904.

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