



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

PRELIMINARY RESULTS
for the ten month period ended 31 October 2009

Lo-Q plc, the AIM listed provider of virtual queuing systems for theme parks and major attractions, announces Preliminary Results for the ten months ended 31 October 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. Lo-Q sites encompass 10 Six Flags theme parks in North America, Dollywood in the US, theme parks in Australia and Italy, as well as Legoland Windsor in the UK.

Lo-Q also owns a Q-txt 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. Q-txt was first used at the London Dungeon and Madame Tussauds in London, and has been installed and is well established in Flamingo Land, Yorkshire and Parque Isla Mágica in Seville.

Highlights – 10 month period versus 12 month period last year

- Revenue up 27.9% to £17.30m (2008: £13.52m)
- Profit before tax up 29.2% to £2.39m (2008: £1.85m)
- Profit after tax down 5.9% to £1.90m (2008: £2.02m)
- Earnings per share:
 - Basic: 12.15p (2008: 13.21p)
 - Diluted: 11.45p (2008: 11.99p)
- Strong cash position: £4.44m in cash (2008: £2.56m); no debt
- Park customers up from 11 sites to 16 sites

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

"Lo-Q has added new customers, grown revenues and profits, and maintained a very strong cash position all in the face of an incredibly tough retail trading environment. Whilst we expect to see 2010 as another year of growth in the face of tough trading we are taking advantage of our secure financial position to re-invest in our existing products but also into new products that can open up whole new growth areas by targeting a wide variety of worldwide leisure parks."

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Lo-Q plc
Chairman's Report
for the ten month period ended 31 October 2009

Introduction

Last year we faced the most difficult retail trading environment that we have seen for some years. Many sections of our industry, particularly in the US, reported lower earnings with significant reductions in company profitability.

Despite these difficult underlying economic conditions Lo-Q has performed very well, showing strong growth in both revenues and profits as a result of the contribution from new customer wins at the end of 2008 and during the period under review. Despite an overall optimistic outlook the Board felt it was prudent to take a cautious approach in managing our cost base and cash position and this has helped to produce a solid set of results for the 10 months ended 31 October 2009.

Year end change

In August we announced that we would change our year end to the 31 October. 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. This means that from now on the year end balance sheet will provide a better view of the annual cash position and company's performance. As a consequence, this set of results for the 10 month accounting period ended 31 October 2009 is being compared to the set from the 12 months to December 2008.

2009 Financials

Turnover for the 10 months increased by 27.9% to £17.30m (2008: £13.52m), whereas profit before tax has grown by 29.2% to £2.39m (2008: £1.85m) and the number of parks using our products rose to 16 (2008: 11 parks). The Group remains debt free, with a bank balance of £4.44m at 31 October 2009 (£2.56m as at 31 December 2008).

Given the wide geographical spread and differing sizes of our customers, it is very difficult to detect a common trend to the relative performance of the Lo-Q products in individual parks. Whilst some parks performed better than others, the common feature is that overall Q-bot sales in June and October were substantially below management expectations due to bad weather.

Our customers, both existing and new, continue to be impressed with how we manage, promote and operate the Lo-Q system in the park, and the subsequent results this produces. A clear pattern is emerging whereby revenue grows strongly in both the second and third year of operation which reflects the successful take up of Q-bots in parks as customers become more used to using the product and the benefits of word of mouth bearing fruit.

R&D – existing products

The VQ2020 Q-bot system which was operating in 13 parks has now been extended to 14 as the last park operating on our previous generation product was upgraded. The product itself had significant improvements implemented including the improvement of global messaging service and re-introduction of proximity marketing.

Our engineers continued the development of the mobile phone based product, Q-txt, which we purchased at the end of 2007 and incorporated operational features and functionality which reflects our industry experience. At Isla Magica and Flamingo Land, the Q-txt mobile phone system made its first full year debut, with pleasing results and Flamingo Land in particular.

R&D – new products

Whilst R&D work continues on these systems, the company is putting large efforts into a new system that will be trialled during the coming year in two water parks.

Patent applications are underway for this system, which will be, in some ways, more revolutionary than the original Q-bot system, and this new innovation will have much wider applications than theme parks, whether attraction or water based. More detail will be released once the trials have been concluded and the patent process completed.

Lo-Q continues on a programme of larger levels of expenditure on the current systems and investigations into new applications and product areas and anticipates investing approximately £1m in the current financial year in development expenditure, including the above trials, an increase of £0.6m on the previous financial period. Therefore we expect the growth in profitability to be lower than the growth in turnover in the shorter term.

The competitive environment

Our competitive position remains largely unchanged with limited major threat within the current market. Paper ticket systems, prevalent in some park groups, provide an additional challenge in persuading them to change to the much more advanced Q-bot system, but the acceptance of parks in offering a queue line service will be beneficial to our products in the long term.

Lo-Q plc
Chairman's Report
for the ten month period ended 31 October 2009

Currently, mobile technology has an impact on all organisations and we are taking appropriate action to harness this opportunity including related smart phone development. With the exception of in-park own systems, independent competitors have largely disappeared as their often ineffective systems did not earn sufficient cash to keep their businesses afloat.

Dividend

Whilst the Company's current cash position is robust and the directors expect the company to be cash generative in the current financial year; the Board is conscious that its future cash requirements will depend, *inter alia*, on the requirement for investment into new products and the subsequent release of these products into the market place. Once the board has a better understanding of its likely investment requirements, it will introduce an appropriate dividend policy, and expects to be in a position to do so in the last quarter of the current financial year.

Our major customer

Our major customer, representing the majority of our installations, filed for Chapter 11 bankruptcy protection in June 2009. Whilst not all of their parks were subject to this process, I am delighted to report that the operational and financial impact of this move was minimal. When the finalisation of the Chapter 11 process has been completed, we are hopeful that the negative effects on the Company's share price will be lifted.

Summary and Outlook for 2010

Lo-Q has added new customers, grown revenues and profits, and maintained a very strong cash position all in the face of an incredibly tough retail trading environment. Whilst we expect to see 2010 as another year of growth in the face of tough trading, we are taking advantage of our secure financial position to re-invest in our existing products and also into new products that can open up whole new growth areas by targeting a wide variety of worldwide leisure parks

Jeff McManus
Chairman

Lo-Q plc

Consolidated Statement of Comprehensive Income
for the ten month period ended 31 October 2009

	Note	2009 10 Months £	2008 12 Months £
INCOME STATEMENT			
Revenue		17,295,343	13,519,686
Cost of Sales		<u>(13,152,881)</u>	<u>(9,973,907)</u>
GROSS PROFIT		4,142,462	3,545,779
Administrative expenses		<u>(1,763,707)</u>	<u>(1,719,135)</u>
OPERATING PROFIT		2,378,755	1,826,644
Finance costs		(27)	(1,497)
Finance income		<u>10,061</u>	<u>26,229</u>
PROFIT BEFORE TAX		2,388,789	1,851,376
Tax	2	<u>(493,717)</u>	<u>172,837</u>
PROFIT FOR THE PERIOD		<u><u>1,895,072</u></u>	<u><u>2,024,213</u></u>
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		<u>(34,628)</u>	<u>154,760</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>(34,628)</u>	<u>154,760</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>1,860,444</u></u>	<u><u>2,178,973</u></u>
Profit attributable to Owners of the parent		<u><u>1,895,072</u></u>	<u><u>2,024,213</u></u>
Total comprehensive income attributable to Owners of the parent		<u><u>1,860,444</u></u>	<u><u>2,178,973</u></u>
Earnings per share expressed in pence per share:			
Basic	3	12.15	13.21
Diluted	3	<u><u>11.45</u></u>	<u><u>11.99</u></u>

All activities of the company are classified as continuing.

Lo-Q plc

Consolidated Statement of Financial Position
for the ten month period ended 31 October 2009

	2009 £	2008 £
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	714,642	539,445
Property, plant and equipment	49,726	52,310
Installed Systems	14,350	-
Deferred tax	-	195,000
	<u>778,718</u>	<u>786,755</u>
CURRENT ASSETS		
Inventories	415,128	307,024
Trade and other receivables	657,044	72,815
Tax receivable	569	645
Cash and cash equivalents	4,438,612	2,559,351
	<u>5,511,353</u>	<u>2,939,835</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	699,267	380,164
Tax payable	288,270	2,669
	<u>987,537</u>	<u>382,833</u>
NET CURRENT ASSETS	<u>4,523,816</u>	<u>2,557,002</u>
NET ASSETS	<u>5,302,534</u>	<u>3,343,757</u>
SHAREHOLDERS' EQUITY		
Called up share capital	158,917	153,211
Share premium	5,052,149	5,001,063
Capital redemption reserve	12,473	12,473
Other reserves	87,148	45,607
Retained earnings	(8,153)	(1,868,597)
	<u>5,302,534</u>	<u>3,343,757</u>
Total equity	<u>5,302,534</u>	<u>3,343,757</u>
TOTAL SHAREHOLDERS' EQUITY	<u>5,302,534</u>	<u>3,343,757</u>

Lo-Q plc

**Consolidated Cash Flow Statement
for the ten month period ended 31 October 2009**

		2009	2008
		10 Months	12 Months
		£	£
Cash flows from operating activities			
Cash generated from operations	4	2,172,832	2,213,613
Interest paid		(27)	(1,497)
Tax paid		(13,040)	(24,549)
		<hr/>	<hr/>
Net cash from operating activities		2,159,765	2,187,567
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of intangible fixed assets		(309,748)	(252,325)
Purchase of tangible fixed assets		(36,359)	(46,690)
Interest received		10,061	26,229
		<hr/>	<hr/>
Net cash used in investing activities		(336,046)	(272,786)
		<hr/>	<hr/>
Cash flows from financing activities			
Share Issue		4,456	3,919
Share Premium		51,086	9,797
		<hr/>	<hr/>
Net cash from financing activities		55,542	13,716
		<hr/>	<hr/>
Increase in cash and cash equivalents		1,879,261	1,928,497
Cash and cash equivalents at beginning of year		2,559,351	630,854
		<hr/>	<hr/>
Cash and cash equivalents at end of year		4,438,612	2,559,351
		<hr/>	<hr/>

Lo-Q plc

**Consolidated Statement of Changes in Equity
for the ten month period ended 31 October 2009**

	Share capital	Retained earnings	Share premium	Capital Redem- ption reserve	Share based payment reserve	Total
	£	£	£	£	£	£
Balance at 1 January 2009	153,211	(1,868,597)	5,001,063	12,473	45,607	3,343,757
Profit for period	-	1,895,072	-	-	-	1,895,072
Foreign exchange	-	(34,628)	-	-	-	(34,628)
Issue of share capital	5,706	-	51,086	-	-	56,792
Recognition of share-based Payments	-	-	-	-	41,541	41,541
Balance at 31 October 2009	158,917	(8,153)	5,052,149	12,473	87,148	5,302,534

1. ACCOUNTING POLICIES

Basis of preparation

Lo-Q plc is a public limited company incorporated in the United Kingdom, whose shares are publicly traded on the AIM market. The Company is domiciled in the United Kingdom and its registered address is 42 Portman Road, Reading, Berkshire, RG30 1EA, United Kingdom.

The financial period represents the 43 weeks and 5 days to 31 October 2009 (prior financial year 52 weeks and 2 days to 31 December 2008). The consolidated financial statements for the 43 weeks and 5 days to 31 October 2009 comprise the financial statements of the Company and its subsidiaries ('Group'). The Group's principal activities are the development and application of virtual queuing technologies.

STATEMENT OF COMPLIANCE WITH IFRS'S

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the group are set out below.

The following new standard have been adopted during the period

IAS 1 'Presentation of Financial Statements' has been adopted during the period. Under IAS 1 certain presentational changes have been made to the accounts including changes to the names of the primary statements and the layout of the Income Statement.

IFRS 8 'Operating Segments' has been adopted during the period. Under IFRS 8, operating and reportable segments are determined and reviewed by the Group Chief Executive.

On the adoption of IFRS 8, changes were required to the reporting segments of those previously presented in accordance with IAS 14 'Segment Reporting'. This was a result of the requirement to present information in line with management information used to assess performance and allocate resources.

Comparative information has been restated where necessary to conform with IFRS 8.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for 2009 and therefore have not been applied in preparing these accounts:

IFRS 1 First-time adoption of International Financial Reporting Standards (revised) (effective 1 July 2009)
IFRS 3 Business Combinations (revised) (effective 1 July 2009)
IAS 27 Consolidated and Separate Financial Statements (revised) (effective 1 July 2009)
Amendment to IAS 39 Eligible Hedged Items (effective 1 July 2009)
IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
IFRIC 18 Transfers of Assets from Customers (effective 1 July 2009)
Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010)
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions (effective 1 January 2010)
Amendments to IAS 32 Classification of Rights Issues (effective 1 February 2010)
IAS 24 Related Party Transactions (revised) (effective 1 January 2011)
Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective 1 January 2011)

The Group has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's Financial Statements, apart from additional disclosures.

Basis of Accounting

The financial statements of Lo-Q plc have been prepared in accordance with EU Endorsed International Financial Reporting Standards and IFRIC interpretations (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below.

Judgement and estimates

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Impairment of assets

Financial and non-financial assets including other intangibles are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on a calculation of expected future cash flows which includes management assumptions and estimates of future performance.

If there is an indication that impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which this asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Basis of consolidation

The consolidated financial statements incorporate the results of Lo-Q plc and all of its subsidiary undertakings as at 31 October 2009 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions under IFRS3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The results of subsidiaries are included in the Group income statement from the date of acquisition.

Revenue Recognition

Turnover arises from the development and application of virtual queuing technologies. Turnover represents either total rentals, net of sales taxes, to theme park or attraction guests or the Group's share of such rental. Total rentals are accounted for where the Group are responsible for the operation within the theme park.

Turnover also includes revenue from the financing of installed systems to new or existing theme parks. These systems are then leased back to the Group with the lease costs being recognised within cost of sales during the period or year as they fall due.

Interest expense recognition

Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

Employee expenses

The Group has applied the requirements of IFRS 2 Share-Based Payment. In accordance with the transitional provisions, IFRS2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2007.

The Group issues equity-settled share-based payments to full time employees. Equity settled share-based payments are measured at the fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model for all share options in issue. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Exceptional items

Exceptional items are presented in the financial statements where there are material items of income and expense which, because of their nature and the expected rarity of the circumstances, which generate them, they should be presented separately to shareholders so as to enhance their judgement of the current year's financial performance and its comparability with prior years.

Commitments under operating leases

Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Plant and machinery	33.3%
Office equipment	33.3%
Furniture and fixtures	20.0%

Inventories

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Raw materials costs are calculated on a weighted average basis.

Work in progress is valued on the basis of the cost of raw materials and labour plus attributable overheads.

Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ("temporary differences") and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable temporary differences arising on subsidiaries, deferred tax liabilities are recognised.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising on subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Research and development

In accordance with IAS 38 'Intangible Assets', expenditure incurred on research and development is distinguished as either to a research phase or to a development phase.

All advanced research phase expenditure is charged to the income statement. For development expenditure, this is capitalised as an internally generated intangible asset, only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits.

Development expenditure is capitalised and amortised over its useful economic life, which is considered to be up a maximum of 5 years from the point at which it is incurred.

Intellectual property rights

Intellectual property rights comprise assets acquired relating to know how, patents and licences and have been capitalised at the fair value of the assets acquired and are amortised through the income statement in equal annual instalments over their estimated useful economic life of 5 years.

Foreign currency exchange

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and movement shown in reserves.

Pension Costs

Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the period/ year in which they become due.

Trade and other receivables

Trade and other receivables are recognised by the Group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad.

Other receivables are recognised at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short-term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

Equity Instruments re share capital

Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. TAX

Analysis of the tax charge

	2009 10 Months £	2008 12 Months £
Current tax:		
(a) Tax	298,717	22,163
Deferred tax	<u>195,000</u>	<u>(195,000)</u>
Total tax charge in income statement	<u><u>493,717</u></u>	<u><u>(172,837)</u></u>
	2009 10 Months	2008 12 Months
(b) Reconciliation of tax charge		
Profit on ordinary activities before tax	<u><u>2,388,789</u></u>	<u><u>1,851,376</u></u>
Tax at the UK corporation tax rate of 28% (3 months at 30% and 9 months at 28%; 2008 – 28.33%)	668,858	607,886
Effects of:		
Expenses not deductible for tax	10,298	1,485
Capital allowances in excess of depreciation	(8,438)	(6,130)
Utilisation of tax losses	(283,328)	(588,023)
Share scheme deduction	(88,652)	(15,175)
Deferred tax asset	195,000	(195,000)
Income not chargeable for tax purposes	<u>(21)</u>	<u>(42)</u>
Total current tax (note 2(a))	<u><u>493,717</u></u>	<u><u>(172,837)</u></u>

3. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders after adjustments for instruments that dilute basic earnings per share by the weighted average of ordinary shares outstanding during the year (adjusted for the effects of dilutive instruments).

The following reflects the income and share data used in the total operations and diluted earnings per share computations.

	Earnings £ 10 Months	2009 Weighted average number of shares	Per -share amount pence
Basic EPS			
Earnings attributable to ordinary shareholdings	1,895,072	15,596,756	12.15
Effect of dilutive securities			
Options		949,332	
Diluted EPS			
Adjusted earnings	1,895,072	16,546,088	11.45

4. NOTES TO CASH FLOW - RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

Group	2009 10 Months £	2008 12 Months £
Profit before tax	2,388,789	1,851,376
Depreciation charges	160,394	126,917
Share based payment	41,541	18,226
Foreign exchange	(34,628)	154,760
Finance costs	27	1,497
Finance income	(10,061)	(26,229)
	2,546,062	2,126,547
Increase in inventories	(108,104)	(135,367)
(Increase)/ Decrease in trade and other receivables	(584,229)	45,283
Increase in trade and other payables	319,103	177,150
Cash generated from operations	<u>2,172,832</u>	<u>2,213,613</u>

5. PUBLICATION OF NON – STATUTORY ACCOUNTS

The financial information for the period ended 31 October 2009 and the year ended 31 December 2008 has been audited but does not constitute full financial statements within the meaning of section 434 of the Companies Act 2006.

The financial information has been extracted from the Group's 2009 statutory Financial Statements upon which the auditors opinion is unqualified and does not include and statement under section 498 of the Companies Act 2006.