Lo-Q plc

Report of the Directors and

Consolidated Financial Statements for the year ended 31 October 2010

Lo-Q plc

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for the year ended 31 October 2010

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Company Information
for the year ended 31 October 2010

DIRECTORS:	J Lillywhite, Acting Non-Executive Chairman T Burnet, Executive (appointed 4 October 2010) L Sim, Executive J Alder, Executive A Bone, Non-Executive D Gammon, Non-Executive (appointed 30 November 2010)
SECRETARY:	David Venus & Company Thames House Portsmouth Road Esher Surrey KT10 9AD
REGISTERED OFFICE:	Thames House Portsmouth Road Esher Surrey KT10 9AD
REGISTERED NUMBER:	3959429 (England and Wales)
AUDITORS:	Menzies LLP 3rd Floor, King's House 12-42 Wood Street Kingston Upon Thames Surrey KT1 1TG
BANKERS:	HSBC Bank plc 26 Broad Street Reading RG1 2BU

Acting Chairman's Report

The published accounts for Lo-Q show that we had a good year in 2010. Revenues, customers, profits and cash all increased in line with our expectations, despite the challenging general economic climate both in Europe and the United States.

Operational activity was the driving force behind a strong performance in Customer parks. Product development also made significant progress in the area of new offerings which will be available, in the near future, to our Park installations as well as to new markets in both leisure and other areas.

The Company did not perform to expectation with respect to new park sales and has displayed weaknesses in marketing. Work was done to review our strategic position and the Board recognised the need to develop a cohesive longer term strategy for growth. The Board has acted to address these areas by implementing management changes and appointing a new CEO.

In the summer, we were delighted to secure the services of Tom Burnet as our new CEO. Tom joined us in October and is already making his presence felt. Much has been already achieved in developing a strong and cohesive management team that will, I am sure, be able to work together in taking Lo-Q to the next level. The forward strategy is already in outline form and will, along with the changes in sales and marketing, be the subject of further announcement in the near future.

I agreed to take on the role of acting Chairman when our previous Chairman left the Company. I would like to take this opportunity to thank all those staff and management at Lo-Q who have worked so hard to produce the results that we have announced and for the support shown to me in this role.

John Lillywhite
Acting Chairman

Lo-Q plc
Chief Executive Officers Report
for the year ending 31 October 2010

CEO Statement

Headlines

I am very pleased to be able to report a strong performance by Lo-Q in the year ended 31st October 2010. In spite of the tough prevailing economic conditions across the geographies in which we operate we were able to deliver a 18.4% increase in profit before tax to £2.32m (2009 12 month pro forma: £1.96m) and revenue growth of 15.9% to £20.30m (2009 12 month pro forma: £17.51m). Additionally, we have been able to end the year with a strong net cash position of £6.02m (2009: £4.44m).

This outcome was undoubtedly assisted by a combination of factors, but better weather and therefore stronger park attendances certainly bolstered our trading toward the end of the season. Across all our parks, visitor attendance was up an average 9% on the previous year.

Another key success driver was the introduction by two clients of a premium Q-bot service which was very positively received by Lo-Q customers with 15% of our users happy to pay more for enhanced service levels and shorter queue times.

During the year, we have also been able to invest in future product development and importantly carried out successful technical trials of our new Q-credits wristband based devices in water parks in the UK and Spain during the summer season. Looking ahead, we will be running at least two further large scale operational trials in water parks in the United States during the 2011 season.

In April our largest customer, Six Flags, emerged from Chapter 11 bankruptcy proceedings in the US, following a 10 month period of re-organisation. This has had negligible impact on the performance of Lo-Q and we are now encouraged by Six Flags substantial park investment strategy for 2011 with a number of new rides planned across their parks.

Perhaps the biggest disappointment of the year was the lack of Park sales success as only two small new parks were added in 2010, one of those installing our Q-bot system, the other deploying the Q-txt product. In terms of our existing business, we did secure the following Q-bot park contract extensions during the year:

LEGOLAND® Windsor (UK), for a further three years
Dreamworld (Australia), for a further three years
Mirabilandia (Italy), for a further four years
Dollywood of Tennessee (USA), for a further year, extended post year end for a further 3 years

Moreover, Parque Isla Mágica in Seville, Spain, agreed on 26 March 2010 to extend its agreement to a one year rolling contract for the supply of Lo-Q's Q-txt queue management system. Overall however, Q-txt did not perform well during 2010. Performance was below budget and sales were below 2009 levels.

In February 2010, Jeff McManus stood down from the role as Chief Executive but continued in the role of part time Chairman of Lo-Q. In July 2010, Jeff ceased to be a Director of the Company and John Lillywhite took over as Acting Chairman. A further announcement about the role of Chairman of the Company will be made in due course.

Since my appointment as Chief Executive in October I have undertaken both strategic and operational reviews of our organisation.

Lo-Q plc
Chief Executive Officers Report
for the year ending 31 October 2010

Strategic Review

Strategically we have reviewed our current business and the market more generally, taking stock of our position and the opportunities that exist for the future.

Premium queuing packages are becoming standard in large parts of the theme park industry. Our Q-bot (VQ2020) product gives a park operator the opportunity to significantly increase the number of guests concurrently using a premium system compared with less sophisticated systems and therefore will maximise revenue to the park whilst improving the guest experience. Over the last 10 years we have developed a substantial track record of revenue and profit generation working closely with park operators and importantly, our existing customer base represents only about 8% of the world's top ten amusement park corporations in terms of number of attendees. Lo-Q's customers had about 26 million attendees in 2010 compared to 309 million attendees at the world's top ten amusement park corporations. The Board and I agree that there remains a substantial opportunity to sell this proven technology to more parks and we will be investing in our Sales organisation to ensure we maximise on this potential.

We will continue to invest in research and development of new products. Further to planned operational trials of our Q-Credits wristband technology in two large American Water Parks during the Summer of 2011, we will develop a sales plan to sell the technology to the Water Park market globally for the 2012 season. The product, even in early stages of development, was exceptionally well received by the market at its launch in November 2010.

We see great potential to leverage our overhead, global footprint, operational expertise and relationships by targeted acquisition of other technically led organisations working in the Theme, Amusement and Water Park sectors. These sectors have seen substantial change over the last 5-7 years as both corporations and Private Equity houses have started to consolidate the ownership of parks around the world. At the same time, the supply chain has failed to consolidate and we see merit in adding IP in areas that complement our own Queuing excellence to enable us not only to reinforce our position within our existing vertical but also to take our queuing technology to new and growing verticals which have the same need. We have identified a number of potential areas for this strategic expansion and will report further on this in due course.

Operational Review

We have implemented a new sales process and recruited experienced sales and marketing talent, who have decades of Industry experience in the UK and North America and of course, bring their networks of contacts. These changes have already started to bear fruit and we have in recent weeks signed Heads of Terms for the installation of our Q-bot system with three new theme parks – Blackpool Pleasure Beach in the United Kingdom; Parques de Attracciones in Madrid, part of Parques Reunidos and Heide Park in Germany, part of the Merlin organisation. Moreover, we are in advanced discussions with another park and I am confident that our sales pipeline is growing well in both quality and scale as we look ahead. Whilst new park sales tend to really start to deliver profitability in the second and outer years of operations this is an excellent start to the year. We have also secured a 3 year extension to the Dollywood contract.

As well as our attention to the sales function, we have established a prioritised product development roadmap and have a developing technology partnership strategy with some excellent collaboration already getting underway with cashless transaction systems and point of sale vendors. Similarly, we have initiated an HR review of the firm, with a remit to update our policies on staff performance management, training, salaries, benefits and share option schemes and importantly, a new sales incentive scheme.

We have also made a number of changes to our Board. David Gammon has been appointed as a new Non Executive Director and we have started our search for a new Chairman. The appointment of Canaccord Genuity as our NOMAD/broker is expected to bring a fresh exposure of Lo-Q to city institutions.

Cash and Dividends

Recent activity in the currency markets had seen increased volatility between the US dollar and sterling. The policy of the Board is to hedge what it believes to be an appropriate proportion of its dollar exposure and therefore we have not experienced any significant impact on trading performance in the year being reported on or expect any in the current year.

It is the view of the board that the payment of a dividend is unlikely in the short to medium term given anticipated new product and other investment requirements.

Lo-Q workforce

I would like to echo the Chairman's comments and to recognise the commitment and hard work of the permanent team and seasonal staff, totalling over 600, we employ across our operation. Without their unfailing enthusiasm and hard work, our performance would be impossible.

Summary and Outlook for 2011

I am confident that 2011, our 10th year of operations, has started well from a sales and pipeline building perspective and that operationally we are well positioned to deliver another strong performance this year. This, combined with an excellent new product in the final stages of development and exciting future technical roadmap to build on, give me confidence as we look forward to the 2011 trading season.

Tom Burnet

Report of the Directors
for the year ended 31 October 2010

The directors present their report with the financial statements of the company and the Group for the year ended 31 October 2010.

PRINCIPAL ACTIVITY

The principal activity of the Group in the period under review was that of development and application of virtual queuing technologies.

The Group made a Profit before tax £2,320,586. After taxation a sum of £1,872,509 has been transferred to retained earnings.

The Group will continue to develop, market, sell, and operate its virtual queuing technologies.

REVIEW OF BUSINESS

The results for the period and financial position of the company and the group are as shown in the annexed financial statements and explained in the Acting Chairman's report and CEO's statement.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2010

KEY PERFORMANCE INDICATORS

The Group has a very seasonal cash flow due to its income arising largely from park operations, through the daily renting of Q-bots to park guests. Park attendances peak in the summer months, and so income peaks in these months. The Group watches the cash generated during each week's trading in detail and includes this inflow in the weekly production of cash position modelling.

Overhead costs are to a large extent known well in advance and are thus very predictable.

Systems or part of systems are sold to finance houses and then leased back in accordance with the park's contract. Little cash is spent on assets other than the large amounts on R&D (in IP origination) and thus the company's profitability translates largely into cash at the bank.

RESEARCH AND DEVELOPMENT

The Group's research and development activities relate to the development of virtual queuing technologies, by applying state of the art communications and information technology. Up to 31 October 2010 the Group invested £807,980 (2009 – £401,208) into research and development.

Lo-Q plc

Report of the Directors
for the year ended 31 October 2010

DIRECTORS

The directors during the period under review were:

John Lillywhite, Acting Non-Executive Chairman
Tom Burnet, Executive (appointed 4 October 2010)
Leonard Sim, Executive
Steve Drake, Executive (resigned 30 November 2010)
Colin Robertson, Executive (resigned 30 November 2010)
Paul Cassar, Executive (resigned 30 November 2010)
John Alder, Executive
Anthony Bone, Non-Executive
Jeff McManus, Chairman (resigned 21 July 2010)

The beneficial interests of the directors holding office on 31 October 2010 in the issued share capital of the company were as follows:

Ordinary Share Capital £0.01 shares	**As at 31 October 2010**	**As at 1 November 2009 or date of appointment**
Leonard Sim, Executive	4,343,575	4,343,575
Steve Drake, Executive (resigned 30 November 2010)	419,384	419,384
Colin Robertson, Executive (resigned 30 November 2010)	255,000	148,000
Paul Cassar, Executive (resigned 30 November 2010)	137,143	137,143
John Alder, Executive	6,612	6,612
Tom Burnet (appointed 4 October 2010)	-	-
John Lillywhite Acting Non-Executive Chairman	145,500	145,500
Anthony Bone Non-Executive	381,517	381,517
Jeff McManus Chairman (resigned 21 July 2010)	1,054,172	954,172

Details of the directors' share options are disclosed in Note 4.

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the Group's objective to obtain the best possible terms for all business and abide by the terms of business agreed. At 31 October 2010 trade creditors represented 41.2 days (2009 - 23 days) purchases for the Group, and 41.2 days (2009 - 27 days) purchases for the company.

FINANCIAL INSTRUMENTS

Details of the group's financial risk management objectives and policies, including the use of financial instruments, are included within the accounting policies in Note 2 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

As at 7 February 2011 the company had been notified that the following were interested in 3% or more of the ordinary share capital of the company.

	Number of Ordinary Shares	% of Issued Ordinary Share Capital
Leonard Sim, Director	4,343,575	26.76%
L R Nominees Limited	1,318,376	8.12%
HSDL Nominees Ltd	1,121,458	6.91%
Jeffrey Robert McManus	1,054,172	5.17%
BNY (OCS) Nominees Limited	748,500	4.61%
Barclayshare Nominees Limited	748,186	4.61%
TD Waterhouse Nominees (Europe)	692,999	4.27%
Ian Keith Johnson	555,000	3.42%

Corporate Governance

The directors acknowledge the importance of the 'Principles of Good Governance and Code of Best Practice' published by the London Stock Exchange (usually described as the 'Combined Code') and intend to apply them as appropriate to the company given its size and nature.

The company holds Board meetings regularly throughout the year at which financial and other reports are considered.

An Audit Committee has been established comprising John Lillywhite and Anthony Bone, both non-executive directors.

A Remuneration Committee has also been established comprising John Lillywhite and Anthony Bone which meets as and when necessary but at least annually to review, inter alia, the performance and salaries of the executive directors and other senior members of the company.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Disabled Employees

The Group's policy is one of equal opportunity in the selection, training, career development and promotion of staff. The Group has a policy not to discriminate against disabled employees for those vacancies that they are able to fill and will provide facilities, equipment and training to assist any disabled persons employed.

All necessary assistance with initial training courses will be given. Once employed, a career plan will be developed so as to ensure suitable opportunities for each disabled person. Arrangements will be made, wherever possible, for re-training employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employees

The Group's policy is to consult and discuss with employees, by way of meetings and through personal contact by directors and other senior executives, matters likely to affect employees' interests.

Information on matters of concern to employees is given in meetings, handouts, letters and reports, which seek to achieve a common awareness on the part of all employees on the financial and economic factors affecting the Group's performance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statement comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

A resolution approving the re-appointment of Menzies LLP will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

John Alder
Director

15 February 2011

Report of the Independent Auditors to the Members of Lo-Q plc
for the year ended 31 October 2010

We have audited the financial statements of Lo-Q plc for the year 31 October 2010 which comprises the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company of Statement Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards (IFRSs) as adopted by European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2010 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of Lo-Q plc
for the year ended 31 October 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you, if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Denley FCA (Senior Statutory Auditor)

For and on behalf of
MENZIES LLP
Chartered Accountants and Statutory Auditors
Kingston upon Thames
15 February 2011

Lo-Q plc

Consolidated Statement of Comprehensive Income
for the year ended 31 October 2010

INCOME STATEMENT	Notes	2010 12 Months £	2009 10 Months £
Revenue	3	**20,304,048**	17,295,343
Cost of Sales		**(15,262,254)**	(13,152,881)
GROSS PROFIT		**5,041,794**	4,142,462
Administrative expenses		**(2,728,395)**	(1,763,707)
OPERATING PROFIT		**2,313,399**	2,378,755
Finance costs	5	**(16)**	(27)
Finance income	5	**7,203**	10,061
PROFIT BEFORE TAX	6	**2,320,586**	2,388,789
Tax	7	**(448,077)**	(493,717)
PROFIT FOR THE YEAR		**1,872,509**	1,895,072
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		**(40,965)**	(34,628)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(40,965)**	(34,628)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,831,544**	1,860,444
Profit attributable to Owners of the parent		**1,872,509**	1,895,072
Total comprehensive income attributable to Owners of the parent		**1,831,544**	1,860,444
Earnings per share expressed in pence per share:			
Basic	9	**11.69**	12.15
Diluted		**11.23**	11.45

All activities of the company are classified as continuing.

Lo-Q plc

Consolidated Statement of Financial Position
for the year ended 31 October 2010

	Notes	**2010** £	2009 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**1,203,770**	714,642
Property, Plant, Equipment and Installed Systems	11	**178,488**	64,076
		1,382,258	778,718
CURRENT ASSETS			
Inventories	13	**243,273**	415,128
Trade and other receivables	14	**828,736**	657,044
Tax receivable		**1,030**	569
Cash and cash equivalents	15	**6,018,443**	4,438,612
		7,091,482	5,511,353
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**1,005,118**	699,267
Tax payable		**208,801**	288,270
		1,213,919	987,537
NET CURRENT ASSETS		**5,877,563**	4,523,816
NET ASSETS		**7,259,821**	5,302,534
SHAREHOLDERS' EQUITY			
Called up share capital	17	**162,327**	158,917
Share premium		**5,132,482**	5,052,149
Capital redemption reserve		**12,473**	12,473
Other reserves		**129,148**	87,148
Retained earnings		**1,823,391**	(8,153)
Total equity		**7,259,821**	5,302,534
TOTAL SHAREHOLDERS' EQUITY		**7,259,821**	5,302,534

The financial statements were approved by the Board of Directors 15 February 2011 and were signed on its behalf by:

Tom Burnet
Chief Executive Officer

The notes form part of these financial statements

Lo-Q plc

Company Statement of Financial Position
for the year ended 31 October 2010

	Notes	2010 £	2009 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**1,203,524**	714,210
Property, Plant, Equipment and Installed Systems	11	**149,204**	47,732
Investments	12	**735**	735
		1,353,463	762,677
CURRENT ASSETS			
Inventories	13	**166,746**	344,581
Trade and other receivables	14	**1,324,115**	1,649,979
Cash and cash equivalents	15	**5,216,735**	3,267,341
		6,707,596	5,261,901
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**625,516**	408,108
Tax Payable		**208,689**	247,148
		834,205	655,256
NET CURRENT ASSETS		**5,873,391**	4,606,645
NET ASSETS		**7,226,854**	5,369,322
SHAREHOLDERS' EQUITY			
Called up share capital	17	**162,327**	158,917
Share premium		**5,132,482**	5,052,149
Capital redemption reserve		**12,473**	12,473
Other reserves		**129,148**	87,148
Retained earnings		**1,790,424**	58,635
Total equity		**7,226,854**	5,369,322
TOTAL SHAREHOLDERS' EQUITY		**7,226,854**	5,369,322

The financial statements were approved by the Board of Directors 15 February 2011 and were signed on its behalf by:

Tom Burnet
Chief Executive Officer

The notes form part of these financial statements

Lo-Q plc

Consolidated Statement of Cash Flow
for the year ended 31 October 2010

	Notes	**2010 12 Months £**	2009 10 Months £
Cash flows from operating activities			
Cash generated from operations	22	**2,987,770**	2,172,832
Interest paid		**(16)**	(27)
Tax paid		**(528,007)**	(13,040)
Net cash from operating activates		**2,459,747**	2,159,765
Cash flows from investing activities			
Purchase of intangible fixed assets		**(741,252)**	(309,748)
Purchase of tangible fixed assets		**(229,610)**	(36,359)
Interest received		**7,203**	10,061
Net cash used in investing activities		**(963,659)**	(336,046)
Cash flows from financing activities			
Share Issue		**3,410**	4,456
Share Premium		**80,333**	51,086
Net cash from financing activities		**83,743**	55,542
Increase in cash and cash equivalents	22	**1,579,831**	1,879,261
Cash and cash equivalents at beginning of year		**4,438,612**	2,559,351
Cash and cash equivalents at end of year	22	**6,018,443**	4,438,612

The notes form part of these financial statements

Lo-Q plc

Company Statement of Cash Flow
for the year ended 31 October 2010

	Notes	**2010 12 Months £**	2009 10 Months £
Cash flows from operating activities			
Cash generated from operations	22	**3,222,471**	1,645,219
Interest paid		**(16)**	(27)
Tax paid		**(426,819)**	-
Net cash from operating activates		**2,795,636**	1,645,192
Cash flows from investing activities			
Purchase of intangible fixed assets		**(741,252)**	(309,748)
Purchase of tangible fixed assets		**(194,282)**	(28,237)
Interest received		**5,549**	8,851
Net cash used in investing activities		**(929,985)**	(329,134)
Cash flows from financing activities			
Share Issue		**3,410**	4,456
Share Premium		**80,333**	51,086
Net cash from financing activities		**83,743**	55,542
Increase in cash and cash equivalents	22	**1,949,394**	1,371,600
Cash and cash equivalents at beginning of year		**3,267,341**	1,895,741
Cash and cash equivalents at end of year	22	**5,216,735**	3,267,341

Lo-Q plc

Statement of Changes in Equity
for the year ended 31 October 2010

GROUP	**Share capital**	**Retained earnings**	**Share premium**	**Capital Redem-ption reserve**	**Share based payment reserve**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 November 2009	**158,917**	**(8,153)**	**5,052,149**	**12,473**	**87,148**	**5,302,534**
Profit for the year	-	1,872,509	-	-	-	**1,872,509**
Foreign exchange	-	(40,965)	-	-	-	**(40,965)**
Issue of share capital	3,410	-	80,333	-	-	**83,743**
Recognition of share-based Payments	-	-	-	-	42,000	**42,000**
Balance at 31 October 2010	**162,327**	**1,823,391**	**5,132,482**	**12,473**	**129,148**	**7,259,821**
	£	£	£	£	£	£
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

COMPANY	**Share capital**	**Retained earnings**	**Share premium**	**Capital Redem-ption reserve**	**Share based payment reserve**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 November 2009	**158,917**	**58,635**	**5,052,149**	**12,473**	**87,148**	**5,369,322**
Profit for year	-	1,731,789	-	-	-	**1,731,789**
Issue of share capital	3,410	-	80,333	-	-	**83,743**
Recognition of share-based Payments	-	-	-	-	42,000	**42,000**
Balance at 31 October 2010	**162,327**	**1,790,424**	**5,132,482**	**12,473**	**129,148**	**7,226,854**
	£	£	£	£	£	£
Balance at 1 January 2009	153,211	(1,664,531)	5,001,063	12,473	45,607	3,547,823
Profit for period	-	1,723,166	-	-	-	1,723,166
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	58,635	5,052,149	12,473	87,148	5,369,322

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 Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD.

The financial period represents the 52 weeks and 1 day to 31 October 2010 (prior financial year 43 weeks and 5 days to 31 October 2009). The consolidated financial statements for the 52 weeks and 1 day to 31 October 2010 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

It has not been necessary to adopt any new standards during the year ended 31 October 2010.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for 2010 and therefore have not been applied in preparing these accounts. The effective dates shown are for periods commencing on the date quoted.

Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions (effective 1 January 2010)
Amendments to IFRS 3 Business Combinations (effective 1 July 2010)
Amendments to IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations (effective 1 January 2010)
Amendments to IFRS 7 Financial Instruments: Disclosures (effective 1 January 2011)
Amendments to IFRS 8 Operating Segments (effective 1 January 2010)
IFRS 9 Classification and Measurement of Financial Instruments (effective 1 January 2013)
Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2010/2011)
Amendments to IAS 7 Statement of Cash Flows (effective 1 January 2010)
Amendments to IAS 17 Leases (effective 1 January 2010)
IAS 24 Related Party Transactions (revised) (effective 1 January 2011)
Amendments to IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2010)
Amendments to IAS 32 Classification of Rights Issues (effective 1 February 2010)
Amendments to IAS 34 Interim Financial Reporting (effective 1 January 2011)
Amendments to IAS 36 Impairment of Assets (effective 1 January 2010)
Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 January 2010)

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 2010 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, Equipment and Installed Systems
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%
Installed Systems	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 first in first out 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 within administrative expenses on a straight line basis over its useful economic life, which is considered to be up to a maximum of 5 years.

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 within administrative expenses on a straight line basis over their estimated useful economic life of 5 and 7 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. FINANCIAL RISK MANAGEMENT

Overview:

The Group has exposure to the following risks from its use of financial instruments
Liquidity risk;
Interest rate risk;
Credit risk; and
Market risk

This note presents information about the Group's exposure to each of the above risks and the Group's policies and processes for measuring and managing these risks. The risks are managed centrally following Board approved policies. The Group operates a centralised treasury function in accordance with Board approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Other than short-term trade receivables and trade payables, as detailed in notes that arise directly from operations the Group's financial instruments comprise cash. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks. The Group's activities expose the Group to a number of risks including interest rate risk, credit risk, liquidity risk and currency risk. The Group manages these risks by regularly monitoring the business and providing ongoing forecasts of the impact on the business.

LIQUIDITY RISK
The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group finance function produces regular forecasts that estimate the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient financing is in place as it is required. The Groups objective is to maintain a balance between continuity of funding and flexibility through the use of banking arrangements in place.

MATURITY ANALYSIS
The table below analyses the Group's financial liabilities on a contractual gross basis based on amount outstanding at the balance sheet date up to maturity date:

31 October 2010

	Less than 6 Months	**Between 6 months and 1 year**	**Between 1 and 5 years**	**Over 5 Years**	**Total**
Maturity analysis	**£**	**£**	**£**	**£**	**£**
GROUP					
Trade and other Payables	770,859	-	-	-	**770,859**
Total Liabilities	**770,859**	**-**	**-**	**-**	**770,859**
COMPANY					
Trade and other Payables	578,346	-	-	-	**578,346**
Total Liabilities	**578,346**	**-**	**-**	**-**	**578,346**

31 October 2009

	Less than 6 Months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 Years	Total
Maturity analysis	£	£	£	£	£
GROUP					
Trade and other Payables	592,760	-	-	-	592,760
Total Liabilities	592,760	-	-	-	592,760
COMPANY					
Trade and other Payables	297,329	-	-	-	297,329
		-	-	-	
Total Liabilities	297,329	-	-	-	297,329

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

INTEREST RATE RISK
The Group's interest rate variation arises mainly from interest received on Cash deposits. Any contractual agreements entered into at floating rates expose the entity to cash flow risk, while fixed-rate deposits expose the entity to fair value risk. The Group uses a combination of fixed and floating deposits for its cash balances.

The Group has considered the potential impact of falling interest rates on its cash deposits and do not consider this to have a materially significant impact on the accounts and hence no sensitivity analysis is considered necessary.

The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The table below shows the Group's and Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

31 October 2010

	Fixed Rate	**Floating Rate**	**Non-interest bearing**	**Total asset**	**Total liability**
GROUP	**£**	**£**	**£**	**£**	**£**
Trade and other receivables	-	-	127,688	**127,688**	**-**
Cash	361,817	5,654,341	2,285	**6,018,443**	**-**
Total assets	**361,817**	**5,654,341**	**129,973**	**6,146,131**	**-**
Trade and other payables	-	-	(770,859)	**-**	**(775,526)**
Total liabilities	**-**	**-**	**(770,859)**	**-**	**(775,526)**

COMPANY	**Fixed Rate** £	**Floating Rate** £	**Non-interest bearing** £	**Total asset** £	**Total liability** £
Trade and other receivables	-	-	807,713	**807,713**	**-**
Cash	-	5,214,667	2,068	**5,216,735**	**-**
Total assets	**-**	**5,214,667**	**809,781**	**6,024,448**	**-**
Trade and other payables	-	-	(578,346)	**-**	**(583,069)**
Total liabilities	**-**	**-**	**(578,346)**	**-**	**(583,069)**

31 October 2009

GROUP	Fixed Rate £	Floating Rate £	Non-interest bearing £	Total asset £	Total liability £
Trade and other receivables	-	-	92,331	92,331	-
Cash	363,206	4,071,607	3,799	4,438,612	-
Total assets	363,206	4,071,607	96,130	4,530,943	-
Trade and other payables	-	-	(640,578)	-	(640,578)
Total liabilities	-	-	(640,578)	-	(640,578)

COMPANY	Fixed Rate £	Floating Rate £	Non-interest bearing £	Total asset £	Total liability £
Trade and other receivables	-	-	1,107,902	1,107,902	-
Cash	-	3,263,782	3,559	3,267,341	-
Total assets	-	3,263,782	1,111,461	4,375,243	-
Trade and other payables	-	-	(351,092)	-	(351,092)
Total liabilities	-	-	(351,092)	-	(351,092)

CREDIT RISK EXPOSURE

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. Credit risk is managed on a Group basis. External credit checks are obtained for larger customers. In addition, the credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account customers' financial position, their reputation in the industry and past trading experience. As a result the group's exposure to bad debts is not significant due to the nature of its trade and relationships with customers.

Indeed, the Group having considered the potential impact of its exposure to credit risk, having due regard to both the nature of its business and customers, do not consider this to have a materially significant impact to the results.

Financial assets	**Group**		**Company**	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade and other receivables	**593,537**	657,044	**1,087,284**	1,649,979
Cash	**6,018,443**	4,438,612	**5,216,735**	3,267,341
Estimated irrecoverable amounts	**-**	-	**-**	-

The maximum exposure is the carrying amount as disclosed in Trade and Other Receivables. The average credit period taken by theme parks on paying over the queuing system revenue is 14 days. The allowance for estimated irrecoverable amounts has been made based upon the knowledge of the financial circumstances of individual trade receivables at the balance sheet date. The Group holds no collateral against these receivables at the balance sheet date.

The following table provides an analysis of trade and other receivables that were past due at 31 October 2010 and 31 October 2009 but against which no provision has been made. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	Group		**Company**	
	2010	2009	**2010**	2009
	£	£	**£**	£
Up to 3 months	**127,688**	100,525	**190,568**	144,488
3 to 6 months	**-**	-	**-**	-
	127,688	100,525	**190,568**	144,488

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

FOREIGN CURRENCY EXPOSURE

The Group has overseas operations in the USA, Canada, Italy and Australia and as such is exposed to the risk of foreign currency fluctuations. The main operating currencies of its operations are in Sterling, US Dollars, Canadian Dollars and Euros. The Group's currency exposure comprises the monetary assets and liabilities of the Group that are not denominated in the operating or 'functional' currency of the operating unit involved. At the period end Lo-Q plc, which reports in Sterling had bank balances of £1,056,894 (2009 - £992,579) denominated in US Dollars, £32,918 (2009 - £335,455) denominated in Canadian Dollars and £333,277 (2009 - £72,258) in Euros.

The Group manages risk by its subsidiaries matching revenue and expenditure in their local currency wherever possible. The Group tries to keep foreign inter company balances as low as possible to avoid translation adjustments.

Given the nature of the Groups' operations and their management of foreign currency exposure they limit the potential down side risk as far as practicably possible.

To show the impact of the fluctuation of the USD exchange rate on the Group financial statements, the table below shows how the period ended 31 October 2010 results would have been impacted by exchange rates of +/- $0.10.

		2010			2009	
	Actual			Actual		
	$1.5953	**$1.4953**	**$1.6903**	$1.603:£1	$1.503:£1	$1.703:£1
				£	£	£
Group net assets	**7,259,821**	**7,674,354**	**7,455,515**	5,302,534	5,479,571	5,148,400
Group turnover	**20,304,048**	**20,816,930**	**18,643,740**	17,295,343	18,035,577	16,177,351
Group profit for the year	**1,872,509**	**2,068,021**	**1,638,628**	1,895,072	2,072,109	1,740,938

The Groups policy is to utilise forward contracts where appropriate. The Group substantially managed its exposure in 2010 by entering into GBP/USD forward contracts to mitigate the risk of foreign currency fluctuation. There were no forward contacts outstanding at 31 October 2010 (2009: £662,690). The fair value of a forward contract is considered equal to the value paid.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segmental analysis
The Group's operating segments under IFRS have been determined with reference to the information presented in the management accounts reviewed by the Board of Directors.

The principle revenue generating activity of the Group is the operation of virtual queuing technologies for a theme park or other attraction. The Group has entered into agreements with theme park operators to allow theme park or attraction guests to make ride and show reservations when they visit a theme park or other attraction.

The sale of the technology and infrastructure used within the theme park or attraction to allow guests to make these ride or show reservations is a related revenue stream to the Group as typically the Group will enter into sale and leaseback transactions to finance the equipment used within a theme park or attraction.

The Board considers that given the scale and nature of its present operations, it currently has a single operating and therefore reportable segment:

Rentals to guests, where the theme park or attraction operates the Group's products and the related sale of the system to third party lessors of the equipment and infrastructure installed in that park or attraction.

The Groups revenues, costs, assets, liabilities, currency exposure and cash flows are therefore totally attributable to this segment.

The definition and reporting of segments will be assessed as the Group develops the relative scale or number of operating segments.

Entity Wide Disclosures
Analyses of the Groups external revenues and non current assets by geographical location are detailed below:

	Revenue		Non Current Assets	
	2010 12 Months	2009 10 Months	**2010**	2009
	£	£	**£**	£
UK	**612,211**	1,480,201	**1,310,941**	766,462
Other Europe	**317,756**	113,582	**41,787**	56,221
Australia	**93,393**	51,579	**-**	82,532
USA and Canada	**19,280,688**	15,649,981	**49,606**	33,926
	20,304,048	17,295,343	**1,402,334**	939,141

Revenue generated in each of the geographical locations is generally in the local currency of the theme park or attraction based in that location.

Major Customers
The Group has entered into agreements with theme parks, theme park groups and attractions to operate the product in single or multiple theme parks or attractions within the theme park group.

The ultimate revenue of the business is derived from theme park or attraction guest rentals and no single guest forms a significant proportion of the revenue of the Group.

However, the ability to generate guest rentals is fully dependant on the Group maintaining and developing agreements with theme parks or attraction owners to operate the Q-bot or Q-txt product. The Group does have an agreement with a single theme park group where sales to guests of that theme park group account for a significant and material amount of total revenue of the Group.

4. EMPLOYEES AND DIRECTORS

	2010	2009
	12 months	10 months
	£	£
Wages and Salaries	**3,004,467**	2,483,814
Social security costs	**317,908**	271,223
Defined contribution pension costs	**45,749**	32,581
Share based payment transactions	**42,000**	41,541
	3,410,124	2,829,159

The average monthly number of employees, by activity, during the year was made up as follows:

	2010	2009
	12 months	10 months
Operations	**11**	12
Research & Development	**10**	7
Sales	**3**	2
Finance & Administration	**11**	11
Seasonal Staff	**179**	198
	214	230

Summary of Directors emoluments

			2010			**2009**	**2010**	**2009**
	Salary	**Fees(1)**	**Bonus**	**Other**	**Total**	**10 Months Total**	**Pension Contri-butions**	**Pension Contri-butions**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Non - Executive Directors								
Anthony Bone (1)	-	24,500	-	-	24,500	19,125	-	-
John Lillywhite (1)	-	19,500	-	-	19,500	15,500	-	-
Executive Directors								
John Alder (2,3)	99,560	-	15,603	9,418	124,582	34,673	5,431	769
Tom Burnet (4)	14,667	-	-	23	14,690	-	1,107	-
Paul Cassar (3)	77,000	-	9,820	679	87,499	32,797	5,600	1,200
Steve Drake	104,500	-	11,721	481	116,702	100,493	7,440	5,533
Jeff McManus (1,5)	84,954	16,250	-	-	101,204	95,000	3,458	4,000
Colin Robertson	104,500	-	12,916	472	117,888	100,918	6,253	6,253
Leonard Sim	109,175	-	12,700	1,786	123,661	106,817	7,940	5,950

(1) Fee Payments in respect of the services provided by Jeff McManus, John Lillywhite and Anthony Bone were paid to Jeff McManus Ltd, Barnwell Ltd and IXXI Ltd respectively.
(2) John Alder is a USA resident and is part of the Lo-Q Inc healthcare program
(3) Appointed 3 August 2009.
(4) Appointed 4 October 2010.
(5) Resigned 21 July 2010.

Share Option Scheme

The share options of the directors are set out below:

	31 October 2009	Exercised in the period	Leavers	31 October 2010	Exercise Price	Date from which Exercisable	Expiry Date
S Drake	4,903	-		4,903	100.5p	22/10/2004	21/10/2011
	6,018	-		6,018	18p	08/10/2003	07/10/2012
	100,000	-	-	100,000	25p	(1)	(1)
J McManus	100,000	(100,000)	-	-	25p	-	-
	180,000	-	(180,000)	-	38.5p	(3)	(3)
C Robertson	100,000	(100,000)	-	-	25p	(1)	(1)
	100,000	(50,000)	-	50,000	25p	11/04/2009	10/04/2019
L Sim	100,000	-	-	100,000	25p	(1)	(1)
J Alder	15,000	-	-	15,000	28.5p	30/09/2009	30/09/2018
	75,000	-	-	75,000	57.5p	(2)	(2)
P Cassar	17,604	-	-	17,604	100.5p	22/10/2004	21/10/2011
	100,000	-	-	100,000	25p	(1)	(1)

(1) Options vest in four equal tranches on the 1st, 2nd, 3rd and 4th anniversaries of the grant, subject to the achievement of performance targets for the financial years 2008, 2009, 2010 and 2011 and expire on the 10th anniversary of the grant.

(2) Options vest in three equal tranches on the 1st, 2nd and 3rd anniversaries of the grant, subject to the achievement of performance targets for the financial years 2009, 2010 and 2011 and expire on the 10th anniversary of the grant.

(3) Options vest in four tranches (three tranches of 50,000 Shares and one tranche of 30,000) subject to the achievement of certain performance targets in relation to the average mid-market price of the Company's shares, on or before 31 December 2010.

5. NET FINANCE INCOME

	2010 **12 Months** **£**	2009 10 Months £
Finance income:		
Bank interest received	**7,203**	10,061
Finance costs:		
Bank interest	**(16)**	(27)
Net finance income	**7,187**	10,034

6. PROFIT BEFORE TAX

The profit before tax is stated after charging/(crediting)

	2010 **12 Months** **£**	2009 10 Months £
Hire of plant and machinery	**3,210**	2,834
Other operating leases	**131,690**	86,512
Depreciation - owned assets	**115,198**	24,593
Intellectual Property Rights amortisation	**41,807**	25,202
Development costs amortisation	**210,317**	110,599
Auditors' remuneration	**23,150**	21,550
Auditors' remuneration for non audit work	**4,550**	6,900
Foreign exchange differences	**35,950**	(111,362)

Auditors' Remuneration

During the period the following services were obtained from the Group's auditor at a cost detailed below

	2010 **12 Months** **£**	2009 10 Months £
Audit Services		
- Fees Payable to Company's auditor of the parent Company and consolidated accounts	**21,650**	20,000
Non Audit Service		
- Review of interim accounts	**1,500**	1,550
- Other services pursuant to legislation	**950**	4,250
- Tax compliance and advisory service	**3,600**	2,650
	27,700	28,450

7. TAX

Analysis of the tax charge

	2010 12 Months £	2009 10 Months £
Tax – Current Year	**448,077**	298,717
Deferred tax	**-**	195,000
Total tax charge in income statement	**448,077**	493,717

Reconciliation of tax charge

	2010 12 Months £	2009 10 Months £
Profit on ordinary activities before tax	**2,320,586**	2,388,789
Tax at the UK corporation tax rate of 28% (2009 28%)	**649,764**	668,858
Effects of:		
Expenses not deductable for tax	**5,216**	10,298
Capital allowances in excess of depreciation	**(114,783)**	(8,438)
Utilisation of tax losses	**-**	(283,328)
Share scheme deduction	**(92,661)**	(88,652)
Deferred tax asset	**-**	195,000
Income not chargeable for tax purposes	**540**	(21)
Total tax – Current Year	**448,077**	493,717

The company has a deferred tax asset of up to £150,000 arising in relation to share option scheme deductions under Part 12 CTA 2009 being the difference between the price at which share options are exercised and their market value on the date of exercise. As this amount cannot be accurately measured due to the variables involved no provision for it has been included in the accounts.

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the year ended 31 October was £1,731,789 (2009: 10 month period ended 31 October - £1,723,166).

9. 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 £ 12 Months	**2010 Weighted average number of shares**	**Per -share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholdings	**1,872,509**	**16,014,856**	**11.69**
Effect of dilutive securities			
Options		**663,776**	
Diluted EPS			
Adjusted earnings	**1,872,509**	**16,678,632**	**11.23**

	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

10. INTANGIBLE ASSETS

Group

	Patent Costs £	Intellectual Property Rights £	Development Costs £	Totals £
COST OR VALUATION				
At 1 November 2009	-	159,492	831,496	**990,988**
Additions	203,125	-	538,127	**741,252**
At 31 October 2010	**203,125**	**159,492**	**1,369,623**	**1,732,240**
AMORTISATION				
At 1 November 2009	-	50,476	225,870	**276,346**
Amortisation for year	9,909	31,898	210,317	**252,124**
At 31 October 2010	**9,909**	**82,374**	**436,187**	**528,470**
NET BOOK VALUE				
At 31 October 2010	**193,216**	**77,118**	**933,436**	**1,203,770**
At 31 October 2009	-	109,016	605,626	714,642

Company

	Patent Costs £	Intellectual Property Rights £	Development Costs £	Totals £
COST OR VALUATION				
At 1 November 2010	-	159,492	830,710	**990,202**
Additions	203,125	-	538,127	**741,252**
At 31 October 2010	**203,125**	**159,492**	**1,368,837**	**1,731,454**
AMORTISATION				
At 1 November 2010	-	50,476	225,516	**275,992**
Amortisation for year	9,909	31,898	210,131	**251,938**
At 31 October 2010	**9,909**	**82,374**	**435,647**	**527,930**
NET BOOK VALUE				
At 31 October 2010	**193,216**	**77,118**	**933,190**	**1,203,524**
At 31 October 2009	-	109,016	605,194	714,210

INTANGIBLE ASSETS

Group

	Intellectual Property Rights £	Development Costs £	Totals £
COST OR VALUATION			
At 1 January 2009	126,367	553,623	679,990
Additions	33,125	277,873	310,998
At 31 October 2009	159,492	831,496	990,988
AMORTISATION			
At 1 January 2009	25,274	115,271	140,545
Amortisation for Period	25,202	110,599	135,801
At 31 October 2009	50,476	225,870	276,346
NET BOOK VALUE			
At 31 October 2009	109,016	605,626	714,642
At 31 December 2008	101,093	438,352	539,445

Company

	Intellectual Property Rights £	Development Costs £	Totals £
COST OR VALUATION			
At 1 January 2009	126,367	552,837	679,204
Additions	33,125	277,873	310,998
At 31 October 2009	159,492	830,710	990,202
AMORTISATION			
At 1 January 2009	25,274	115,076	140,350
Amortisation for Period	25,202	110,440	135,642
At 31 October 2009	50,476	225,516	275,992
NET BOOK VALUE			
At 31 October 2009	109,016	605,194	714,210
At 31 December 2008	101,093	437,761	538,854

11. PROPERTY, PLANT, EQUIPMENT AND INSTALLED SYSTEMS

Group

	Installed Systems £	Plant and machinery £	Office Equipment £	Furniture & fixtures £	Totals £
COST					
At 1 November 2009	15,857	33,516	187,046	25,777	**262,196**
Additions	159,194	1,155	67,111	2,150	**229,610**
At 31 October 2010	**175,051**	**34,671**	**254,157**	**27,927**	**491,806**
DEPRECIATION					
At 1 November 2009	1,507	32,302	143,387	20,924	**198,120**
Charge for the year	77,299	1,179	34,617	2,103	**115,198**
At 31 October 2010	**78,806**	**33,481**	**178,004**	**23,027**	**313,318**
NET BOOK VALUE					
At 31 October 2010	**96,245**	**1,190**	**76,153**	**4,900**	**178,488**
At 31 October 2009	14,350	1,214	43,659	4,853	64,076

Company	Installed Systems £	Plant and machinery £	Office Equipment £	Furniture & fixtures £	Totals £
COST					
At 1 November 2009	15,857	8,257	141,126	21,321	**186,561**
Additions	146,037	1,155	44,940	2,150	**194,282**
At 31 October 2010	**161,894**	**9,412**	**186,066**	**23,471**	**380,843**
DEPRECIATION					
At 1 November 2009	1,507	6,962	111,417	18,943	**138,829**
Charge for the year	64,142	1,179	26,509	980	**92,810**
At 31 October 2010	**65,649**	**8,141**	**137,926**	**19,923**	**231,639**
NET BOOK VALUE					
At 31 October 2010	**96,245**	**1,271**	**48,140**	**3,548**	**149,204**
At 31 October 2009	14,350	1,295	29,709	2,378	47,732

PROPERTY, PLANT, EQUIPMENT AND INSTALLED SYSTEMS

Group

	Installed Systems £	Plant and machinery £	Office Equipment £	Furniture & fixtures £	Totals £
COST					
At 1 January 2009	-	33,516	168,344	23,977	225,837
Additions	15,857	-	18,702	1,800	36,359
At 31 October 2009	15,857	33,516	187,046	25,777	262,196
DEPRECIATION					
At 1 January 2009	-	31,252	122,799	19,476	173,527
Charge for the period	1,507	1,050	20,588	1,448	24,593
At 31 October 2009	1,507	32,302	143,387	20,924	198,120
NET BOOK VALUE					
At 31 October 2009	14,350	1,214	43,659	4,853	64,076
At 31 December 2008	-	2,264	45,545	4,501	52,310

Company

	Installed Systems £	Plant and machinery £	Office Equipment £	Furniture & fixtures £	Totals £
COST					
At 1 January 2009	-	8,257	128,746	21,321	158,324
Additions	15,857	-	12,380	-	28,237
At 31 October 2009	15,857	8,257	141,126	21,321	186,561
DEPRECIATION					
At 1 January 2009	-	5,912	97,288	18,133	121,333
Charge for the period	1,507	1,050	14,129	810	17,496
At 31 October 2009	1,507	6,962	111,417	18,943	138,829
NET BOOK VALUE					
At 31 October 2009	14,350	1,295	29,709	2,378	47,732
At 31 December 2008	-	2,345	31,458	3,188	36,991

12. INVESTMENTS

Company

	Investment in Subsidiaries £
COST	
At 1 November 2009 and 31 October 2010	735
NET BOOK VALUE	
At 31 October 2010	735
At 31 October 2009	735

Name	Country of incorporation	% Ownership interest	% Voting Rights
Lo-Q Inc	United States of America	100	100
Lo-Q Service Canada Inc	Canada	100	100
Lo-Q Trustees Limited	United Kingdom	100	100

The trade for both Lo-Q Inc and Lo-Q Service Canada Inc is that of the application of virtual queue technologies

Lo-Q Trustees Limited is dormant.

13. INVENTORIES

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Stock	**223,138**	254,705	**166,746**	201,308
Park installation	**20,135**	160,423	**-**	143,273
	243,273	415,128	**166,746**	344,581

The amount of inventories recognised as an expense and charged to the cost of sales for the period ended 31 October 2010 was £29,305 (2009 £123,809).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
Current:	**£**	£	**£**	£
Trade debtors	**127,688**	100,525	**190,568**	144,488
Amounts owed by group undertakings	**-**	-	**617,145**	963,414
Other debtors	**281,237**	531,549	**278,634**	491,925
Prepayments & Deferred Income	**419,811**	24,970	**237,768**	50,152
	828,736	657,044	**1,324,115**	1,649,979

The group's financial assets are short term in nature. In the opinion of the Director's, the book values equate to their fair value. Other debtors includes a balance of £210,825 that is due for payment in a period greater than 12 months.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Petty Cash	**2,285**	3,799	**2,068**	3,559
Short Term Deposit	**361,817**	363,206	**-**	-
Bank accounts	**5,654,341**	4,071,607	**5,214,667**	3,263,782
	6,018,443	4,438,612	**5,216,735**	3,267,341

HSBC Bank plc holds security in the form of a debenture, including a fixed charge over the freehold and leasehold property and a first floating charge over the other assets of the company. HSBC Equipment Finance (UK) Limited and HSBC Asset Finance (UK) Limited hold a second ranking debenture over the assets of the company.

16. TRADE AND OTHER PAYABLES

	Group		Company	
Current:	**2010**	2009	**2010**	2009
	£	£	**£**	£
Trade creditors	**185,263**	27,462	**258,624**	43,844
Social security and other taxes	**44,980**	58,689	**41,510**	57,016
Sundry creditors	**1,123**	1,350	**34**	559
Accruals	**769,085**	563,948	**320,625**	259,773
VAT	**4,667**	47,818	**4,723**	46,916
	1,005,118	699,267	**625,516**	408,108

The Group financial liabilities are short-term in nature. In the opinion of the directors the book values equate to their fair value.

17. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal	**2010**	2009
Value:		£	**£**	£
1,100,000,000	Ordinary Share Capital	£0.01	**11,000,000**	11,000,000

Allotted, issued and fully paid:

Number:	Class:	Nominal	**2010**	2009
Value:		£	**£**	£
16,232,667	Ordinary Share Capital	£0.01	**162,327**	158,917
(2009 – 15,891,667)				

During the period 341,000 shares with a nominal value of £3,410 were allotted and issued as part of existing share options being exercised. These are detailed in note 21.

Share Option Schemes

At 31 October 2010 the following share options were outstanding in respect of the ordinary shares:

Scheme	Number of Shares	Period of option	Price per share
EMI Scheme	43,900	22 January 2002 to 21 October 2011	100.5p
	12,800	8 October 2003 to 7 October 2012	18.0p
	15,000	6 April 2005 to 5 April 2014	6.0p
	40,000	29 March 2006 to 28 March 2015	3.5p
	14,500	9 May 2007 to 8 may 2016	8.25p
	350,000	(1)	25.0p
	70,000	25 June 2010 to 24 June 2019	57.5p
US Scheme	4,755	22 October 2002 to 21 October 2011	100.5p
	24,000	6 April 2005 to 5 April 2014	6.0p
	50,000	29 March 2006 to 28 March 2015	3.5p
	26,500	9 May 2007 to 8 May 2016	8.25p
	15,000	30 September 2009 to 29 September 2018	28.5p
	75,000	(2)	57.5p

(1) Options vest in four equal tranches on the 1st, 2nd, 3rd and 4th anniversaries of the grant, subject to the achievement of performance targets for the financial years 2008, 2009, 2010 and 2011 and expire on the 10th anniversary of the grant.
(2) Options vest in three equal tranches on the 1st, 2nd and 3rd anniversaries of the grant, subject to the achievement of performance targets for the financial years 2009, 2010 and 2011 and expire on the 10th anniversary of the grant

18. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme in the UK and USA. The assets of each scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £51,180 (2009 - £32,581). Contributions amounting to £nil (2009 - £nil) were payable to the fund and are included in creditors.

19. RELATED PARTY DISCLOSURES

Ultimate controlling party

There is no ultimate controlling party.

Subsidiaries

Management charges of £3,359,242 (2009 10 months - £2,169,127) were received from Lo-Q Inc and £326,062 (2009 10 months- £167,419) from Lo-Q Service Canada Inc during the period, both 100% subsidiaries of Lo-Q plc.

The US and the Canadian subsidiaries owed the parent company £410,226 and £206,919 respectively at 31 October 2010.

Other related parties

IXXI Limited, a company in which Anthony Bone, a Lo-Q plc director, is a director invoiced the company in respect of directors fees £24,500 (2009 - £19,125) of which £nil (2009 - £2,104) was outstanding at the period end.

Barnwell Limited, a company in which John Lillywhite, a Lo-Q plc director, is a director invoiced the company in respect of directors fees £19,500 (2009 - £15,500) of which £nil (2009 - £1,533) was outstanding at the period end.

All of the above outstanding amounts are included within trade creditors.

Key management compensation

The key management of the company staff are considered to be the directors and their remuneration is as follows:

	2010 12 Months	2009 10 Months
Director's remuneration	**730,226**	505,322
Director's contribution to pension scheme	**37,229**	23,706
Share based payments	**40,192**	35,132
	807,647	564,160

Notes to the Consolidated Financial Statements
for the year ended 31 October 2010

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY

Group	2010 12 Months £	2009 10 Months £
Profit for the financial year / period	**1,872,509**	1,895,072
Issued Share Capital	**3,410**	5,706
Share based payment	**42,000**	41,541
Share Premium	**80,333**	51,086
Foreign Exchange	**(40,965)**	(34,628)
Net addition to shareholders' funds	**1,957,287**	1,958,777
Opening shareholders' funds	**5,302,534**	3,343,757
Closing shareholders' funds	**7,259,821**	5,302,534

Company	2010 12 Months £	2009 10 Months £
Profit for the financial year / period	**1,731,789**	1,723,166
Issued Share Capital	**3,410**	5,706
Share Premium	**80,333**	51,086
Share based payment	**42,000**	41,541
Net addition to shareholders' funds	**1,857,532**	1,821,499
Opening shareholders' funds	**5,369,322**	3,547,823
Closing shareholders' funds	**7,226,854**	5,369,322

21. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option schemes

For details of share option schemes in place during the year see note 17.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2010		2009	
	No	**WAEP(pence)**	No	WAEP(pence)
Outstanding at the beginning of the period	**1,269,955**	**30.90**	1,558,021	21.82
Granted during the year	**-**	**-**	160,000	57.50
Exercised during the year	**(341,000)**	**19.34**	(445,566)	5.31
Leavers	**(187,500)**	**39.26**	(2,500)	95.15
Outstanding at the end of the year	**741,455**	**31.72**	1,269,955	30.95
Exercisable at the end of the year	**491,455**	**21.10**	632,455	9.34

The weighted average share price at the date of exercise for share options exercised during the period was £1.029 (2009 - £0.758).
The fair values were calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	2010	2009
Weighted average share price (pence)	**22.26**	22.26
Expected volatility %	**65.00**	65.00
Expected life	**2.00**	2.00
Risk free rate (%)	**3.60**	3.60
Dividend yield (%)	**-**	-

Expected volatility was determined by calculating the historic volatility of the Groups share price over the period since flotation.

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

Group	**2010 12 Months**	2009 10 Months
	£	£
Profit before tax	**2,320,586**	2,388,789
Depreciation charges	**367,322**	160,394
Share based payment	**42,000**	41,541
Foreign exchange	**(40,965)**	(34,628)
Finance costs	**16**	27
Finance income	**(7,203)**	(10,061)
	2,681,756	2,546,062
Decease/(Increase) in inventories	**171,855**	(108,104)
Increase in trade and other receivables	**(171,692)**	(584,229)
Increase in trade and other payables	**305,851**	319,103
Cash generated from operations	**2,987,770**	2,172,832

Lo-Q plc

Notes to the Consolidated Financial Statements
for the year ended 31 October 2010

Company	**2010 12 Months**	2009 10 Months
	£	£
Profit before tax	**2,120,149**	2,165,314
Depreciation charges	**344,748**	153,138
Share based payment	**42,000**	41,541
Finance costs	**16**	27
Finance income	**(5,549)**	(8,851)
	2,501,364	2,351,169
Decrease/(Increase) in inventories	**177,835**	(231,029)
Decrease/(Increase) in trade and other receivables	**325,864**	(592,595)
Increase in trade and other payables	**217,408**	117,674
Cash generated from operations	**3,222,471**	1,645,219

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS AND ANALYSIS OF NET FUNDS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts.

Group

	At 1 November 2009	**Cash Flow**	**Exchange movement**	**At 31 October 2010**
	£	**£**	**£**	**£**
Cash in hand & at bank	**4,438,612**	1,620,796	(40,965)	**6,018,443**
	4,438,612	**1,620,796**	**(40,965)**	**6,018,443**

Company

	At 1 November 2009	**Cash Flow**	**Exchange movement**	**At 31 October 2010**
	£	**£**	**£**	**£**
Cash in hand & at bank	**3,267,341**	1,949,394	-	**5,216,735**
	3,267,341	**1,949,394**	**-**	**5,216,735**

23. CONTINGENT LIABILITIES

The Company is in the process of defending an Employment Tribunal claim for unfair dismissal from an ex-director who left during the year. The matter is being handled by the company's legal advisers and the tribunal has not yet commenced. The information usually required by IAS 37 is not disclosed on the grounds that it may prejudice the outcome of the litigation. No provision has been made in respect of the claim

24. COMMITMENTS UNDER OPERATING LEASES

Total of future minimum operating lease payments under non-cancellable operating leases:

Group	2010	2009
	£	£
Land & Buildings		
Less than one year	**39,164**	120,799
Within 2 to 5 years	**1,813**	30,454
	40,977	151,253
Other		
Less than one year	**495,502**	855,243
Within 2 to 5 years	**506,878**	699,734
	1,002,381	1,554,977
Company		
Land & Buildings		
Less than one year	**26,813**	101,360
Within 2 to 5 years	**1,813**	28,626
	28,626	129,986
Other		
Less than one year	**466,916**	361,845
Within 2 to 5 years	**506,878**	699,734
	973,794	1,061,579

Operating leases within ‘Land & Buildings’ include the leases of company and Group offices. Operating leases within ‘Other’ principally relate to the leaseback element of the Sale & Leaseback transaction relating to the sale of equipment to theme parks as installations.