



Q Ltd  
ABN 13 083 160 909

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8 July 2009

Dear Fellow Shareholder,

## NON-RENOUCEABLE RIGHTS ISSUE OFFER

You are invited to participate in a pro rata non-renounceable offer to raise approximately \$1.21 million for Q Ltd. The offer to you is made on the basis of 7 new Shares for every 5 existing Shares held by you at an issue price of 8.5 cents.

The funds to be raised from this issue will be used by the Company to fund product/database development (\$400,000), for working capital (\$640,000) and to pay for the expenses of the Offer. Q Ltd is a leading Australasian group of companies that provide services within the interactive advertising and digital marketing sector.

The Q Ltd Group is engaged in providing interaction between a client's brand and its target audience via websites, search engine marketing, permission marketing, email, mobile, and list marketing.

Q Ltd subsidiary companies are specialists within their respective specific sectors of the advertising industry and are leaders providing services to marketers in targeting, capturing and interacting with consumers (B2B and B2C) via interactive channels.

Your Rights Issue Offer Document, an Entitlement and Acceptance Form and an envelope addressed to the Company are enclosed with this letter. These are important documents and I request that you read them carefully.

Should you have any questions about the action you should take please consult your stockbroker or professional adviser.

The offer is at a discount to the closing share price on 30 June 2009 of 11 cents per share.

**The offer is important and requires your immediate attention.** The closing date for acceptances and payment is 5.00 pm EST on Wednesday, 29 July 2009.

Yours faithfully,

**PAUL G CHOISELAT**  
Managing Director/CEO



# Q Ltd

ABN 13 083 160 909

## Rights Issue Offer Document

For

**A non-renounceable pro-rata offer of New Shares at an issue price of 8.5 cents each on the basis of seven (7) New Shares for every five (5) Shares held on the Record Date to raise approximately \$1.21 million.**

**The Offer is underwritten by  
Beconwood Corporate Finance Pty Ltd**

### Important Notice

**This document is not a prospectus.** It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

**This document is important and requires your immediate attention.** It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Offer opens on 8 July 2009 and closes at 5:00 pm EST on 29 July 2009.**

Valid Entitlement and Acceptance Forms must be received before the Closing Date.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement.

## **1. Important Information**

### **1.1 Introduction**

Q Ltd is making a pro rata non-renounceable offer of New Shares to Shareholders of Q Ltd to raise approximately \$1.21 million.

This is an important document and requires your immediate attention. It should be read in its entirety.

The Offer is being made under section 708AA of the Corporations Act. This document is not a prospectus and does not contain all of the information that would ordinarily be contained in a prospectus.

Shareholders should be aware that an investment in Q Ltd involves many risks which may be higher than risks associated with investments in other companies. Investors should consider the investment in Q Ltd speculative. If you have any questions about what to do or whether to accept the Offer you should consult your professional adviser without delay.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by Q Ltd in connection with the Offer.

### **1.2 Eligibility**

Applications for the New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Offer.

## **2. Details of the Offer**

### **2.1 Offer**

Q Ltd is making a pro rata non-renounceable offer of approximately 14,289,276 New Shares each at an issue price of 8.5 cents to Eligible Shareholders on the basis of seven (7) New Shares for every five (5) Existing Shares held on the Record Date (**Offer**). Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share. The Offer is underwritten by Beconwood Corporate Finance Pty Ltd (the **Underwriter**). Refer to section 2.7 of this Offer Document for details of the underwriting agreement.

Q Ltd will accept Entitlement and Acceptance Forms until 5.00 pm EST on the Closing Date being 29 July 2009 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer. You may accept the Offer only by applying for Shares on a personalised Entitlement and Acceptance Form sent with this Offer Document. If you have misplaced or lost your Entitlement and Acceptance Form, please contact the Company for a replacement form.

You may accept for all or part only of your Entitlement.

Acceptance of a completed Entitlement and Acceptance Form by Q Ltd creates a legally binding contract between the applicant and Q Ltd for the number of New Shares accepted or deemed to be accepted by the applicant. The Entitlement and Acceptance Form does not need to be signed by the applicant to be legally binding. The Offer and contract formed on acceptance are governed by the applicable law of Victoria.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

New Shares offered by this Offer Document are expected to be issued, and security holding statements dispatched, on the date specified in the timetable.

It is the responsibility of applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

## 2.2 Purpose of the Offer

Q Ltd will raise net proceeds of approximately \$1.04 million through the Offer, after deducting expenses of the Offer of approximately \$175,000 as set out below (assuming the Offer is fully subscribed or the Shortfall (if any) is placed by the Underwriter in accordance with the Underwriting Agreement). The net proceeds raised will be used to fund product/database development (\$400,000) and for general working capital purposes (\$640,000).

The expenses of the Offer are anticipated to be as follows:

<u>Expenses:</u>	<u>\$000's</u>
Underwriting expenses	73
Legal fees	25
Corporate advisory fees	22
ASX listing fees	5
Independent Expert	30
Printing and postage	20
Total expenses	<u>175</u>

## 2.3 Timetable

General Meeting to approve appointment of Underwriter and ratio of Rights Issue	25/06/2009
ASX announcement of the Offer ASX Appendix 3B and notice under section 708AA(2)(f) of the Corporations Act lodged with ASX	26/06/2009
Notice of Offer sent to shareholders	29/06/2009
Ex date (date from which securities commence trading without the entitlement to participate in the Offer)	30/06/2009
Record date (date for determining entitlement of eligible shareholders to participate in the Offer)	06/07/2009
Opening date – Offer Document and Entitlement and Acceptance Form dispatched to Eligible Shareholders	08/07/2009
Closing date (5.00 pm EST)*	29/07/2009
Securities quoted on a deferred settlement basis	30/07/2009
Notify ASX of under subscriptions	04/08/2009
Anticipated date for the issue of New Shares and dispatch of holding statements**	05/08/2009
Commencement of trading of New Shares**	06/08/2009

\* Subject to the ASX Listing Rules, the Directors reserve the right to extend the closing date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

\*\* These dates are indicative only.

## **2.4 No Rights trading**

As the Offer is non-renounceable Eligible Shareholders cannot sell or transfer all or any part of their Rights to subscribe for New Shares.

## **2.5 Entitlement of Shareholders**

Each Eligible Shareholder who is registered as the holder of Shares at 5:00 pm (EST) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document.

You may accept all, or only part, of your Entitlement by completing the Entitlement and Acceptance Form and returning it in accordance with the instructions set out on the reverse of that form prior to the Closing Date. Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus Application Monies will be returned to you. If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your rights to participate in the Offer will lapse and the New Shares not taken up by you will form part of the Shortfall.

As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

In determining Entitlements, any fractional entitlements have been rounded up to the nearest whole number of Shares.

It is the responsibility of applicants to determine their allocation prior to trading in the New Shares. The sale by applicants of New Shares prior to the receipt of a holding statement is at the applicant's own risk.

## **2.6 Shortfall Shares**

That part of your Entitlement not taken up will form part of the Shortfall.

The Underwriter has the right to direct Q Ltd to issue any New Shares comprising the Shortfall at its discretion to any party on the same terms as the Offer in accordance with the Underwriting Agreement.

## **2.7 Underwriting**

The Company has entered into the Underwriting Agreement with the Underwriter pursuant to which the Underwriter has agreed to procure subscription for the Shortfall accompanied by the subscription funds for those Shares. The material terms of the Underwriting Agreement are as follows:

- The Underwriting Agreement is conditional on, amongst other things, satisfaction of the following conditions:
  - (a) the Company obtaining Shareholder approval for:
    - the appointment of the Underwriter to underwrite the Offer;
    - the acquisition of Shortfall Shares by the Beconwood Group; and
    - the increase in the relevant interest of the Beconwood Group as a result of the acquisition of Shortfall Shares in excess of 20% of the Shares on issue in the Company,

in accordance with Section 208 and item 7 of Section 611 of the Corporations Act;

- (b) completion of the due diligence program in connection with the Offer to the satisfaction of the Underwriter;
  - (c) the Company lodging a cleansing notice approved by the Underwriter with ASX;
  - (d) the Underwriter approving the form and content of the Offer Document;
  - (e) the Offer Document being lodged with ASX and despatched to Shareholders on the agreed date; and
  - (f) the Company applying for quotation of New Shares offered under the Offer Document.
- Q Ltd must pay the Underwriter an underwriting fee of 6.0% of the funds raised under the Offer (exclusive of GST) in consideration for the Underwriter fulfilling its obligations under the Underwriting Agreement.
  - Q Ltd is providing standard representations and warranties for agreements of this nature and a breach of any of these representations or warranties is a termination event under the Underwriting Agreement. Q Ltd is also providing indemnities to the Underwriter which are customary for agreements of this nature.
  - If there is a Shortfall under the Offer and the Company has complied with its obligations under the Underwriting Agreement, the Underwriter must, within two months of the Closing Date, procure the lodgement by members of the Beconwood Group or unrelated investors exempt from disclosure under Section 708 of the Corporations Act of valid applications with the Company for the number of Shares comprising the Shortfall accompanied by the subscription funds for those Shares at the Issue Price.
  - The Underwriter will use best endeavours to ensure that a participant in the allocation of Shortfall Shares, other than the Beconwood Group, will not increase its relevant interest in the Company in excess of 20% of the Shares on issue in the Company.
  - The Underwriter may (at its own cost) appoint sub-underwriters to sub-underwrite the Offer.
  - The Underwriter may terminate the Underwriting Agreement in certain circumstances which include:
    - (a) the Offer does not comply with the Corporations Act;
    - (b) the ASIC gives notice of its intention or publicly threatens to prosecute or prosecutes any person (other than the Underwriter or its Related Bodies Corporate) in relation to any aspect of the Offer;
    - (c) the Company does not lodge the Offer Document with ASX in the agreed form;
    - (d) the New Shares have not been allotted and issued by the date that is two (2) months after the date of the Offer Document;
    - (e) the ASX notifies Q Ltd that listing approval for the Shares on offer under this Offer Document will not be granted or fails to grant listing approval on or before the Closing Date or having granted listing approval withdraws the same;
    - (f) the All Ordinaries Index of the ASX or the S&P/ASX Small Ordinaries Index at the end of each of 3 consecutive business days closes at a level that is 90% or less than that attained as at the close of trading on the date of the Underwriting Agreement;

- (g) there is a material adverse change or an event occurs which could be reasonably expected to give rise to a material adverse change, in the condition (financial or otherwise), earnings, business operating activities, financial position or prospects of the Company or its business;
  - (h) a statement, report, representation, matter or thing contained in the Offer Document is found to be or to have become misleading or deceptive or there is found to be an omission from the Offer Document having regard to the requirements of the Corporations Act;
  - (i) an application or order is made, or a meeting is convened to consider a resolution, or a resolution is passed, for the winding up of the Company;
  - (j) the Company alters or takes steps to alter its capital structure or constitution without the Underwriter's prior written consent;
  - (k) any meeting of the Company required by any governmental agency or law to approve the Underwriting Agreement, the Offer or anything related to the Offer is not held or does not produce the required approval;
  - (l) a judgement in an amount exceeding 5% of the net assets of the Company is obtained against the Company and is not set aside or satisfied within 5 business days;
  - (m) the Company withdraws the Offer; or
  - (n) any litigation, arbitration or other legal proceedings are commenced against the Company.
- If the Underwriting Agreement is terminated by the Underwriter, the Offer may not proceed, in which case Application Monies will be refunded (without interest).

## **2.8 Major Shareholder and the Underwriter**

A Director of Q Ltd, Mr Paul G Choiselat, is a major shareholder of Beconwood Securities, which is the sole shareholder of the Underwriter of the Offer. Accordingly, the Underwriter is considered to be a related party of Q Ltd.

The Company obtained Shareholder approval at a general meeting held on 25 June 2009 to enable the Rights Issue to proceed on the basis of a ratio of greater than 1:1 and for the Underwriter to be appointed as underwriter to the Rights Issue. The notice of meeting, explanatory statement and independent expert's report sent to Shareholders in respect of the general meeting contains all relevant details regarding the potential voting power of the Beconwood Group at the completion of the Rights Issue and all other information required to be notified to Shareholders by the Corporations Act and the ASX Listing Rules.

We recommend that Shareholders read the notice of meeting, explanatory statement and the independent expert's report, and in particular section 3.3 of the explanatory statement.

## **2.9 ASX quotation**

Application for official quotation by the ASX of the New Shares offered pursuant to this Offer Document will be made within 7 days after the date of this Offer Document. If approval is not obtained from ASX before the expiration of 3 months after the date of this Offer Document (or such period as varied by ASIC) the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

Trading of the New Shares will, subject to ASX approval, occur on or about the date specified in the timetable.

## **2.10 Overseas shareholders**

No Offer will be made to Shareholders resident outside Australia and New Zealand.

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **2.11 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532 (ASTC), a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the ASX Listing Rules and Securities Clearing House Business Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however there may be a charge associated with the provision of this service.

## **2.12 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. Q Ltd, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

## **2.13 Privacy**

Q Ltd collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each applicant agrees that Q Ltd may use the information provided by an applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, Q Ltd's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, Q Ltd may not be able to accept or process your application.

An applicant has a right to gain access to the information that Q Ltd holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## **2.14 Enquiries**

If after reading this Offer Document, you have any questions about any aspect of an investment in Q Ltd, please contact your professional adviser. Any administrative questions can also be directed to Cynthia Chan, the Company Secretary, on (+61 3) 9691 4900 or cchan@qxq.com.au.

## **3. Risk Factors**

Activities in Q Ltd and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. Q Ltd and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the specific risk factors which shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company.

Shareholders should carefully consider the following factors:

### **3.1 Operating**

The operations of Q Ltd may be affected by various factors, including operational and technical difficulties encountered in interactive advertising, difficulties in its information technology infrastructure, unanticipated problems which may affect costs, industrial and environmental accidents and unexpected shortages or increases in the costs of labour and consumables. The Company may be subject to litigation involving intellectual property, product liabilities or other consumer issues; unanticipated operational and technical difficulties; and uninsured losses or liabilities. Alternative technologies could also cause competition for markets and resources.

### **3.2 Rights Issue Risk**

Existing Shareholder's interests will be diluted if they do not take up their Entitlements.

### **3.3 General Economic Climate**

Factors such as inflation, currency fluctuations, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, supply and demand of capital and industrial disruption have an impact on business costs, natural disasters, social upheaval and war may have an impact on prices, operating costs and market conditions generally. Accordingly, Q Ltd's future possible revenue, operations and profitability can be affected by these factors, which are beyond the control of the Company and its Directors.

### **3.4 Share Market Conditions**

There are general risks associated with any investment and the share market. The price of the Company's Shares may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international share markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

### **3.5 Future Capital Requirements**

Q Ltd stated in its half year report for the half year ended 31 December 2008 that:

"Final earn-out liabilities in respect of acquisitions made by the Company are due for payment in first half FY2010. The balance sheet which is included in the financial statements for first half FY2009 includes estimated earn-outs of \$5.9 million. In calculating this amount, the Board has made assumptions about the level of profitability from those acquisitions during second half FY2009. Under the contracts for the acquisitions, a component of the earn-outs is payable in cash and a component is payable in Q Ltd

shares. Based on estimated liabilities of \$5.9 million, the cash component will be up to \$4.8 million, with the balance payable in Q Ltd shares. The Company intends to fund the cash component of the earn-outs using cash from cashflow from operations, modest level of debt and capital raising.”

The expected split of the \$5.9 million estimated liabilities for earn-out payments is \$4.8 million in cash and \$1.1 million in shares. The \$5.9 million will be shared amongst 17 individual vendors. The actual liability will not be known until some time in August 2009 when the Group’s financial results are completed. The final amount could be higher or lower than the amount of \$5.9 million used as an estimate in February 2009. The issue price of the shares to be issued to the vendors to satisfy the shares component of the earn-out payment is largely calculated by reference to a volume weighted average price (“VWAP”) of the Q Ltd shares during the period leading up to the due dates of the payments and in the case of some vendors after applying a 5% discount to the VWAP for the relevant period. There are provisions in the various agreements to allow some of the vendors to request a split which would result in more shares and less cash than the Company has estimated in the \$4.8 million/\$1.1 million split. The Company’s current expectation based on the preference of vendors when earlier earn-out payments were made is that they are likely to elect the alternative which delivers the maximum possible portion of the payments in cash. Given the fluctuations in the stock market and the Company’s share price in recent times, it is reasonable to expect that the vendors will continue to prefer the maximum portion of earn-out payments in cash.

In the event that all of the vendors, who can exercise flexibility in the cash/share split elected to take the maximum in shares, the cash component would decrease to \$2.7 million and the share component would increase to \$3.2 million.

The next capital raising may have the effect of diluting Shareholders’ interests in Q Ltd. The amount to be raised by the next capital raising will depend on a number of factors including the operating cashflow of the Company between now and the next capital raising, the extent (if any) to which vendors choose a different (from the Company’s expectations) split of shares and cash for their earn-out payments and the extent (if any) to which the Company may fund part of the earn-out obligation using debt. To the extent that additional capital is to be raised, the Company will give preference where possible to offer new securities to shareholders on a proportional basis. The success or otherwise and the pricing of that capital raising will be dependent upon the then prevailing market conditions.

Any debt financing, if available, may involve financial covenants which limit the Company’s operations.

### **3.6 Going Concern**

Q Ltd stated in its half year report for the half year ended 31 December 2008 that:

“As at 31 December 2008, the consolidated entity has an excess of current liabilities over current assets of \$3.174 million. The deficiency is primarily caused by the requirement to recognise the quantum of the final earn-out liabilities of an estimated \$4.8 million that will be paid in cash by December 2009, as a current liability within the balance sheet of the Company. Notwithstanding this deficiency, the financial report has been prepared on a going concern basis on the basis of the following assumptions:

- (i) the Q Group continuing to generate sufficient operating cashflows to enable its trading debts to be paid as and when they are payable;
- (ii) the ability of the Q Group to successfully raise additional debt facilities; and
- (iii) the Company successfully raising additional equity funding.

At the date of this report and having considered the above position, the directors are confident that the Company will be able to continue as a going concern.

If the assumptions outlined above do not occur as anticipated there is significant uncertainty as to whether the Company will continue as a going concern and therefore

whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.”

At the date of this Offer Document and having considered the above position as it now applies to the Company, the directors are confident that the Company will be able to continue as a going concern, based on the same assumptions.

### **3.7 Reliance on Key Personnel**

Q Ltd's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a Group. To manage its growth, Q Ltd must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Q Ltd has in place service contracts with select employees and provides attractive employment conditions to assist in the retention of key personnel.

### **3.8 Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in it. Other factors not specifically referred to above, may in the future materially affect the financial performance of Q Ltd and the value of the New Shares offered under this Offer Document. Therefore, the New Shares offered pursuant to this Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

### **3.9 Impairment**

AASB 136 requires that impairment testing is conducted for certain classes of non-current assets on an annual basis or more frequently if there are indicators of impairment. For certain other classes of non-current assets impairment testing is required to be conducted where there are indicators of impairment.

The Company uses the “value in use” method to test for impairment. This method requires the present value of the estimated future cash flows of the asset/cash generating unit (including an estimate of the terminal value of the asset/cash generating unit) to be determined and compared with the carrying value of the assets as at reporting date.

At 30 June 2008, the Company tested the carrying value of its infinite life intangible assets including goodwill for impairment. The Directors were satisfied that as a result of this review there was no requirement for the assets to be written down as impaired.

The auditors of the Company issued an unqualified audit opinion on the financial report for the year ended 30 June 2008.

Due to the current global economic environment the Directors of Q Ltd decided to test the carrying value of its assets for impairment as at 31 December 2008. Based on this review the Directors and auditors were also of the view that no assets were impaired as at 31 December 2008

The auditors of the Company issued an unqualified review opinion on the financial report for the six month period ended 31 December 2008. The review opinion included an emphasis of matter paragraph in relation to the Group's ability to trade as a going concern and the assumptions adopted by the directors of the company to support the going concern assumption within the financial report.

The Company will again be testing its assets for impairment as part of the 30 June 2009 reporting requirements. The outcome of this review will not be known until sometime in August and the financial impact (if any) arising from this review will be included in the ASX announcement of the Group's financial results for the financial year. Until then the directors cannot discount the possibility that there could be an impairment writedown arising from the review of the Group's non-current assets.

#### **4. Action Required by Shareholders**

##### **4.1 Acceptance of Entitlement under this Offer Document**

Should you wish to accept all of your Rights to subscribe for New Shares, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the application monies (calculated at 8.5 cents per New Share accepted), and make payment for those New Shares in the manner set out below.

##### **4.2 If you wish to take up part of your Rights only**

Should you wish to take up part only of your Entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the application monies (calculated at 8.5 cents per New Share accepted), and make payment for those New Shares in the manner set out below.

##### **4.3 Payment**

###### ***Paying by cheque/bank draft***

Please complete the Entitlement and Acceptance Form and attach a cheque for the amount indicated on the Entitlement and Acceptance Form. If you have misplaced or lost the Entitlement and Acceptance Form, please contact the Company for a replacement form.

The cheque accompanying your completed Entitlement and Acceptance Form must be crossed 'Not Negotiable' and made payable to 'Q Ltd - Share Purchase Account' and delivered on or before the Closing Date to reach the following address:

Q Ltd  
GPO Box 2113  
Melbourne Vic 3001  
AUSTRALIA

**by no later than 5.00 pm on 29 July 2009.**

An addressed envelope is enclosed for your convenience. Please ensure correct postage is affixed. Eligible Shareholders in New Zealand should mail their form early to ensure it reaches the Company by the Closing Date.

If delivered by hand, completed forms and Application Monies will also be accepted at the Company's registered office at:

Level 5, Bank House  
11 Bank Place  
Melbourne, Victoria, 3000

***Paying by telegraphic transfer/direct deposit***

If you are paying by telegraphic transfer or direct deposit, you must do the following two things:

1. Forward the completed Entitlement and Acceptance Form together with the receipt of direct deposit to reach the following address:

Q Ltd  
GPO Box 2113  
Melbourne Vic 3001  
AUSTRALIA

**by no later than 5.00 pm on 29 July 2009.**

Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) on the deposit slip or telegraphic transfer instructions.

An addressed envelope is enclosed for your convenience. Please ensure correct postage is affixed. Eligible Shareholders in New Zealand should mail their form early to ensure it reaches the Company by the Closing Date.

If delivered by hand, completed forms will also be accepted at the Company's registered office at:

Level 5, Bank House  
11 Bank Place  
Melbourne, Victoria, 3000

**AND**

2. Ensure that your payment is processed **by no later than 5.00 pm on 29 July 2009**. The details for telegraphic transfer/direct deposit are:

Bank: Australia and New Zealand Banking Group Ltd  
Branch: 388 Collins Street  
Melbourne  
Victoria 3000  
Australia  
Bank A/c Name: Q Ltd Share Purchase Account  
Bank A/c No.: 8375-34012  
BSB No.: 013 165  
Swift Code: ANZBAU3M

**4.4 If you do not wish to take up your Rights**

If you do not wish to accept any of your Rights, you are not obliged to do anything. In that case, New Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

## 5. Glossary

In this Offer Document:

**Application Monies** means the Issue Price multiplied by the number of New Shares applied for.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691).

**Beconwood Group** means the Underwriter and the parties as listed in Schedule 1.

**Beconwood Securities** means Beconwood Securities Pty Ltd (ACN 005 877 109).

**Board** means the board of directors of Q Ltd as at the date of this Offer Document.

**Closing Date** means the last day for payment and return of Entitlement and Acceptance Form, being 5.00 pm EST on 29 July 2009.

**Company** or **Q Ltd** means Q Ltd (ABN 13 083 160 909).

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a member of the Board.

**Eligible Shareholders** means all Shareholders as at the Record Date, whose registered address is in Australia and New Zealand.

**Entitlement** means the entitlement to subscribe for New Shares pursuant to the Offer at the Issue Price.

**Entitlement and Acceptance Form** means the personalised entitlement and acceptance form accompanying this Offer Document allowing Shareholders to accept their Entitlement.

**EST** means Eastern Standard Time.

**Existing Shares** means Shares issued by the Company on the date of this Offer Document

**Group** means Q Ltd and its subsidiaries

**Issue Price** means 8.5 cents for each New Share.

**Listing Rules** means the ASX Listing Rules.

**New Shares** means the Shares to be issued pursuant to the Offer.

**Offer** means the pro rata non-renounceable offer of seven (7) New Shares for every five (5) Shares held by Eligible Shareholders on the Record Date at the Issue Price pursuant to this Offer Document.

**Offer Document** means this document.

**Record Date** means the date on which Entitlements are determined, being 6 July 2009.

**Related Bodies Corporate** has the meaning given to that term in section 50 of the Corporations Act.

**Rights** means the rights of Eligible Shareholders to subscribe for New Shares under the Offer.

**Share Registry** means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

**Shareholder** means a registered shareholder in the Company.

**Shares** means fully paid ordinary shares in the Company.

**Shortfall** means the number of New Shares comprising the difference between the New Shares the subject of the Offer, and the number of New Shares for which valid Entitlement and Acceptance Forms have been received and accepted by Q Ltd by the Closing Date.

**Shortfall Shares** has the meaning given in section 2.6 of the Offer Document.

**Underwriter** means Beconwood Corporate Finance Pty Ltd (ACN 109 539 255), Corporate Authorised Representative of Falconer & Bellomo Company Limited, AFSL 244315, the underwriter of the Offer.

**Underwriting Agreement** means the underwriting agreement entered into between Q Ltd and the Underwriter on 11 May 2009 in relation to underwriting the Offer pursuant to this Offer Document.

This **Offer Document** is dated 8 July 2009.

**SCHEDULE 1**

**BECONWOOD GROUP**

<b>Name</b>
Paul Gerard Choiselat
Beconwood Securities Pty Ltd (ACN 005 877 109)
Fortieth Blazon Pty Ltd (ACN 007 432 939)
Forty-Fifth Blazon Pty Ltd (ACN 094 018 809)
Beconwood Superannuation Pty Ltd (ACN 094 018 809) <WSF A/C>
Beconwood Superannuation Pty Ltd (ACN 094 018 809) <WSF/ABC A/C>
582 Property Pty Ltd (ACN 117 829 919)
TRS Investments Ltd
Lynette Anne Choiselat
Luc Joseph Gerald Choiselat
Jonathan Samuel Peter Choiselat