qxq

Q Ltd - the digital marketing group

Investor Presentation

December 2009 Half Year Results

April 2010

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1. FY 2010 First Half Results

1.1 Key Highlights

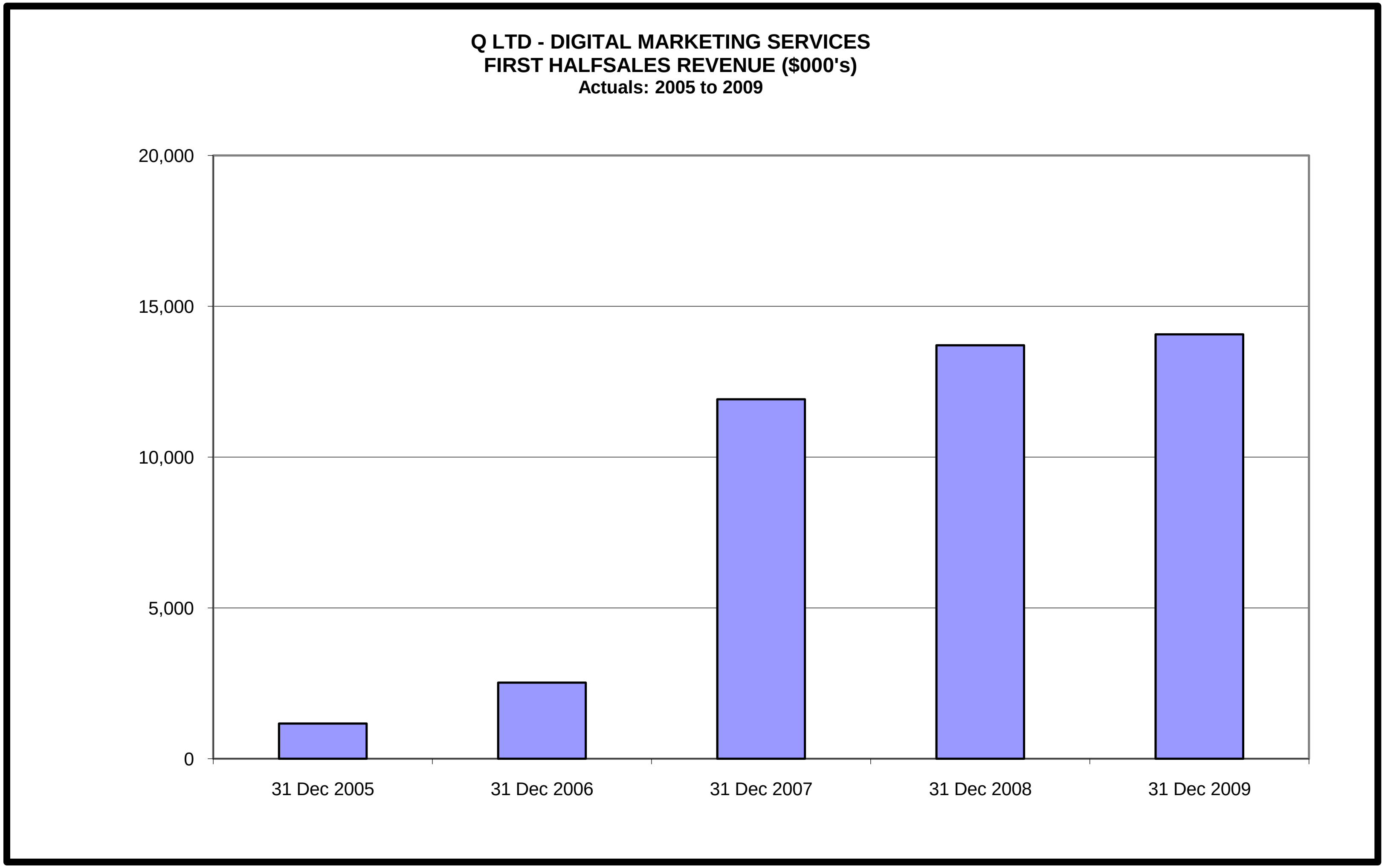
- **Finalised remaining vendor cash earn-out payments of $3.9m**
- **Raising of $1.2M in a 7:5 rights issue in July 2009**
- **Raising of $2.4M in a 1:1 rights issue in Oct 2009**
- **Cash balance of $1.7 million at December 2009**
- **Impairment charge of $20.2 million against goodwill on consolidation arising from acquisitions during the period 2005 to 2007.**

1.2 FY 2010 First Half Results

Six months ending	Dec-09 $000	Dec-08 $000	Change %
Revenue			
Sales revenue			
- Interactive advertising	14,068	13,708	2.6
Other revenue	42	107	n/c
Total	14,110	13,815	2.1
EBITDA before Impairment			
Interactive advertising	899	1,714	(47.5)
Corporate	(1,124)	(1,165)	(3.5)
Total EBITDA before Impairment	(225)	549	n/c
Less Depreciation	(252)	(372)	84.2
Less Impairment	(20,231)	-	n/c
EBIT	(20,708)	177	n/c
Less Interest	5	96	(94.8)
Net profit/(loss) before tax)	(20,703)	273	n/c
Income tax benefit/(expense)	150	(95)	n/c
Net profit (loss) after tax attributed to	(20,553)	178	n/c
Profit/(Loss) per share (basic) (cents)	(67.2)	1.74	n/c
NTA per share (cents)	2.3	(22.7)	n/c

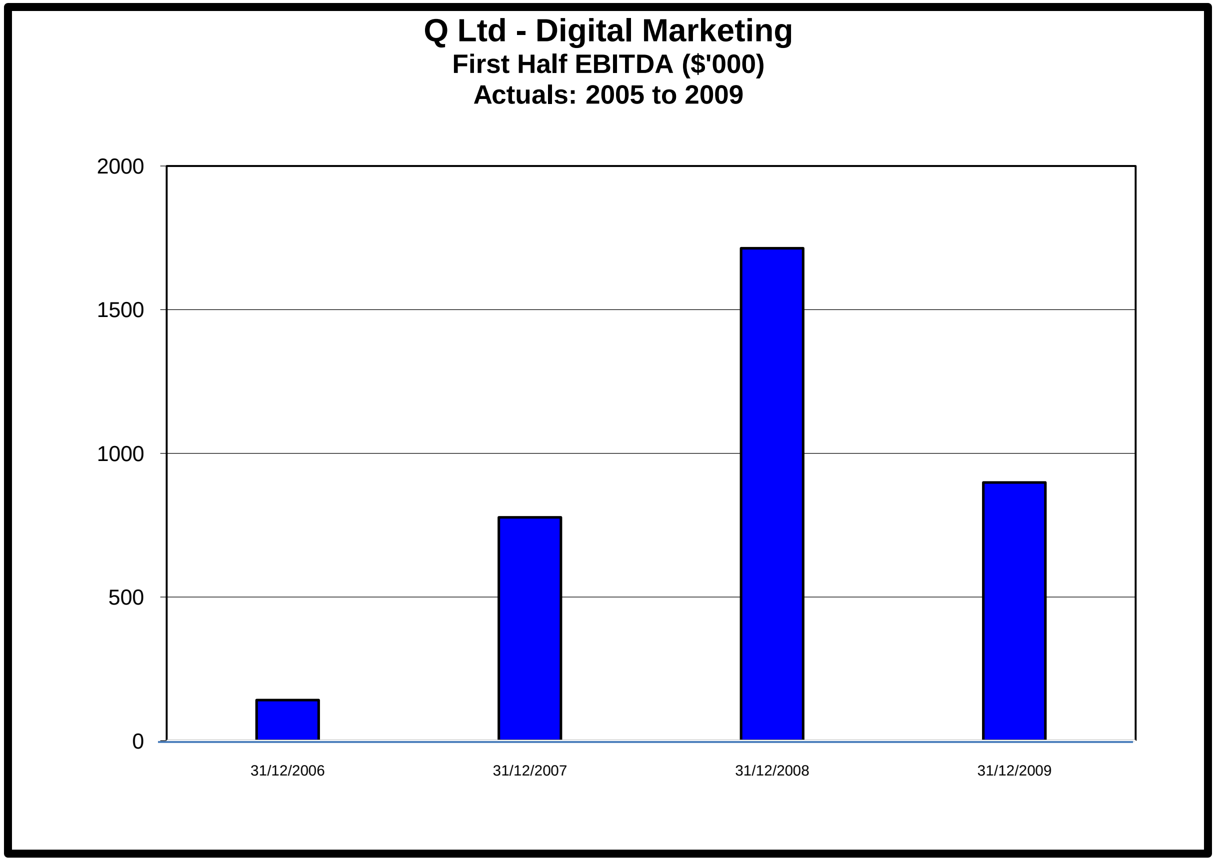
2. Historical Financial Performance

2.1 Revenue


Q LTD - DIGITAL MARKETING SERVICES
FIRST HALFSALES REVENUE ($000's)
Actuals: 2005 to 2009
20,000
15,000
10,000
5,000
0
31 Dec 2005
31 Dec 2006
31 Dec 2007
31 Dec 2008
31 Dec 2009

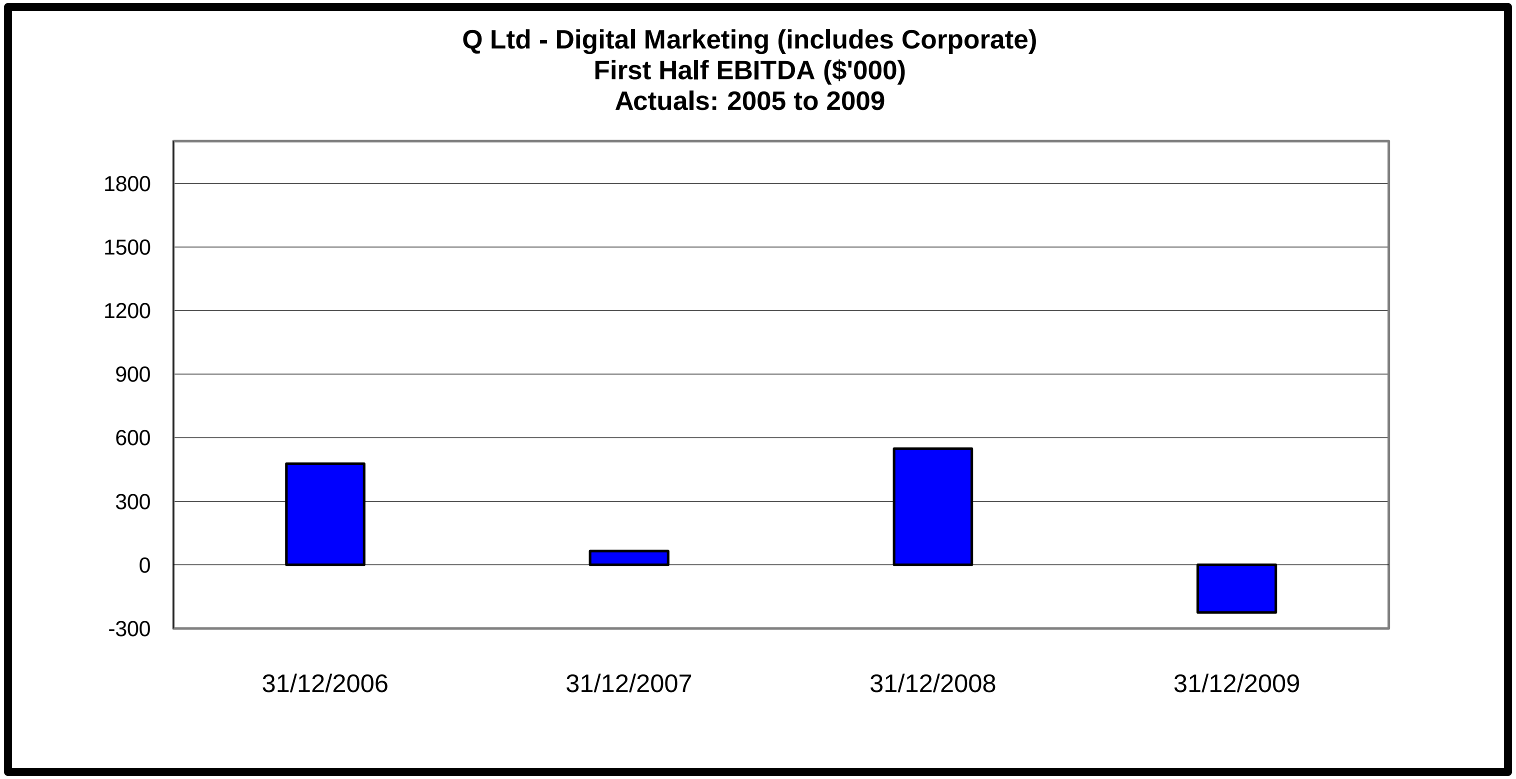
2.2 EBITDA

Digital Marketing Services (Excludes Corporate Costs) – First Half



2.3 EBITDA

Digital Marketing Services (Includes Corporate Costs)



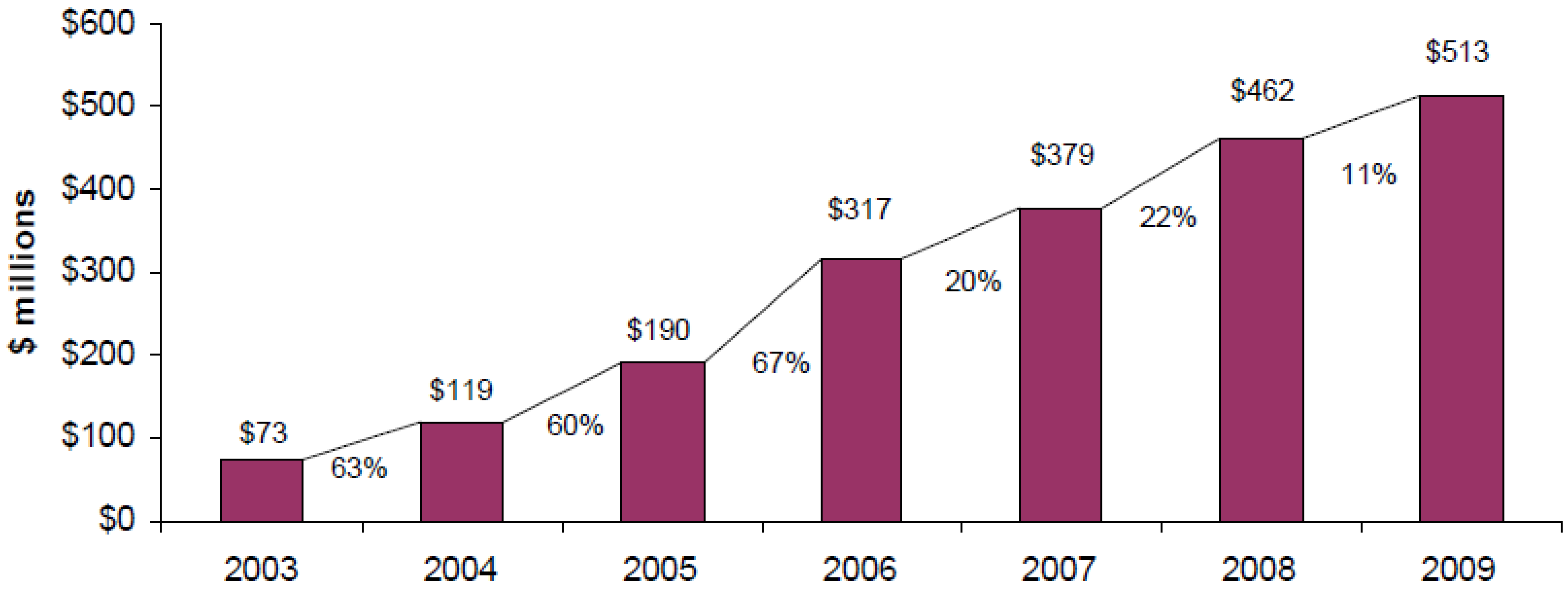
2.4 Balance Sheet (After Dec 2009 Impairment Charge)

	June 2007	June 2008	June 2009	Dec-09
	$'000	$'000	$'000	$'000
Current Assets				
Cash on Hand	3,731	4,837	2,429	1777
Receivables	3,655	5,430	5,021	5368
Inventories	-	-	-	
Other	65	82	52	158
Total Current Assets	**7,451**	**10,349**	**7,502**	**7,303**
Non Current Assets				
Other financial assets	0	19	19	0
Property Plant and Equipment	406	924	873	843
Deferred tax assets	2,649	2,960	2,882	2842
Intangible Asssets	5,829	21,084	29,089	9376
Total Non Current Assets	**8,884**	**24,987**	**32,863**	**13,061**
Total Assets	**16,335**	**35,336**	**40,365**	**20,364**
Current Liabilities				
Payables	5,502	9,016	11,150	5881
Current Tax Liabilities	-	-	-	-
Borrowings	9	42	270	250
Provisons	141	404	386	403
Total Current Liabilities	**5,652**	**9,462**	**11,806**	**6,534**
Non Current Liabilities				
Borrowings	30	8	10	0
Provisions	24	36	82	46
Total Non Current Liabilities	**54**	**44**	**92**	**46**
Total Liabilities	**5,706**	**9,506**	**11,898**	**6,580**
Net Assets	**10,629**	**25,830**	**28,467**	**13,784**
Shareholders' Equity				
Ordinary Share Capital	23,198	39,170	41,393	47214
Retained Profits	(12,640)	(13,415)	(13,030)	(33,583)
Reserves	71	75	104	153
Total Shareholders' Equity	**10,629**	**25,830**	**28,467**	**13,784**

3. Market Overview

3.1 Overall Online Advertising Market - December Quarter Revenues

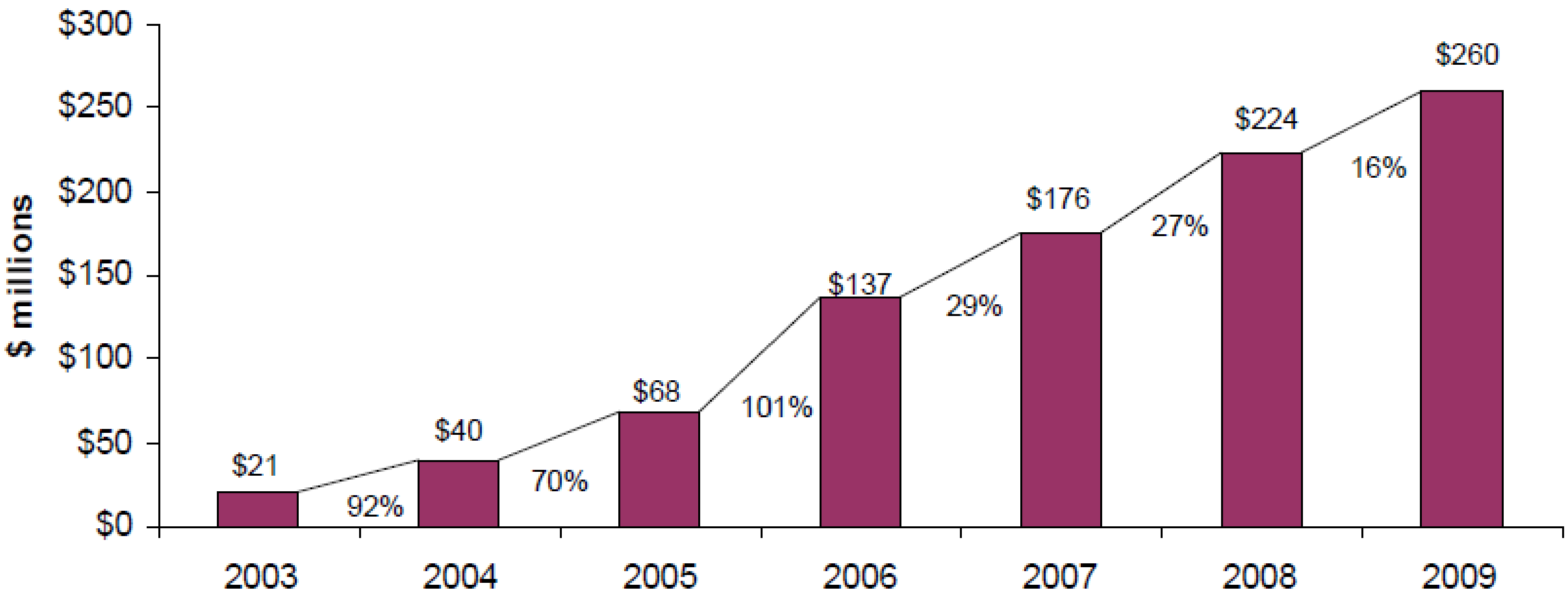
Fourth-Quarter Total Market $ Expenditure – 2003 through 2009



PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – December 2009

3.2 Search & Directories Advertising Expenditure - December Quarter Revenues

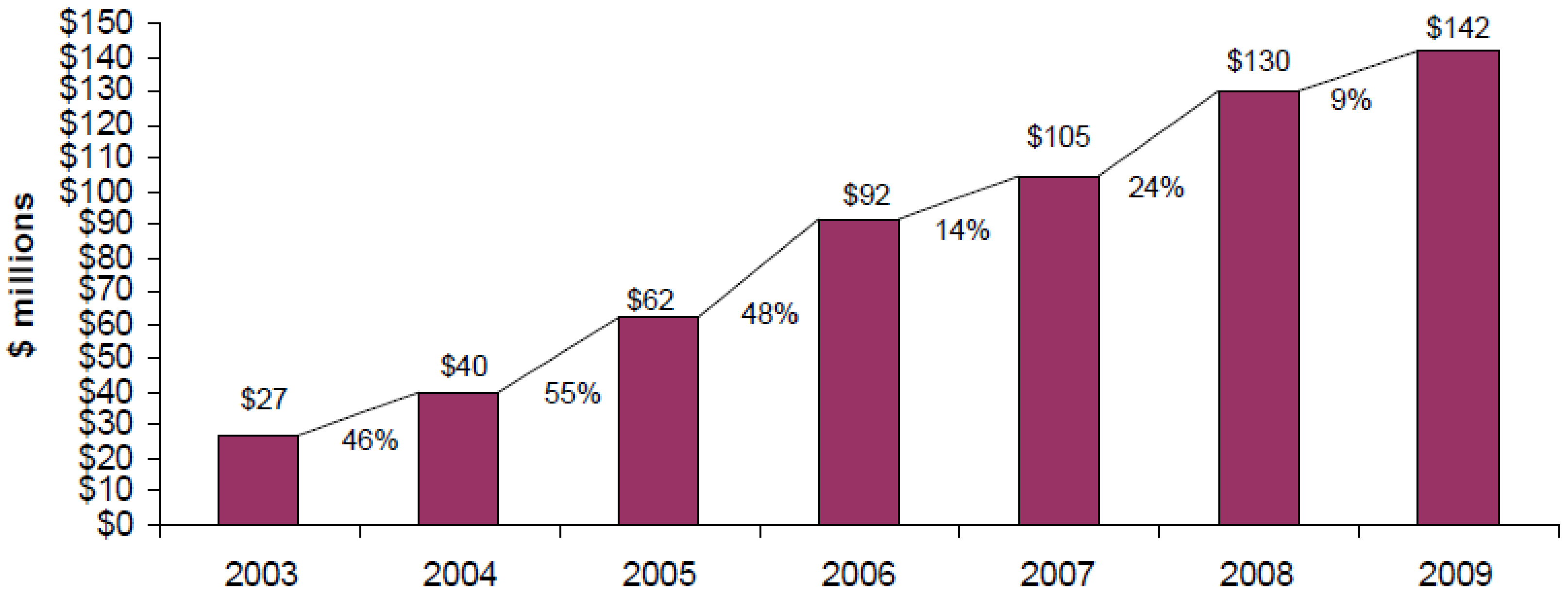
Fourth-Quarter Total Market $ Expenditure – 2003 through 2009



PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – December 2009

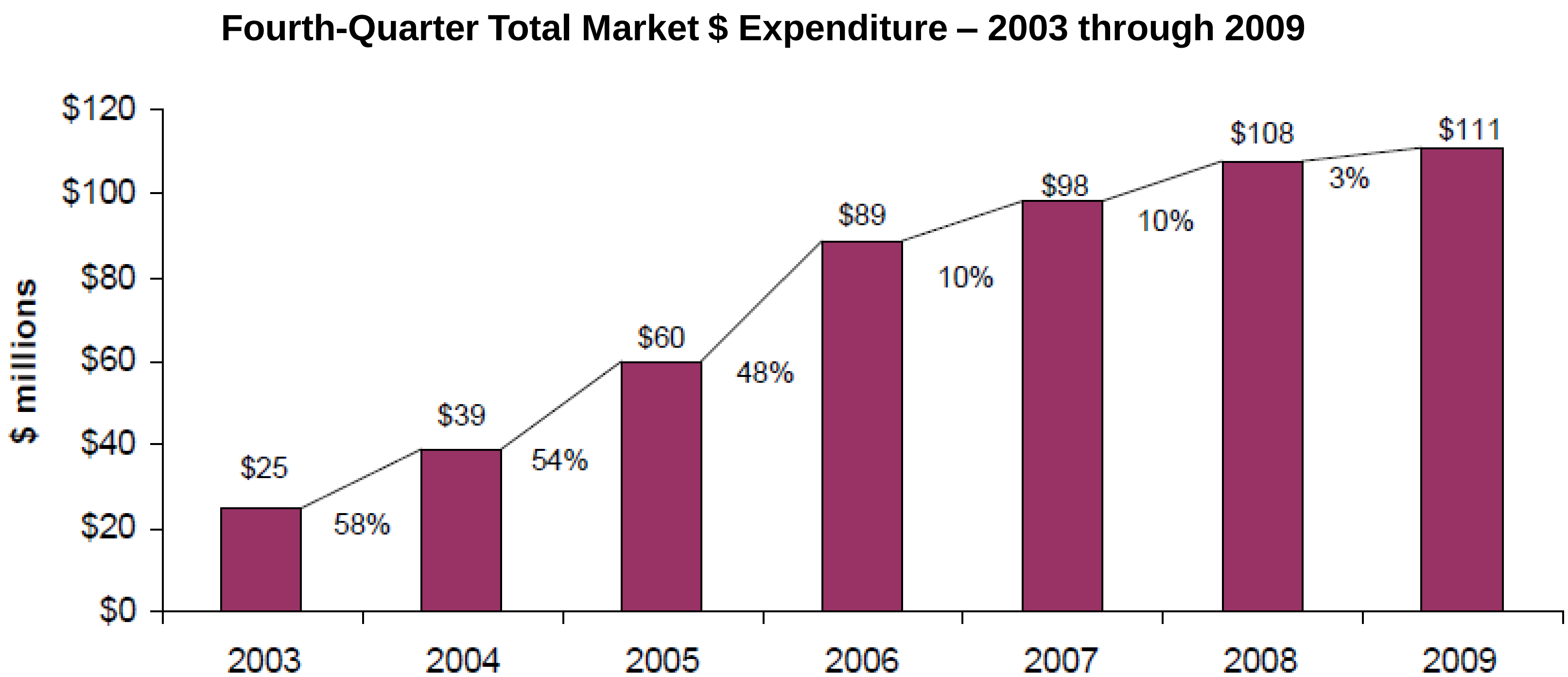
3.3 General Display Advertising Expenditure - December Quarter Revenues

Fourth-Quarter Total Market $ Expenditure – 2003 through 2009



PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – December 2009

3.4 Classifieds Advertising Expenditure - December Quarter Revenues



PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – December 2009

3.4 Online Advertising Market Forecast

PWC Report titled "PWC Media Outlook 2010 – 2012" stated that online advertising in Australia is expected to grow at the following rates:

- **13% in 2010**
- **12% in 2011**
- **10.2% in 2012**

Specific sectors relevant to the Q Ltd Group are:

1. **Display – Revenue forecast growth rate 2010 is 10-15%, display revenue for Q4 2010 accounted for 27.7% of the total advertising expenditure.** [a]

2. **Search – forecast growth rate 2010 is 20%.**
   – search and directories revenue Q4 2010 accounted for 50.6% of the total advertising expenditure. [a]

[a] IAB Online Advertising Expenditure Report (Quarter ended December 2009).

4. Company Overview

4.1 Divisional Structure

4.2 Digital Marketing Services Division

4.3 thinq

- Established 1st July 2009
- **Key Services Offered:**
  - Complete digital strategy development
  - Website and systems planning
  - Systems analysis and vendor selection
  - Online Media Strategy
  - Client and Agency Education
- **Taking advantage of changing digital markets and clients**
- Supports the clients who want to be further educated about opportunities for them in the constantly changing digital market
- thinq's social media strategy work has been well received by clients
- **CEO – Marc Loveridge (**Joint founder of Market United 2002)
- **thinq digital** has offices in Perth and Sydney.
- **www.thinqdigital.com.au**

4.4 market united

- Established in 2002
- **Key Services Offered:**
  - Creative solutions
  - Web and mobile technology solutions
  - Online media planning and buying
  - Account and project management
  - Design and build websites and hard-core systems
  - Traffic acquisition, conversion and retention of client's customers
  - Develop campaign strategies
  - Create and design online advertising
  - Develop campaign systems, sites and evaluate the performance of a client's campaign
  - website usability research

marketunited
delivering digital

4.4 market united cont...

- CEO Sandra Riches (Perth)
  James Ward (Sydney)
  Kevin Francis (Auckland)

- Market United has offices in Perth, Sydney and Auckland

- www.marketunited.com
- www.digitalagency.com.au
- www.freestylemedia.com.au

4.5 first rate

- Established in 1999 by Jon Ostler
- **Key Services Offered:**
  - Search Engine Optimisation (SEO)
  - Search Engine Marketing (SEM)
  - Performance Marketing
  - Analytics
- CEO **James Ward (Sydney)**
  Kevin Francis (Auckland)
- First Rate has offices in Sydney and Auckland
- **www.firstrate.co.nz**
- **www.firstrate.com.au**

4.6 3dinteractive

- **About 3di:**
- Formed in 2003 by Mark Halstead
- 3di is an interactive advertising sales network that provides sales representation for a network of Australasia's premier permissions databases and digital media properties, to advertising agencies and their clients.

- **Key Services Offered:**
  - Advertising sales network for permissioned databases and digital media properties
  - Digital media sales representation - website, email, mobile
  - Email and mobile marketing
  - Performance marketing
  - Digital media sales representation -email and mobile lists
  - Direct marketing representation - business, fax, mail, telemarketing lists
  - database profiling
  - Adverting Operations (Trafficking) for Agencies, Publishers and Clients
  - Campaign Management

4.6 3dinteractive cont...

- **CEO - Mark Halstead**
- 3dinteractive has offices in Sydney, Melbourne, Perth and Auckland
- **www.3dinteractive.com.au**
- **www.listmarketing.com.au**
- **www.mosaictraffic.com.au**

4.7 Digital Assets Division

Digital Asssets Division

Permissioned Databases

- The Great Australian Survey
- The Great New Zealand Survey
- The Great UK Survey

Other Digital Assets

- The Performance Network

- Established 1st July 2009
- Existing group assets forming part of this division
  - The Great Australian Survey
  - The Great New Zealand Survey
  - The Great UK Survey

  GAS
- The Performance Network (TPN)

4.8 qed – Existing Assets - GAS

- **Established in 2004**
  - Leader in the collection of detailed demographic, lifestyle and purchasing data of consumers in Australia, NZ and the UK
  - Providing opt-in data for the Market Research and Direct Marketing Industries
  - Gives advertisers, marketers and researchers the ability to deliver highly targeted and efficient direct-to-consumer marketing communications

- **Key Services Offered:**
  - Permission Data driven advertising campaigns
  - Cost effective targeting, capturing and interaction with select groups of highly qualified consumers either online offline or via mobile communications

- **FY 2009 Focus**
  - Increasing the size of the GAS B2C (Business to Consumer) databases
  - Introducing new ‘vertical’ approach to B2C databases
  - Introducing a B2B (Business to Business) database

- **CEO GAS – Aaron O’Sullivan**

- GAS has offices in Sydney

- www.thegreatsurveysites.com

4.9 qed - Existing Assets - TPN

Established in 2006

- **NZ**
  - 1st New Zealand Performance Ad Network
  - Facilitating ‘performance’ advertising between advertisers and web sites
  - Performance marketing is at an early stage of growth in NZ
  - Spend expected to grow as a % of online marketing in line with global trends
  - TPN system recently enhanced to meet the requirements of a maturing market and re-launched in NZ in Sept 2009
- **Australia**
  - Enhanced system launched in Australia (in November 2009)
  - 3dinteractive providing sales channel
  - Enhanced system is expected to compete with and outperform current established performance ad networks in the market
- TPN has offices in Auckland and Sydney
- **www.tpn.co.nz**
- **www.tpn.com.au**

4.10 qed – New Digital Assets

- 2009/10 focus :
- Increasing the Group's ownership of permissioned data by developing new web assets to facilitate member acquisition
- Developing and launching a newer version of The Performance Network (TPN) in New Zealand and Australia.
- **CEO qed - Jon Ostler (**founder of First Rate)
- qed has offices in Auckland and Sydney
- **www.qedigital.com**

5. Outlook

Outlook

Digital marketing services:

a) **Media Sales**

- Continuing disappointing result in Australia during the Second Half.
- Impact on Media Sales of the launch of TPN late during the First Half of FY 2010 is expected to be positive.
- Full impact of TPN on Media Sales will not be felt until FY 2011 and beyond.
- Expectations for New Zealand are more positive for this part of the business.

b) **Agency-Search**

- Search business to continue growing at a healthy rate in Australia and New Zealand.
- Growth expected in both SEO (Optimisation) and SEM (Marketing).
- Recent appointment as the exclusive licensee in Australia and New Zealand of the Search Engine Marketing (SEM) technology, SearchIgnite will provide an opportunity to boost revenue from SEM.

Outlook cont....

c) **Agency- Development**

After a disappointing First Half result, we expect the Second Half to bounce back positively.

d) **Strategy**

thinq digital is progressing well and has already secured a number of clients. We expect increased revenues during the Second Half of FY 2010.

<u>**Digital assets**</u>

a) **Permissioned data bases**

During the Second Half of FY 2010 we will continue the work which was started in the First Half which is based around broadening the appeal of the Group's permissioned data bases to our clients.

Expect to see a modest increase in revenue over the First Half although the continuing cost of improving the appeal of the databases to our clients will continue to put pressure on contribution to the Group during the Second Half. It is more likely that our current initiatives will have a more significant impact on contribution to the Group in FY 2011 and beyond.

b) **The Performance Network (TPN)**

Expect the Second Half of 2010 to have a significant positive impact on revenue for TPN although this is from a small base.

6. Corporate

6.1 Capital Structure

Issued Capital	No. of shares (millions)
Issued Capital @ 31/12/09	67.8
Market Cap at Issued Price of $0.086	**$5.8 million**

Options On Issue	No. of Options
Exercise Price - $2.68	18,750
Exercise Price - $2.90	23,750
Exercise Price - $3.12	23,750
Exercise Price - $4.31	45,750
Exercise Price - $4.67	45,750
Exercise Price - $5.03	45,750
Total Options on Issue	**203,500**

6.2 Board Members

Campbell, Kevin	Non-executive Chairman
Bennie, Bruce	Non-Executive Director
Choiselat, Paul G	MD/CEO
Halstead, Mark	Executive Director & CEO 3dinteractive
Koo, Andrew	Non-Executive Director
Company Secretary Chuah, May	Company Secretary/CFO

8. Questions?

Thank you

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It is intended that this document be read in conjunction with all other announcements made to the ASX and in particular, the statements of financial performance by QXQ.

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