qxq
the digital marketing group

30 January 2013

Guidance on December 2012 Half Year Results

The board of Q Ltd ('Company') advises that the Company expects a loss of between $1,014,000 and $1,188,000 for the Half Year to 31 December 2012.

This follows a review of the carrying value of deferred consideration from the sale of the Company's digital marketing business to Beyond D Pty Ltd and Beyond D (NZ) Limited, subsidiaries of Beyond International Limited (ASX:BYI) ('Beyond'), which was announced on 23 March 2012. In the notice of meeting to shareholders ('NOM'), also issued on the same date, the Company stated that the consideration included an amount of up to $750,000 of deferred consideration. The NOM stated that part of the purchase price comprised "An earn out payment of up to $750,000 (23.0%) by on or before 30 November 2013 based on the earnings before interest and taxation of the business and assets sold to the Buyers pursuant to the Transaction for the financial year ending 30 June 2013."

When preparing the financial statements at 30 June 2012, the Company followed AASB 132 and 139 in reporting on this Balance Sheet item. Using fair value accounting, it was determined that the Company was likely to earn $600,000 of this potential $750,000 earn out.

In the preparation of the financial statements for the Half Year to 31 December 2012, the Company has obtained information from Beyond that based on its performance for the 6 months to December 2012, it is most unlikely that the Company will earn any of this deferred consideration. The fair value accounting at 31 December 2012 has resulted in a write down of the deferred consideration financial asset to nil.

This is a very disappointing outcome from the Board's perspective.

As result and subject to the finalisation of the Half Year Financial Report, the Company is expected to have net tangible assets of between $59,000 and ($115,000) at 31 December 2012.

Yours faithfully

Paul G Choiselat
Executive Chairman

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