



Q Ltd - the digital marketing group

Q Ltd Annual General Meeting Presentation

19 November 2009

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MD/CEO's Address
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- 5. Revenue Growth
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- 7. Improved Balance Sheet
- 8. Our Stakeholders:
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- 9. Market Overview Update
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 - Agency/Search - first rate
 - Media Sales - 3d interactive
 - Digital Assets Division
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 - qed - new Digital Assets
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1. Chairman's Address

Ladies and Gentlemen and fellow shareholders, welcome again to our Annual General Meeting, our principal opportunity to speak with our shareholders about our Company and its progress.

My name is Kevin Campbell and I am the chairman of Q Ltd. Bruce Bennie, Andrew Koo, Mark Halstead and Paul Choiselat, the other members of the Board are all present today. You can read full details of their backgrounds and qualifications in the Annual Report. May Chuah, the Company Secretary, is also present.

Deloitte Touche Tohmatsu, the Company's auditors, are represented here today by Mr Craig Bryan, a partner of that firm. Thank you Craig for your attendance at this meeting.

As we have a quorum of shareholders present I will declare the 2009 Annual General Meeting of Q Ltd open. Notice of this meeting was advised to all shareholders on 8 October 2009.

Today, throughout the course of my report and the CEO's report which follows, we will provide you with an overview of the past 12 months and the future that lies ahead for our Company.

There are also a number of important items on the Agenda, which I will cover with you prior to our voting on these items.

As always, the opportunity to ask questions will be available to the meeting.

The financial report for Q Ltd for the year ended 30 June 2009 and reports of the directors and auditors has been circulated to shareholders and do not need to be voted upon.

Chairman's Address cont...

I will be providing you with a brief overview of the last year.

Paul Choiselat, our MD/CEO will then elaborate on the status of our strategy and operations and discuss some of the challenges and opportunities impacting our operating environment.

OVERVIEW OF FY2009

I now turn to Q Ltd's results for FY2009, which were released to the market in late August. I hope most of you have taken the opportunity to read our 'Annual Report 2009'.

During the second half of FY 2009 we focused on re-structuring some of the business activities in the Group to take advantage of the opportunity provided by the end of the earn out periods for the acquisitions made by the Company during the previous three years.

The changes we are implementing as a result of this will lead the Group into providing a better outcome for our clients taking into account their changing needs as the digital market matures.

These efforts will result in improved profit margins.

FY 2010 will be a period where we will primarily focus on organic growth.

Chairman's Address cont...

RE-ELECTIONS

In accordance with our Constitution both Bruce R Bennie and Andrew H S Koo retire from the Board at this meeting. Each of them is eligible for re-election and offer themselves accordingly. This will be dealt with when we get to the voting matters.

REMUNERATION

Shortly, you will be asked to adopt the Company's approach to remuneration, as set out in some detail in the 2009 Annual Report in the Remuneration Report.

CORPORATE GOVERNANCE

We have adopted a deliberate policy of openness and direct communication with all stakeholders, which is directly aligned with good corporate governance.

To this end, we have formalised all aspects of corporate governance so that Q Ltd not only acts appropriately, but demonstrates this to external stakeholders.

Chairman's Address cont...

The Annual Report discusses this issue in detail and demonstrates our compliance with the “Principles of Good Corporate Governance” issued by the Australian Stock Exchange. While this may act as a guide for shareholders, corporate governance is about integrity and embedded values demonstrated by the Board and management in the way they manage and behave both internally and externally with customers and other stakeholders.

CONCLUSION

Finally, I would like to thank all Q Ltd employees and the executive team for their exceptional performance and ongoing commitment to improving returns for shareholders. I also wish to formally acknowledge the support of the many other groups whose support is also critical to the success of the company. These include our clients, our suppliers, our bankers and the communities in which we operate.

I would also like to sincerely thank my fellow directors for their continued valuable contribution to the Board and their commitment to making your Company successful. I also recognise and thank Ms Cynthia Chan, who agreed to take office of Joint Company Secretary while Ms May Chuah was on maternity leave, and she assisted the Board in a number of important activities while she was in office, having now resigned as of late last week. Thank you Cynthia.

I also thank all shareholders for their support throughout the year.

2. MD/CEO's Address - Introduction

In the outlook statement contained in the MD/CEO's address at the 2008 Annual General Meeting, I stated that the Company's focus would be on the following objectives during FY2009:-

- a) Manage the business for difficult economic times
 - **Achievement:** This is a continuing task

- b) Manage head count
 - **Achievement:** Head count was reduced from 134 at the time of the 2008 AGM to its current level of 126

- c) Focus on organic revenue growth
 - **Achievement:** This is a continuing task

- d) Minimum focus on M & A activity
 - **Achievement:** No acquisitions have been pursued since the 2008 AGM

2. Introduction (cont)

- e) Businesses to be structured as a full service digital agency in each state
- i. 1 master brand
 - **Achievement:** The Company has gone through a re-branding exercise rationalising some of the brands and creating several new ones
 - ii. 1 executive managing each state's operations
 - **Achievement:** A hybrid structure has been introduced combing focus on both divisional and geographical issues
 - iii. Delivery of technical production/services to be delivered from "Centres of Excellence"
 - **Achievement:** All Search work done by First Rate and all Web Development managed under the Market United brand

2. Introduction (cont)

iv. Will facilitate Q Ltd pursuing larger client

- **Achievement:** Have won major contracts with AGL, Bank West, Kailis Jewellery, Mortgage Choice, Noel Leeming Group and Synergy

v. Will lead to increased EBITDA by eliminating cost duplications

- **Achievement:** EBITDA in 2008/09 grew by 47.7% on 3.8% revenue growth

f) Physical premises integration

i. Combine 2 Melbourne offices into 1

- **Achievement:** Completed in October 2008

ii. Combine 4 Sydney offices into 1 (estimated completion January 2009)

- **Achievement:** Completed in January 2009

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2. Introduction (cont)

g) More emphasis on product/service innovation (stay ahead of the competition)

- **Achievement:**

- Formation of qed on 1st July 2009
- Formation of thing on 1st July 2009
- Re-launch of TPN in NZ in September 2009
- Launch of TPN in Australia in November 2009

I will now spend a few minutes to talk about the year under review. I will then provide comments on what our focus will be during FY2010.

3. Significant Events - FY 2009

Significant events which have occurred during or since the last financial year have included:

- EBITDA up 47.7% to \$1,467,000
- EBIT up 93.4% to \$679,000
- Profit before tax up 45.8% to \$774,000
- Sales Revenue up 3.9% to \$27.1 million
- Cash balance of \$2.4M at June 2009
- Positive operating c/flow of \$1.9m in FY2009















3. Financial Performance FY 2009

I have included two versions of the financial results:

- Page 12 sets out the results for the “Continuing Operations”, excluding the discontinued business of Axis Communications.
- Page 13 sets out the results for the Continuing and Discontinued Operations, including Axis Communications and the losses arising on its disposal.

3. Financial Performance FY 2009

Continuing Operations

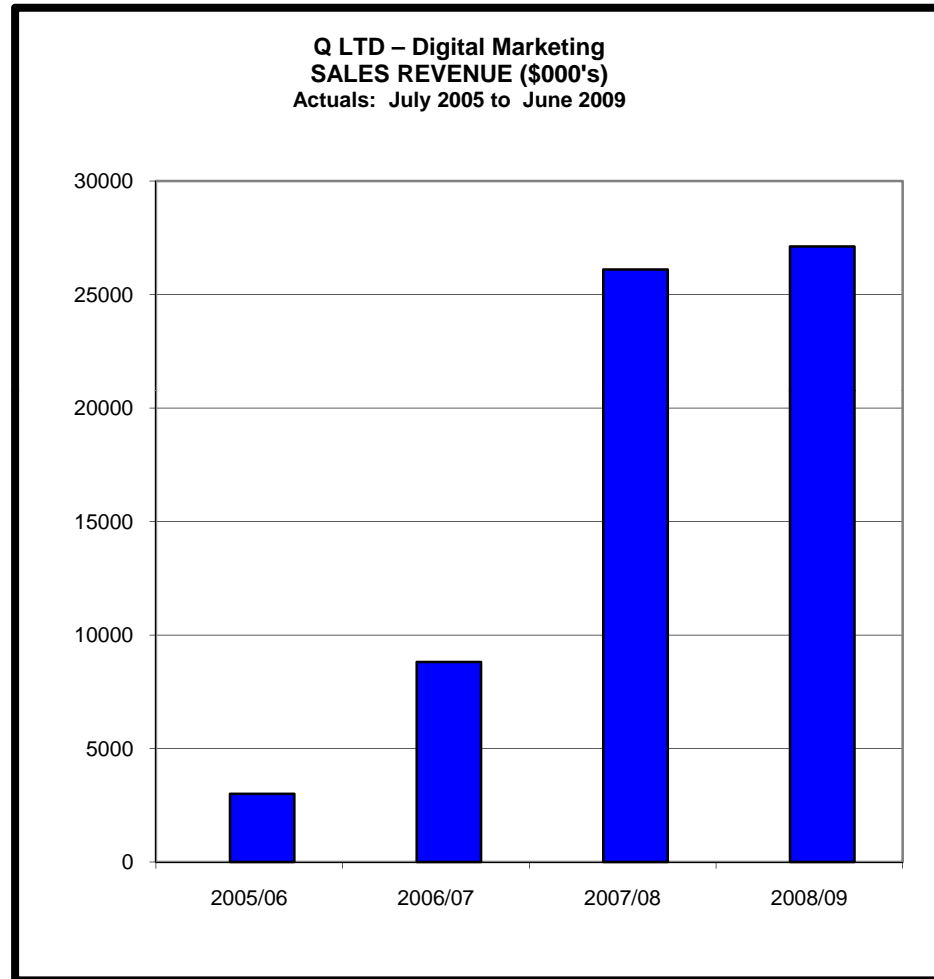
	2008/09	2007/08	Change	
	\$0	\$0		%
CONTINUING OPERATIONS				
Sales Revenue				
Digital Marketing	27,117	26,099		3.9
Total Sales Revenue	27,117	26,099		3.9
Revenue From Other Sources				
Digital Marketing	121	87		39.1
Corporate	56	137		(59.1)
Total Revenue From Other Sources	177	224		(21)
Total Revenue	27,294	26,323		3.7
EBITDA				
Digital Marketing	3,728	2,614		42.6
Corporate	(2261)	(1621)		39.5
Total EBITDA	1,467	993		47.7
Less: Depreciation	(788)	(642)		22.7
EBIT	679	351		93.4
Net Interest Income	95	180		(47.2)
Net Profit Before Tax	774	531		45.8
Income Tax Benefit (expense)	(389)	76		n/c
Net Profit After Tax	385	607		(36.6)

3. Financial Performance FY 2009 (cont)

Continuing & Discontinued Operations

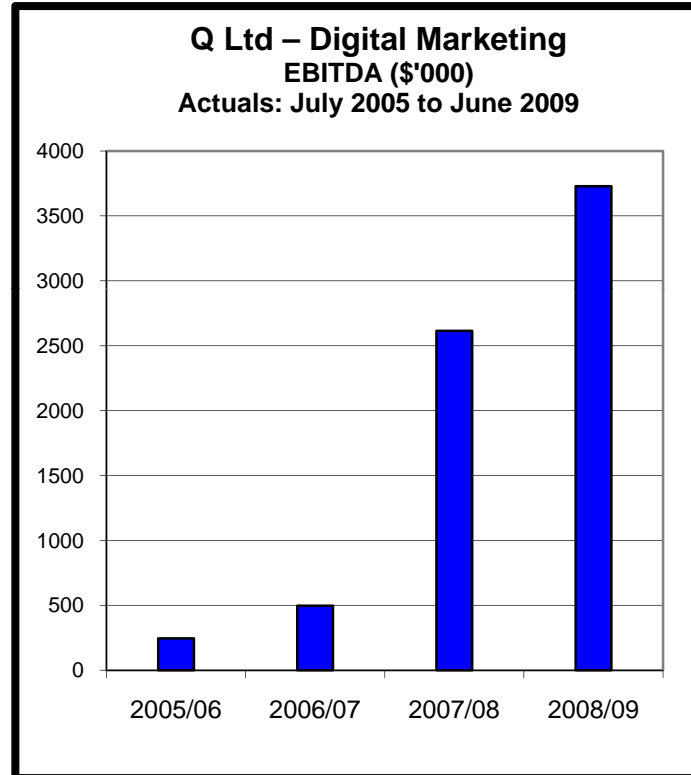
CONTINUING AND DISCONTINUED OPERATIONS	2008/09 \$000	2007/08 \$000	Change %
Sales Revenue			
Digital Marketing	27,117	26,099	▲ 3.9
Axis Media	-	243	n/c
Total Sales Revenue	27,117	26,342	▲ 2.9
Revenue From Other Sources			
Digital Marketing	121	87	▲ 39.1
Corporate	56	137	▼ (59.1)
Total Revenue From Other Sources	177	224	▼ (21.0)
Total Revenue	27,294	26,566	▲ 2.7
EBITDA			
Digital Marketing	3,728	2,614	▲ 42.6
Discontinued - Axis	-	(1,609)	n/c
Corporate	(2,261)	(1,621)	▲ 39.5
Total EBITDA	1,467	(616)	n/c
Less: Depreciation	(788)	(650)	▲ 21.2
EBIT	679	(1,266)	n/c
Net Interest Income	95	180	▼ (47.2)
Net Profit (Loss) Before Tax	774	(1,086)	n/c
Income Tax Benefit (expense)	(389)	311	n/c
Net Profit (Loss) After Tax	385	(775)	n/c

4. Revenue Growth



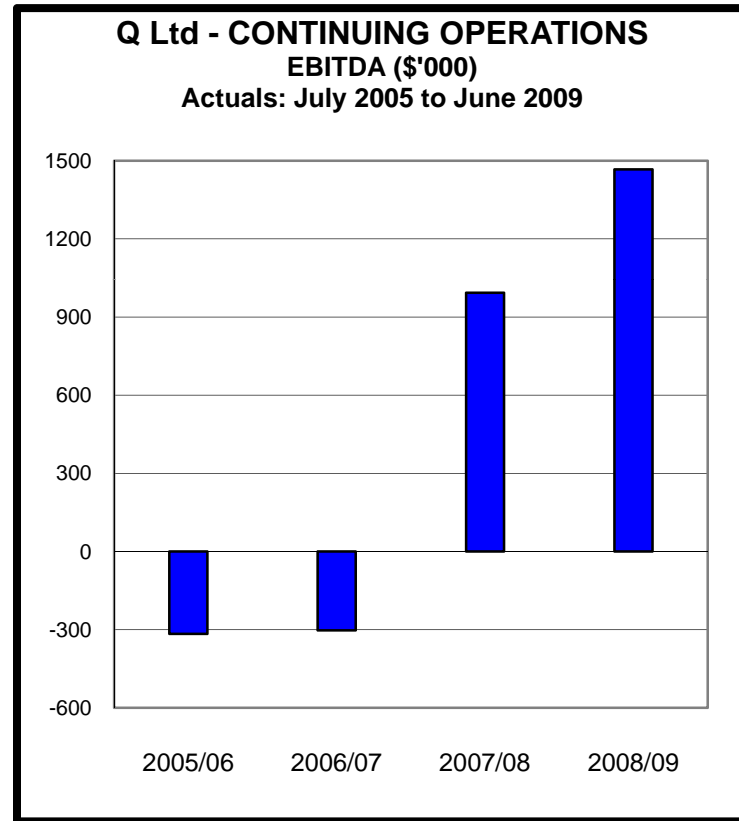
5. EBITDA Growth

Digital Marketing (Excludes Corporate Costs)



5. EBITDA Growth (cont)

Digital Marketing (Includes Corporate Costs)



6. Balance Sheet

	June 2005	June 2006	June 2007	June 2008	June 2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash on Hand	173	314	3,731	4,837	2,429
Receivables	1,691	1,687	3,655	5,430	5,021
Inventories	221	161	-	-	-
Other	41	77	65	82	52
Total Current Assets	2,126	2,239	7,451	10,349	7,502
Non Current Assets					
Other financial assets	0	0	0	19	19
Property Plant and	1,784	1,330	406	924	873
Deferred tax assets	0	1	2,649	2,960	2,882
Intangible Assets	757	807	5,829	21,084	29,089
Total Non Current	2,541	2,138	8,884	24,987	32,863
Total Assets	4,667	4,377	16,335	35,336	40,365
Current Liabilities					
Payables	1,940	1,628	5,502	9,016	11,150
Current Tax Liabilities	29	-	-	-	-
Borrowings	1,179	513	9	42	270
Provisions	143	233	141	404	386
Total Current	3,291	2,374	5,652	9,462	11,806
Non Current Liabilities					
Borrowings	1,114	601	30	8	10
Provisions	109	25	24	36	82
Total Non Current	1,223	626	54	44	92
Total Liabilities	4,514	3,000	5,706	9,506	11,898
Net Assets	153	1,377	10,629	25,830	28,467
Shareholders' Equity					
Ordinary Share Capital	13,623	15,362	23,198	39,170	41,393
Retained Profits	(13,470)	(13,985)	(12,640)	(13,415)	(13,030)
Reserve			71	75	104
Total Shareholders'	153	1,377	10,629	25,830	28,467

7. Our Stakeholders: Employees

- 126 employees
- Based in 4 cities in Australia and New Zealand
- We are joined here today by a number of senior employees of the Group. A special welcome to you
- I would like to acknowledge the significant contribution made by each of our employees in 2009

7. Our Stakeholders: Clients

We continue providing services to some of the largest marketers in Australia. The ability to sustain relationships with those companies relies heavily on our focus on providing consistent high quality services. Some of the companies using our services are :-

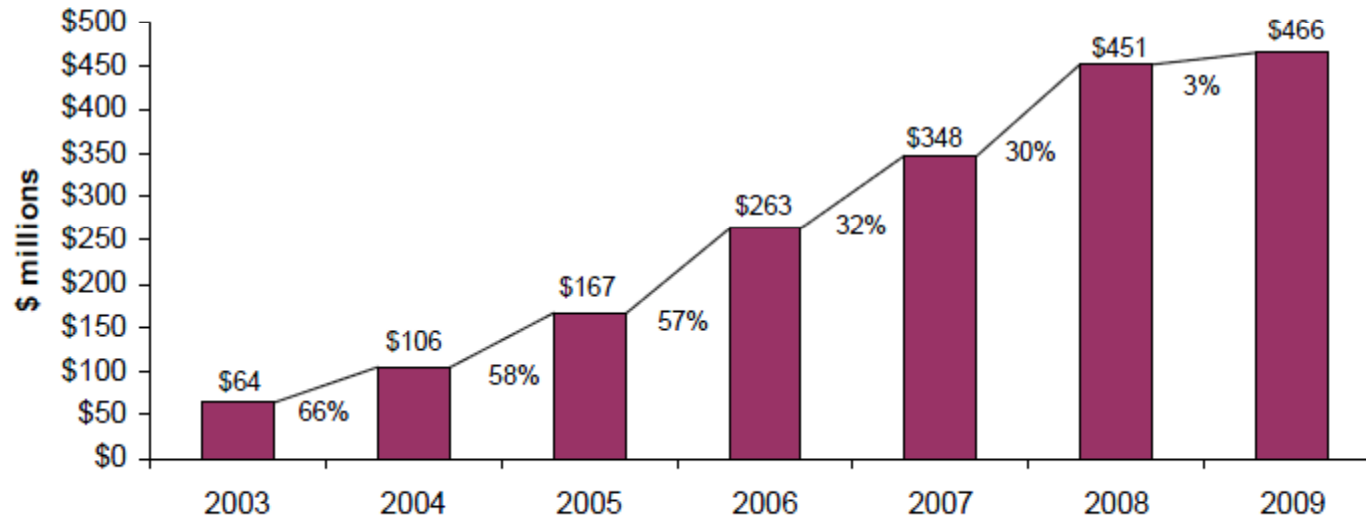
8. Our Stakeholders: Shareholders

- It is pleasing to see a number of top 20 shareholders here today.
- I would also like to welcome the Shareholders who have joined the Share Register since the 2008 AGM.
- Thank you to all of the Shareholders for their continuing support. In particular for the strong support of the 2 Rights Issues which we had in quick succession over the last 5 months.

9. Market Overview

9.1 Overall Online Advertising Market - September Quarter

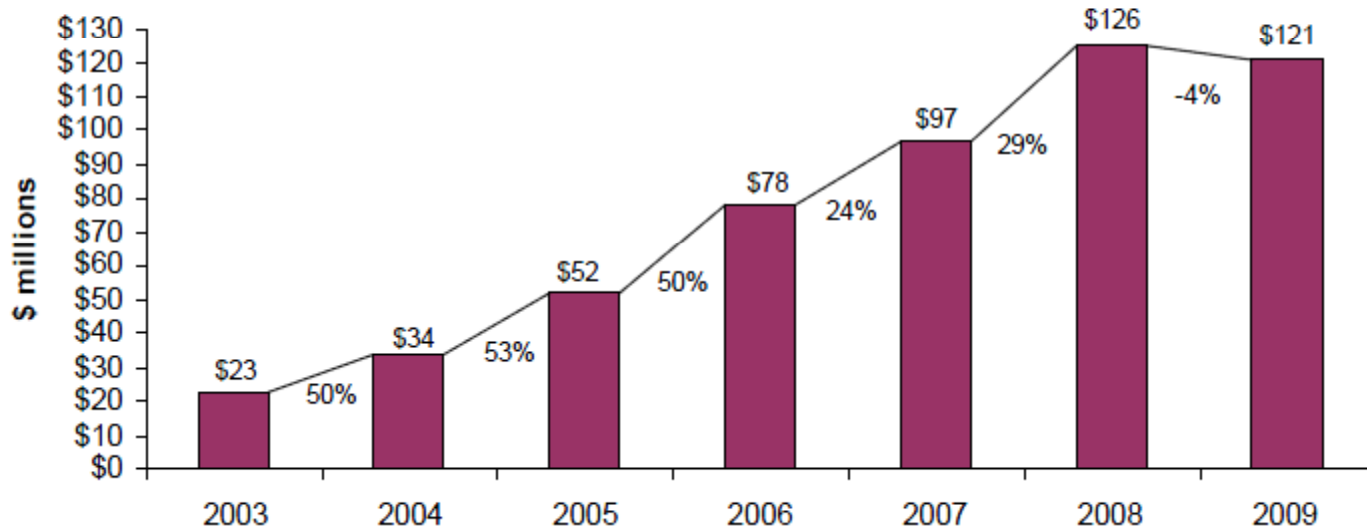
September Quarter Total \$ Expenditure - 2003 through 2009



PricewaterhouseCoopers - IAB Online Advertising Expenditure Report - September 2009

9.2 General Display Advertising Expenditure - September Quarter

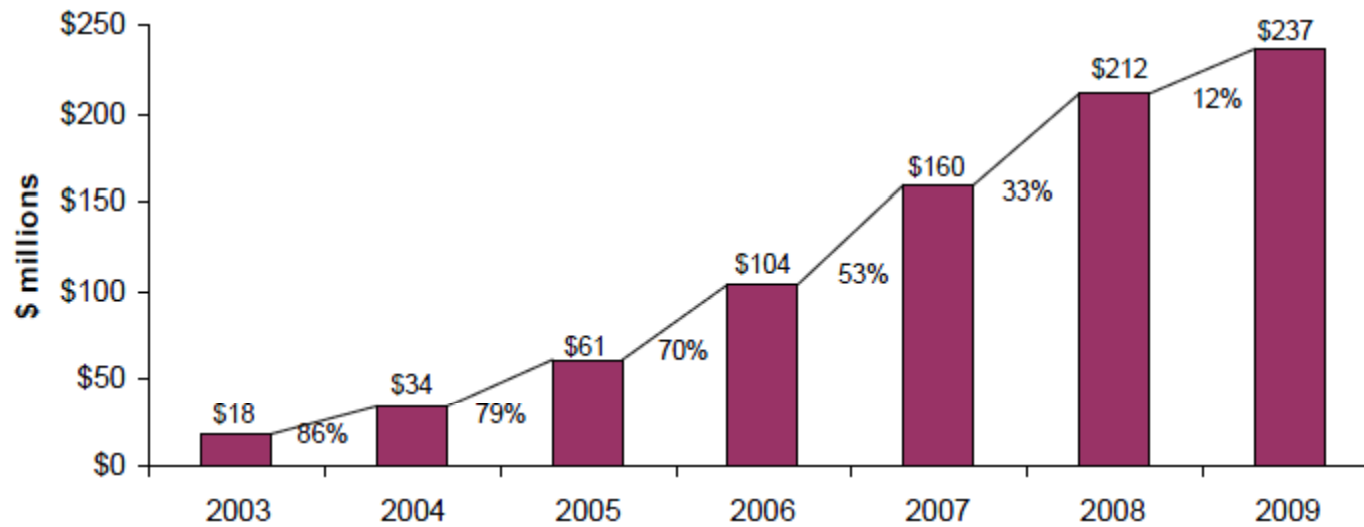
September Quarter General Display \$ Expenditure – 2003 through 2009



PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – September 2009

9.3 Search and Directories Advertising Expenditure - September Quarter

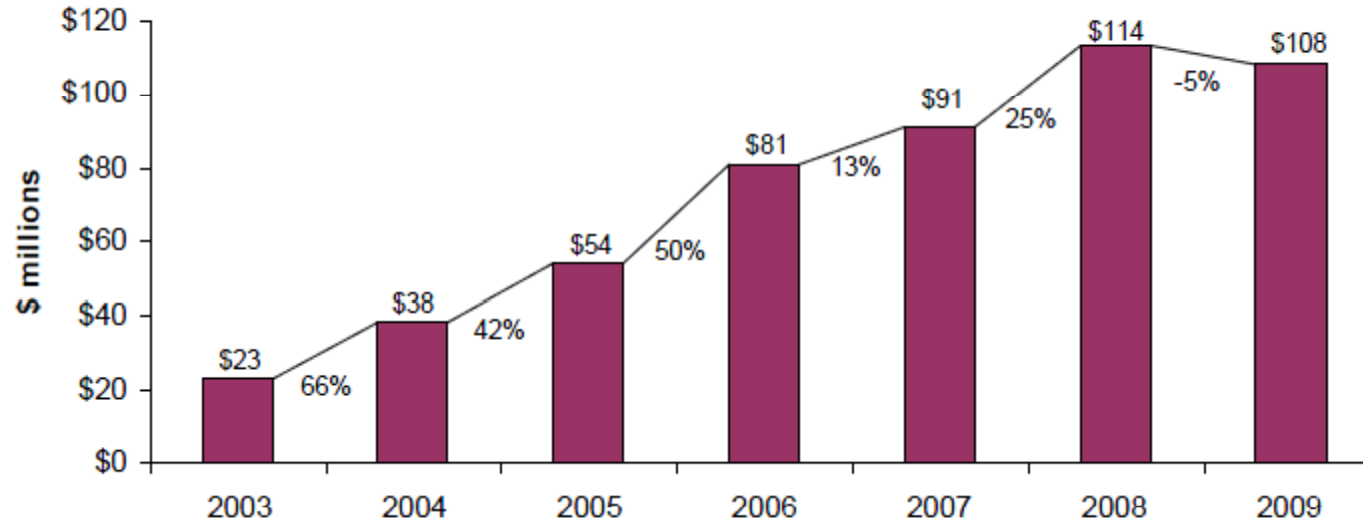
September Quarter Search & Directories \$ Expenditure – 2003 through 2009



PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – September 2009

9.4 Classifieds Advertising Expenditure - September Quarter

September Quarter Classifieds \$ Expenditure - 2003 through 2009



PricewaterhouseCoopers - IAB Online Advertising Expenditure Report - September 2009

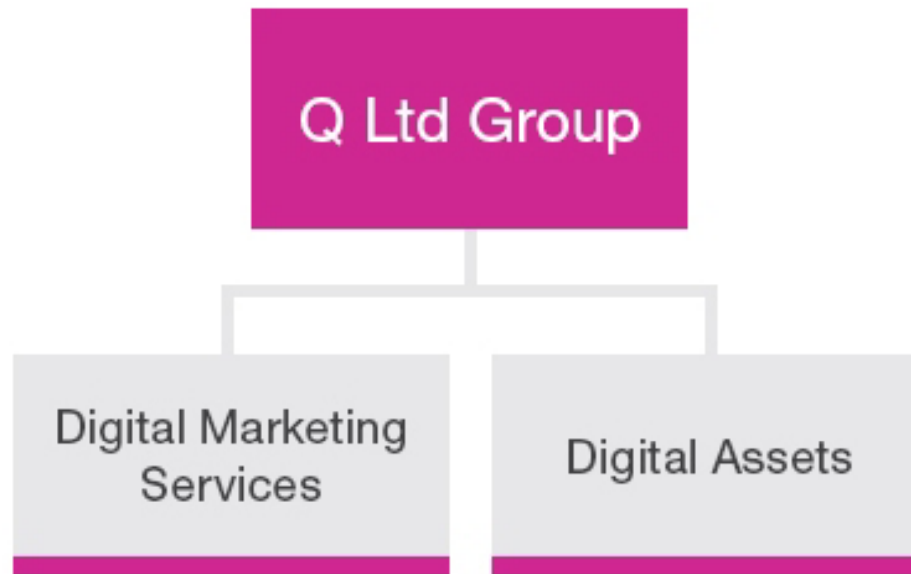
9.4 Online Ad Market Forecast

- Growth rate continuing to exceed traditional media
- Budgets shifting more into digital
- More new brands shifting to online
- Frost & Sullivan report that online advertising has overtaken the following mediums:
 - Cinema in 1999
 - Outdoor in 2004
 - Magazines in 2006
 - Radio in 2007
- Frost & Sullivan forecast that online advertising in Australia will overtake:
 - Newspapers in 2016
 - Television in 2021
- UK Online spending grew 4.6% to £1.752bn in the first half of 2009, while TV spending shrank 16.1% to £1.639bn*

* Source: (<http://news.bbc.co.uk/business>, 30 September 2009 "Online advertising overtakes tv")

10. Company Overview

10.1 Divisional Structure



10.2 Digital Marketing Services Division



10.3 thing

- 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
- thing has recruited a social media strategist from a New York advertising agency



10.4 market united (Agency)



- Established in 2002
- Clear Blue Day and Freestyle Media merged into Market United 1st July 2009
- **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

10.5 first rate (Search)



- **Key Services Offered:**
 - Search Engine Optimisation (SEO)
 - Search Engine Marketing (SEM)
 - Performance Marketing
 - Analytics

10.6 3dinteractive

- Formed in 2003
- List Marketing Australasia Pty Ltd merged into 3di on 1st July 2009
- The Great Australian Survey Pty Ltd sales team merged into 3di on 1st July 2009
- Mosaic Traffic Pty Ltd merged into 3di on 1st July 2009
- **About 3di:**
- 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
 - Advertising Operations (Trafficking) for Publishers and Clients
 - Advertising Operations (Trafficking) for Agencies
 - Campaign Management



10.7 Digital Assets Division



10.8 qed - Existing Assets - GAS

- **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

10.9 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 will provide ability to launch in Australia (late Nov 2009)
 - 3dinteractive will provide a key sales channel
 - Enhanced system is intended to compete with and outperform current established performance ad networks in the market

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10.10 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.

11. Outlook

Focus for FY2010

The tasks ahead for the Company in FY 2010 will be to:

- Improve the balance sheet
- Settle remaining vendor earn outs
- Focus on organic revenue growth
- Focus on EBITDA growth
- Re-invest in the future of Q Ltd by:
 - Establishing thing as a credible strategy offering
 - Establishing qed
 - Establishing TPN as a credible performance network
 - Broadening the appeal to the market of our permissioned data bases

Recent New Client Wins

- AGL
- Kailis Jewellery
- Mortgage Choice
- Noel Leeming Group
- Synergy

12. Corporate

12.1 Capital Structure After Rights Issue

Issued Capital	No. of shares (millions)
Issued Capital Before Rights Issue	28.2
Add: Rights issue 1:1	28.2
	56.3
Market Cap at Current Price of \$0.135	\$7.6million

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

12.2 Pro-forma Balance Sheet (after Capital Raisings & Earnout Payment)

	June 2009	Rights issue in July 2009	Rights issue in October 09	Updated Estimated earnout	Proforma post rights issue and earnout
	\$m	\$m	\$m	\$m	\$m
Current Assets					
Cash on Hand	2.4	1.1	2.3	(4.1)	1.7
Receivables	5.0				5.0
Other	0.1				0.1
Total Current Assets	7.5	1.1	2.3	(4.1)	6.8
Non Current Assets					
Other financial assets	0.0				0.0
Property Plant and Equipment	1.0				1.0
Deferred tax assets	2.8				2.8
Intangible Asssets	29.0				29.0
Total Non Current Assets	32.8	0.0	0.0	0.0	32.8
Total Assets	40.3	1.1	2.3	(4.1)	39.6
Current Liabilities					
Payables	11.1			(5.9)	5.2
Borrowings	0.3				0.3
Provisions	0.4				0.4
Total Current Liabilities	11.8	0.0	0.0	(5.9)	5.9
Non Current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Non Current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Liabilities	11.8	0.0	0.0	(5.9)	5.9
Net Assets	28.5	1.1	2.3	1.8	33.7
Shareholders' Equity					
Ordinary Share Capital	41.4	1.1	2.3	1.8	46.6
Retained Profits	(13.0)				(13.0)
Reserve	0.1				0.1
Total Shareholders' Equity	28.5	1.1	2.3	1.8	33.7

Notes to the Proforma Balance Sheet

	\$m
1) Rights issue July 2009 net of cost	1.1
2) Rights issue October 2009 net of cost	2.3
3) Estimated earn-out payments	
Cash component	4.1
Share component	1.8
	<u>5.9</u>

Note: this has been amended from \$4.8M cash/\$1.1M shares that was reported in the Annual Report

Board Members

Campbell, Kevin

Non-executive Chairman

Bennie, Bruce

Non-Executive Director

Choiselat, Paul G

Executive Director & CEO

Halstead, Mark

Executive Director & CEO 3dinteractive

Koo, Andrew

Non-Executive Director

Company Secretary
Chuah, May

Company Secretary and CFO

13. Questions

Thank you

Contact Details

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MD/CEO

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Kevin V Campbell AM

Chairman

Mobile: 61 418 277 777

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May Chuah

Company Secretary & CFO

Tel: 61 3 8517 1488

Fax: 61 3 8677 9842

Email: mchuah@qxq.com.au

Find Us On The Web

Company

Q Ltd

thinq

market united

first rate

3d interactive

GAS

TPN

qed

Website

qxq.com.au

thinqdigital.com.au

marketunited.com

digitalagency.com.au

freestylemedia.com.au

firstrate.com.au

firstrate.co.nz

3dinteractive.com.au

listmarketing.com.au

mosaictraffic.com.au

aussiesurveys.com.au

ausbizsurveys.com.au

kiwisurveys.co.nz

kiwibizsurveys.co.nz

greatuksurveys.co.uk

tpn.co.nz

tpn.com.au

qedigital.com

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