Q Ltd

ABN 13 083 160 909

Appendix 4D

Half year report

Information for the half year ended 31 December 2009 given to ASX under listing rule 4.2A
(Comparative information is for the half year ended 31 December 2008)

Pursuant to listing rule 4.2A.3, the following information is given to the ASX by **Q Ltd** ("the Group" or "Q Ltd" incorporating Q Ltd ACN 083 160 909 and its wholly owned subsidiaries). The following information should be read in conjunction with the most recent annual financial report together with any public announcements made by Q Ltd and its controlled entities during the half year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001. Accounting policies, estimation methods and measurement bases used in this Appendix 4D are the same as those used in the last annual report and the last half year report.

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 October 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.

Results for announcement to the market

The Board of Q Ltd presents the half year results for the period from 1 July to 31 December 2009. Comparing the 31 December 2009 results to the previous year indicates that:

- Sales revenue increased 3% to $14.1m
- EBITDA before impairment decreased from a profit of $549,000 to a loss of $225,000
- EBIT decreased from a profit of $177,000 to loss of $20,708,000 after impairment charges
- Profit before tax decreased from a profit of $273,000 to a loss of $20,703,000 after impairment charges
- Net profit after tax decreased from a profit of $178,000 to a loss of $20,553,000 after impairment charges

Key Q Ltd Performance Statistics

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 members	(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	

Key QXQ Share Statistics	Dec-09	Dec-08	(%)	
Total shares on issue (million)	67.8	10.2	564.7	▲
Closing share price (cents)	10	26	(61.5)	▼
ASX Market capitalization ($ million)	6.8	2.7	155.7	▲

Review of Operations

The Company's 2009 Annual Report and investor presentations lodged since June 2009 have made reference to the need to make changes "to evolve our offering to match our changing client needs." The Company has initiated and implemented a number of changes during the six months to December 2009. These are covered in more detail later in this report.

The implementation of these initiatives has involved an increase in costs with a resulting increase in cash out flows. Some of these initiatives are already having a positive impact on revenue however, most of the benefits will start flowing through in the Second Half of FY 2010 and beyond. As stated at the 2009 AGM, each of the above new initiatives is a re-investment in the future of Q Ltd.

Q is an amalgamation of a number of businesses providing digital marketing services. Across the Group a number of businesses combine to provide some of the Group's services to clients. We expect that as the overall scale of the Group expands more distinct service offerings will be developed to service this market.

Digital Marketing Services

a. Media Sales

The Media Sales business in Australia experienced a disappointing sales revenue result although we expect a turnaround in the Second Half of FY 2010 and beyond as the implementation of The Performance Network (TPN) gets traction in the Australian market. TPN is our offering to the industry for Performance Media. This is where clients (advertisers) only pay when they have received a response to an advertisement. Performance media accounted for approximately 20% of all display advertising and was a high growth sector in 2009. This trend is continuing. The Media Sales business also underperformed compared to the corresponding period in FY 2009.

The Media Sales business in New Zealand achieved better than expected sales revenue growth compared with the same period last year.

b. Agency – Search

The Australian and New Zealand Agency - Search businesses both achieved satisfactory levels of sales revenue during this period. This resulted in a strong group contribution from those activities.

c. Agency – Development

The Australian Agency – Development businesses under performed during the First Half compared to the corresponding period in FY 2009

d. Strategy

thinq digital is a new business which was established in July 2009. Being in start up phase, we expected it to incur a loss during the first 12 – 18 months. Sales revenue did not achieve our expectations but the initial investment was less than had been anticipated.

Digital Assets

a. Permissioned databases

During the First Half, we established B2B databases to complement our existing B2C databases. We also increased the number and quality of members of our B2C databases. Both of these initiatives involved increased costs in the period.

As in our Media Sales business, the sales revenue was softer than expected.

b. The Performance Network (TPN)

TPN was re-launched in New Zealand in September 2009 after a significant technical upgrade from its original launch three years earlier. This technical upgrade allowed us to launch TPN into the Australian market where traffic levels are significantly larger than in New Zealand. A soft launch occurred in Australian in November. Significant costs were incurred during the First Half in relation to the rebuilding and re-launch (in NZ) and launch (in Australia).

Sales revenue in New Zealand increased significantly in percentage terms although from a very low base

Australia generated a small level of revenue having launched TPN in November 2009.

Impairment

A non-cash impairment charge of $20.2M was taken up during the First Half of FY 2010. Shareholders may recall that the Group acquired its portfolio of businesses between 2005 and 2007. This was a period of strong economic growth globally which led to a high valuation of assets. Based on continuing economic growth, companies including Q Ltd had expectations of fast growing future cash flows from the businesses being acquired.

The current economic conditions are more subdued and it is in this environment that the Board has considered impairment testing.

The Global Financial Crisis (GFC) put a halt to economic growth and reduced future profit and cashflow growth expectations.

The Board is optimistic that Q Ltd continues to operate in an industry which has good growth prospects going forward. In making this comment we are guided by a PWC Report titled "PWC Media Outlook 2010 - 2012" stating that online advertising in Australia is expected to grow by 13.7% in 2010. 12.2% in 2011 and 10.2% in 2012.

Unrelated to the economic environment, we undertook a number of changes commencing in July 2009 to "evolve our offering to match our changing client needs." The pursuit by the Group of the new initiatives going into FY2010 has meant that significant costs have been added to the business during a time when profit growth in our industry and generally was soft. As a result, the economic impact and the changes required by our changing client needs have compounded the impact on our EBITDA performance for the First Half of FY 2010 and will continue to impact on the Second Half. The need to comply with the Accounting Standards requires us to test for impairment of our assets using the forecast trading results as a base. Impairment testing requires an assessment of growth in cash flow well into the future and the resulting valuations have been challenging. The cautious approach for the Board has been to take a non-cash impairment charge against goodwill on consolidation of $20.2M.

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The ongoing operations of the Group will not be affected by our acknowledgement that our assets are no longer valued under the accounting standards at the values at which they were previously recorded in our balance sheet. This has no impact on our ability to continue providing the highest standard of work to our clients nor does it affect what size and quality of clients we will continue to service.

The Board continues to strongly support the changes which have been or are being implemented by management and believe those are necessary to ensure long term growth.

Working Capital

At June 2009, the Group had a deficiency in working capital of $3.7m. As a result of capital raisings during the First Half and the payment of outstanding vendor earnouts, our balance sheet had a working capital surplus of $0.8m at December 2009.

Acquisitions/Controlled entities

Q Ltd made no acquisitions during First Half FY2010 and does not intend to seek acquisitions in the Second Half of FY 2010.

Changes to capital

During the First Half, the following transactions took place.

Shares issued	No.	Amounts raised before costs
July 09 (issued to vendors of Freestyle Media Group Pty Ltd)	6,936	38,700
July 09 (5:7 rights issue)	14,299,380	1,215,447
Oct 09 (1:1 rights issue)	28,170,542	2,394,496
Oct 09 (issued to vendors of Market United Pty Ltd)	3,657,600	708,477
Dec 09 (Issued to vendors of Market United Pty Ltd)	3,457,206	669,661
Dec 09 (Issued to vendors of Great Australian Survey Pty Ltd)	7,530,966	880,708
Dec 09 (Issued to vendors of First Rate Limited)	458,780	93,545
Total	57,581,410	6,001,034

Dividends

Q Ltd does not propose to pay a dividend for this reporting period.

Outlook

In the absence of unforeseen circumstances, we expect that revenue in the Second Half of FY 2010, will increase to approximately $15M, an increase of 12% over the Second Half of FY 2009. EBITDA is likely to be between $700,000 and $800,000.

In forming these expectations, we have made the following assumptions about the Second Half of FY 2010.

PWC Report titled "PWC Media Outlook 2010 – 2012" stated that online advertising in Australia is expected to grow by 13% in 2010, 12% in 2011 and 10.2% in 2012.

Specific sectors relevant to the Q Ltd Group are:

1. **Display** – Forecast growth rate 2010 is 10-15%, display revenue for Q4 2010 accounted for 27.7% of the total advertising expenditure according to the IAB Online Advertising Expenditure Report (Quarter ended December 2009).

2. **Search** – forecast growth rate 2010 is 20%, search and directories revenue Q4 2010 accounted for 50.6% of the total advertising expenditure according to the IAB Online Advertising Expenditure Report (Quarter ended December 2009).

Digital marketing services:

a) Media Sales

We expect a continuing disappointing result in Australia during the Second Half. However, the impact on Media Sales of the launch of TPN late during the First Half of FY 2010 is expected to be positive. The full impact of TPN on Media Sales will not be felt until FY 2011 and beyond.

Our expectations in New Zealand are more positive for this part of the business.

b) Agency-Search

On the back of the PWC forecasts for 2010, we expect this part of our business to continue growing at a healthy rate in Australia and New Zealand.

First Rate specialises in both SEO (Optimisation) and SEM (Marketing).

SEM is our area of highest forecast growth in search. As announced recently, First Rate has been appointed as the exclusive licensee in Australia and New Zealand of the Search Engine Marketing (SEM) technology, SearchIgnite.

One of the world's leading providers of SEM bid management and reporting solutions, SearchIgnite will provide First Rate with an advanced suite of tools to manage, optimise, track and report on SEM campaigns for its clients.

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.

Digital assets

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.

We 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)

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

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

For and on behalf of the Board

Paul G Choiselat
MD/CEO
26 February 2010

This report is based on the attached half year financial report which has been subject to a review by the Company's external auditor. The financial statements are not subject to any audit dispute or qualifications.

Q LTD
ABN 13 083 160 909
FINANCIAL STATEMENTS
HALF YEAR TO 31 DECEMBER 2009

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Q LTD

ABN 13 083 160 909
FINANCIAL STATEMENTS
HALF YEAR TO 31 DECEMBER 2009

DIRECTORS' REPORT

Your Directors present their report on Q Ltd for the half-year ended 31 December 2009.

Directors
The following persons were Directors of Q Ltd during the whole of the half-year and up to the date of this report:

Kevin Victor Campbell AM	Chairman and independent non-executive director
Bruce Robert Bennie	Independent non-executive director
Paul Gerard Choiselat	MD/CEO
Andrew Heng Seak Koo AM	Independent non-executive director
Mark Halstead	MD 3D Interactive Pty Ltd

Principal Activities
The principal activity of QXQ during the half-year was the provision of digital marketing services.

Review of Operations

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DIRECTORS' REPORT Cont.

Review of Operations cont.

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DIRECTORS' REPORT Cont.

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DIRECTORS' REPORT Cont.

b) The Performance Network (TPN)

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Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Auditors' Independence Declaration

The Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

DIRECTORS' REPORT Cont.

Review of Operations Cont.

Rounding of Amounts

QXQ is a company of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investment Commission, and in accordance with that class order, amounts in the Directors' Report and the Half Year financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s306 (3) of the Corporations Act 2001.

On behalf of the Directors

Paul G Choiselat
MD/CEO
26 February 2010

Deloitte.

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The Board of Directors
Q Limited
Suite 1, 40-44 St Kilda Road
ST KILDA, VIC 3182

26 February 2010

Dear Board Members

Q Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Q Limited.

As lead audit partner for the review of the financial statements of Q Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu

Q LTD

ABN 13 083 160 909
FINANCIAL STATEMENTS
HALF YEAR TO 31 DECEMBER 2009

Condensed Consolidated Statement of Comprehensive Income for the Half Year Ended 31 December 2009

	Dec-09 $000	Dec-08 $000
Revenues	**14,110**	**13,815**
Cost of Sales	**(5,803)**	**(4,713)**
Gross profit	**8,307**	**9,102**
Expenses		
Administration and other related costs	(635)	(607)
Consultants	(71)	(133)
Depreciation and amortisation	(253)	(372)
Employee benefits	(6,201)	(6,184)
Financing costs	(10)	(12)
Impairment	(20,231)	-
Insurance	(65)	(60)
Marketing	(205)	(178)
Occupancy	(499)	(547)
Other expenses	(600)	(507)
Repairs and maintenance	(20)	(7)
Technology service	(60)	(34)
Travel and accommodation	(160)	(188)
Total expense	(29,010)	(8,829)
Profit before income tax for the period	**(20,703)**	**273**
Income tax benefit/(expense)	150	(95)
Profit for the period from continuing operations	(20,553)	178
Profits attributable to members of the parent entity	(20,553)	178
Other Comprehensive Income		
Exchange difference arising on translation of foreign operation	29	(26)
Total Other Comprehensive Income for the period	29	(26)
Total Comprehensive Income for the period	(20,524)	152
Total Comprehensive Income attributable to members of the parent entity	**(20,524)**	**152**
From continuing operations	**Cents**	**Cents**
Basic Earnings (Loss) Per Share	**(67.20)**	**1.74**
Diluted Earnings (Loss) Per Share	**(67.20)**	**1.74**

The accompanying notes form part of these financial statements.

Q LTD

ABN 13 083 160 909
FINANCIAL STATEMENTS
HALF YEAR TO 31 DECEMBER 2009

Condensed Consolidated Statement of Financial Position as at 31 December 2009

		Dec-09 $000	Jun-09 $000
Current assets			
Cash and cash equivalents	7	1,777	2,429
Trade and other receivables		5,368	5,021
Other		158	52
Total current assets		**7,303**	**7,502**
Non-current assets			
Other financial assets		-	19
Property, plant and equipment		843	873
Intangibles		9,376	29,089
Deferred tax asset		2,842	2,882
Total non-current assets		**13,061**	**32,863**
Total assets		**20,364**	**40,365**
Current liabilities			
Trade and other payables		5,881	11,150
Borrowings		250	270
Provisions		403	386
Total current liabilities		**6,534**	**11,806**
Non-current liabilities			
Borrowings		-	10
Provisions		46	82
Total non-current liabilities		**46**	**92**
Total liabilities		**6,580**	**11,898**
Net assets		**13,784**	**28,467**
Equity			
Issued Capital	4	47,214	41,393
Reserves	5	153	104
Accummulated Losses	2	(33,583)	(13,030)
Total equity		**13,784**	**28,467**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the Half Year Ended 31 December 2009

	Note	$000 Fully paid ordinary shares	$000 Contributed equity	$000 Reserves	$000 Accumulated Losses	$000 Total
Balance at 1.7.2008		39,170	-	75	(13,415)	25,830
Foreign currency translation		-	-	(26)	-	(26)
Profit for the period attributable to members of parent entity		-	-	-	178	178
total Comprehensive income for the period		2,299	-	(26)	178	152
(843,563,785) shares issued during the period	4	2,299	-	-	-	2,299
Recognition of Share Based Payments	5	-	-	51	-	51
Shares to be issued under existing business combinations		-	1,123	-	-	1,123
Balance at 31.12.2008		41,469	1,123	100	(13,237)	29,455
Balance at 1.7.2009		41,393	-	104	(13,030)	28,467
Foreign currency translation		-	-	29	-	29
Profit for the period attributable to members of parent entity		-	-	-	(20,553)	(20,553)
total Comprehensive income for the period		-	-	29	(20,553)	(20,524)
57,581,410 shares issued during the period	4	5,821	-	-	-	5,821
Recognition of Share Based Payments	5	-	-	20	-	20.00
Balance at 31.12.2009		47,214	-	153	(33,583)	13,784

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows for the Half Year Ended 31 December 2009

	Dec-09 $000	Dec-08 $000
Cash flows from operating activities		
Receipts from customers	14,629	15,503
Payments to suppliers and employees	(14,420)	(14,428)
Payment for tax	(32)	(35)
Interest received	14	107
Interest paid	(12)	(12)
Net cash provided by/(used in) operating activities	**179**	**1,135**
Cash flows from investing activities		
Payment for property, plant, equipment and intangibles	(35)	(138)
Payment for intangible assets	(301)	(250)
Payment of costs relating to prior period acquisitions	(3,928)	(3,665)
Net cash used in investing activities	**(4,264)**	**(4,053)**
Cash flows from financing activities		
Proceeds from issues of shares	3,609	-
Proceeds from borrowings	-	338
Payment for share issue costs	(165)	-
Repayment of borrowings	(11)	(10)
Net cash provided by financing activities	**3,433**	**328**
Net increase in cash held	**(652)**	**(2,590)**
Cash at beginning of period	2,429	4,837
Cash at end of period	**1,777**	**2,247**

The accompanying notes form part of these financial statements.

Notes to the condensed financial statements

Note 1 Significant Accounting Policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 8 Operating Segments

- AASB 101 Presentation of Financial Statements

The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas reported for the current or prior periods:

Segment Information

The Group has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and reward approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

Management with its chief operating decision maker has analysed the Group based on AASB 8 and is of the view that the Group currently operates as one segment. This is due to inter-dependence between all subsidiaries making it impossible to present the Company in different segments in a manner that would accurately reflect the performance of each segment if any.

Notes to the condensed financial statements cont.

Note 2 Accumulated Losses

	Dec-09 $000	Jun-09 $000
Accummulated losses at the beginning of the financial period	(13,030)	(13,415)
Net (loss)/profit attributable to members of the Company	(20,553)	385
Accumulated losses at the end of the financial period	**(33,583)**	**(13,030)**

Note 3 Segment Results

	Digital Marketing	
	Dec-09 $000	Dec-08 $000
REVENUE		
External sales	14,068	13,708
Total sales revenue	14,068	13,708
Other revenue	42	159
Total segment revenue	14,110	13,867
RESULT		
Profit/(Loss) before income tax	(20,703)	273
Income tax benefit/(expense)	150	(95)
Profit/(Loss) after income tax	(20,553)	178
Net Profit	(20,553)	178

Management view the Group as operating under one segment due to inter-dependence between all subsidiaries making it impossible to present the Company in different segments in a manner that would accurately reflect the performance of each segments if any.

Notes to the condensed financial statements cont.

Note 4 Equity Securities Issued

				Note	Dec-09 $	Dec-08 $
Contributed Equity						
67,788,036 (30/6/09: 10,206,626)					47,214,453	41,468,830
Fully paid ordinary shares					47,214,453	41,468,830
a . Ordinary Shares						
At the beginning of the reporting period					41,392,828	39,170,024
Shares issued during the period						
	No.	**Issue price $**	**Issue date**			
	725,808	0.0558	23/07/2008			40,500
	61,283	1.2800	09/12/2008			78,436
	557,566	1.2700	09/12/2008			708,109
	803,417	1.7000	09/12/2008			1,365,805
	38,913	1.3500	11/12/2008			52,531
	200,000	0.3500	24/12/2008			70,000
	6,936	5.5800	01/07/2009		38,700	
	3,889,349	0.0850	10/09/2009		330,594	
	10,410,031	0.0850	10/09/2009		884,852	
	3,657,600	0.1937	01/10/2009		708,477	
	14,405,261	0.0850	30/10 2009		1,224,447	
	13,765,281	0.0850	05/11/2009		1,170,049	
	458,780	0.2039	18/12/2009		93,545	
	1,344,649	0.1719	18/12/2009		231,145	
	3,457,206	0.1937	18/12/2009		669,661	
	6,186,317	0.1050	18/12/2009		649,563	
Transaction costs relating to share issues					(179,409)	(16,574)
Subtotal of shares issued during the first half of the year					5,821,625	2,298,806
Total shares issued					47,214,453	41,468,830

Notes to the condensed financial statements cont.

Note 4 Equity Securities Issued (Cont.)

		Dec-09 No.	Dec-08 No.
No of shares at the beginning of reporting period		10,206,626	853,770,331
Shares issued during the first half of the year			
- 23/07/2008			725,808
- 30/10/2008	(consolidation of capital 1:100)		(845,950,692)
- 09/12/2008			61,283
- 09/12/2008			1,360,983
- 11/12/2008			38,913
- 24/12/2008			200,000
- 01/07/2009		6,936	
- 10/09/2009		3,889,349	
- 10/09/2009		10,410,031	
- 01/10/2009		3,657,600	
- 30/10/2009		14,405,261	
- 05/11/2009		13,765,281	
- 18/12/2009		458,780	
- 18/12/2009		1,344,649	
- 18/12/2009		3,457,206	
- 18/12/2009		6,186,317	
Subtotal		57,581,410	(843,563,705)
At reporting date		67,788,036	10,206,626

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

b. Options (unlisted)	No.	Exercise price (dollars)	Expiry date
Director options	18,333	2.68	30/09/2010
Director options	25,000	2.90	30/09/2011
Director options	21,667	3.12	30/09/2012
Employee options	18,750	2.68	30/09/2010
Employee options	23,750	2.90	30/09/2011
Employee options	23,750	3.12	30/09/2012
Employee options	45,750	4.31	30/03/2012
Employee options	45,750	4.67	30/03/2013
Employee options	45,750	5.03	30/03/2014
Total	268,500		

Notes to the condensed financial statements (cont'd)

Note 5 Reserves

	Note	Dec-09 $000	Jun-09 $000
Employee and Director settled benefits reserve			
Share based payment	a	246	226
Foreign exchange on translation		(93)	(122)
		153	104

a. Employee and Director equity settled benefits reserve arises on the grant of share options to executives under the executive share option plan and grant of options to Directors. Amounts are transferred out of the reserve into issued capital when the options are exercised.

Note 6 Contingent Liability

There are no known contingent liabilities.

Note 7 Cash

	Dec-09 $000	Jun-09 $000
Cash per Balance Sheet	1,777	2,429
Less: Bank overdraft	-	-
Cash per Cashflow Statement	1,777	2,429

Notes to the condensed financial statements (cont'd)

Note 8 Impairment

	Dec-09 $000	Dec-08 $000
Goodwill at end of the period prior to impairment	28,698,966	28,308,418
Other Intangibles at end of the period prior to impairment	908,127	590,850
Total Intangibles at end of the period prior to impairment	29,607,093	28,899,268
Accumulated impairment losses	-	-
Impairment in the period	(20,231,207)	-
Total impairment end of the period	(20,231,207)	-
Closing Intangibles at end of the period post impairment	9,375,886	28,899,268

The Global Financial Crisis (GFC) put a halt to economic growth and reduced future profit and cashflow growth expectations. Management re-assessed the carrying value of Goodwill based on estimated free cashflow. Management used the Net Present Value method to calculate the present value of Goodwill that it should carry with a revised expected cashflow resulting in an impairment of $20,231,207.

Note 9 Subsequent event

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Note 10 Financial statements

The financial statements have been subject to review which is not an audit.

Directors' Declaration

The Directors declare that:

a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Paul G Choiselat
MD/CEO
Melbourne, 26 February 2010

Deloitte.

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Independent Auditor's Review Report to the Members of Q Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Q Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Q Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Q Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 26 February 2010