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27 October 2008

Mr Kevin Campbell
Chairman, Q Limited
Level 5 Bank House
11 Bank Place
Melbourne Victoria 3000

Dear Kevin

Thank you for your prompt, measured, partial response to the various matters raised in my letter to Q Limited shareholders. It would be appreciated if you could deliberate upon and where appropriate respond to the following:

1. Resolution 8: Consolidation of Capital

Paul Choiselat is the Managing Director of TRS Investment Limited in New Zealand (TRS). Is it correct that TRS has undertaken consolidation of capital? Is it correct that following capital consolidation the share price of TRS has plunged?

Is it not far better to lift the price at which QXQ trades by adding value rather than consolidation of shares? Is it not likely that shares will trade at significantly higher levels if the company commenced generating profits and the Board takes actions that ensured it becomes profitable?

No doubt you have tracked HII's investments in QXQ and will have noted that it is not a day trader as implied in your letter.

2. Resolution 9: Approve New Issue of ordinary Shares

Resolution 8 and 9 go hand in hand. It appears the consolidation of capital is required so that more shares can be issued to acquire additional businesses. At a share price of \$0.006 shareholders will receive 1 share worth \$0.60 for every 100 shares they currently own. Q Limited is seeking shareholder permission to allow it to issue shares to outsiders at 80% of the price at the time of making an acquisition. That means if the share price is \$0.60 after consolidation QXQ can then issue share at \$0.48 each. The equivalent value at today's share price is \$0.0048 (or rounded off \$0.005). This is the very thing that is of concern to a large number of shareholders. If consolidation of capital does not take place it will make it far more difficult to use shares to make acquisitions and thus shareholders will avoid:

- Dilution of their share value by 80%
- Losses associated with poor acquisitions
- \$1.5 million of fees associated with acquisitions

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My understanding is that even if Resolution 9 is passed the ASX are entitled to require QXQ to seek shareholder approval of a proposed acquisition and therefore if the sole purpose of proposing resolution 9 is to avoid the need to seek shareholder approval at the time of making an acquisition may I respectfully suggest you check with the ASX on this matter.

The Board stated in the FY2008 Annual Report under the heading "OUTLOOK" on page 7:

"During FY2009 the Group will move away from largely growth by acquisitions to putting more focus on organic growth from within the Group's existing businesses, complemented by potential acquisition growth in selected areas." It is our view that Resolution 9 flies in the face of this statement on outlook. Could you please explain why the Board is not adhering to what was stated in their Outlook comments?

3. Other Matters

3.1 Jumbuck

You make reference to Jumbuck . Jumbuck ceased to be part of the Company in 2004 and therefore has no relevance with respect to QXQ's performance since then.

I note however that Jumbuck was trading at above \$2.40 in mid 2006 but has since plunged to \$0.425. I also note that shareholders called for an Extraordinary General Meeting (announcement filed on 30 April 2008) proposing a resolution requiring the removal of Paul Choiselat as a director of Jumbuck. I note further that on 2 May 2008 Jumbuck terminated the services of Beconwood Securities Ltd and with it the services of Paul Choiselat as Managing Director.

3.2 Profitability of Q Limited

The Annual Report of the Company states that when losses associated with discontinued operations are excluded it made a profit before tax of \$530,263 in FY2008.

Going forward is it therefore reasonable for shareholders to assume that if the company does not make any acquisitions or issue new shares in FY2009 the starting point of expectations should be:

	<u>\$</u>
FY2008 pre-tax profit from continuing operations	530,263
Beconwood's acquisition services charges not required	955,000
Beconwood's placement & underwriting fees not required	<u>591,107</u>
TOTAL	<u>2,076,370</u>

Naturally the current economic climate is likely to have some impact on the above however I am sure that the above results would ensure total shareholder support going forward.

As a shareholder I would like to know what the Board's expectations are for the current financial year. You have already had close on 4 months of trading and therefore should be in a position to form a view as to what will be achieved this financial year.

3.3 Remuneration of Paul Choiselat

On 30 June 2008 the Board announced that Paul Choiselat, the Managing Director was taking on the additional role of CEO and that *“The Board is in the process of finalising Mr Choiselat’s remuneration arrangements and the outcome will be announced to the ASX in due course.”*

When can we expect to be advised of his remuneration arrangements? Why has no announcement been made with respect to his remuneration during the past almost 4 months?

Is it not misleading to inform shareholders in your reply to my letter that the 2008 annual report discloses Paul Choiselat’s earnings as \$61,852 without disclosing his new remuneration arrangements?

Jumbuck’s Annual Report shows that Paul Choiselat was paid \$296,374 during FY2008. It is also worth noting that Jumbuck paid Beconwood \$403,846 during FY2008 taking its combined earnings from Q Limited and Jumbuck to \$2,489,465. It has also received income from other entities associated with Paul Choiselat.

Is QXQ now paying Paul Choiselat (as CEO) a salary equal to or greater than was paid to him by Jumbuck?

We note that in FY2008 in addition to being Managing Director/CEO of Q Limited, Beconwood Securities Pty Ltd and TRS Limited he was a non-executive director of IPGA Ltd, Destra and Quickflix and Managing Director of Jumbuck.

My question remains: **If he is holding 2 jobs as CEO/Managing Director while running his own business, is he capable of effectively managing the integration of further acquisitions before making our existing operations profitable?**

3.4 Trading in Q Limited Shares

Has the Company investigated why the price of QXQ shares spiked to 1.7 cents on 3 October and to 1.2 cents on 16 October 2008 to ensure they are not directly or indirectly associated with anyone having an interest in the value placed on QXQ shares for purposes of determining the value with respect to litigation associated with Opes Prime?

3.5 Methods of Managing the Business

Instead of hidden costs due to utilisation of a related party is it not preferable to employ services directly?

The impression gained is that:

- a. QXQ is managed by a CEO who is unable to give it his undivided attention due to other workload commitments and that he is probably only undertaking part of the following:
 - i. Ensuring the Board is provided with accurate financial information such as key performance indicators as well as actual and forecast results so that it can accurately plan the Company’s future and profit expectations
 - ii. Focusing on motivating the various operations to work together more effectively and provide customers with shared services

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- iii. Requiring the division heads each month to report on their achievements, suggest new ways to improve revenue and profits and revise their objectives as appropriate
 - iv. Preparing for the impact of the slowing economy by analysing revenue expectations, determining innovative approaches to increase revenue streams and establishing where cost savings can be achieved in each division
- b. As the Company secretary/CFO is also CFO of IPGA Ltd and Beconwood Securities Pty Ltd it appears that she has insufficient time to:
- i. Analyse the key performance indicators, monthly financial statements and variance reports received from the various subsidiaries
 - ii. Review the monthly trend schedules that no doubt are updated each month by each subsidiary to ensure they are realistic and in keeping with expectations for each division
 - iii. Prepare a monthly consolidated Trend Schedule that assists the Board in determining the expectations for the group
 - iv. Recommend remedial action or draw the Board's attention to revenue or costs that move out of line from expectations, or are of concern when measured against prior year, forecasts or budget
 - v. Draw the Board's attention to performance issues brought to light by their key performance indicators

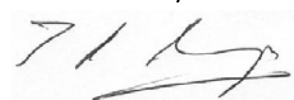
If the above impressions are inaccurate and the CEO and Company Secretary are performing all those functions the Board should be able to keep shareholders informed of profit expectations. Please advise what results shareholders can expect within defined parameters. Is it, for example, reasonable for shareholders to anticipate a profit before tax of between \$1.0 million and \$2.5 million? If not, why not?

We request the Board please give consideration to the following:

- Have the head Office function accommodated in the premises of one of the subsidiaries thus saving a significant portion of the costs currently paid to Beconwood for their services
- Terminate the services of Beconwood
- Ensure Choiselat relinquishes all other executive director positions so that he can focus on growing Q limited's business failing which replacing him with a person capable of focusing on managing the existing business and achieving organic growth
- Replace the Company Secretary with a CFO/Company Secretary who will be able to provide full time attention to the business
- Ensure that all directors add value. This can be through a range of ways. For example those with industry knowledge and contacts should assist with promoting or advancing the services of the group.

Your early response will be appreciated.

Yours sincerely



Tom R Crag
Managing Director
Hire Intelligence International Limited