

Q LTD

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***THIS IS AN IMPORTANT  
DOCUMENT AND YOUR URGENT  
ATTENTION IS REQUIRED***

*PROSPECTUS JULY 2007*



# Q LTD

ABN 13 083 160 909

## PROSPECTUS

For a non-renounceable fully underwritten Entitlement Offer of approximately 114,234,903 New Shares to be issued at a price of 6.3 cents per New Share on the basis of 1 New Share for every 5 Shares held as at 5.00pm (EST) on Tuesday 10 July 2007 to raise approximately \$7.2 million.

Underwriter to the Entitlement Offer

**BECONWOOD CORPORATE FINANCE PTY LTD**

**ACN 109 539 255**

This Entitlement Offer is underwritten by Beconwood Corporate Finance Pty Ltd. The Underwriting Agreement contains terms and conditions which may affect the obligations of Beconwood Corporate Finance Pty Ltd, details of which are set out in Section 9.3 of this Prospectus.

### IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

## Important information

This Prospectus is dated 2 July 2007 and was lodged with ASIC on that date. New Shares issued pursuant to this Prospectus will rank equally with all Existing Shares. The expiry date of the Prospectus is on the date that is 13 months after the date of this Prospectus, 2 August 2008 (Expiry Date). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

ASIC and ASX take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

You should read this Prospectus in its entirety before deciding whether to accept the Offer in accordance with the instructions in the accompanying Entitlement and Acceptance Form. In particular, it is important that you consider Section 8 (Risks Factors). Please read carefully the instructions on the accompanying Entitlement and Acceptance Form regarding the exercise of your Rights. If you have any questions, you should seek professional advice from your stockbroker, accountant or other professional adviser.

In making representations in this Prospectus regard has been had to the fact that the Group is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### Prospectus availability

A copy of this Prospectus can be electronically provided by QXQ. Please contact the Company Secretary at [mchuah@beconwood.com.au](mailto:mchuah@beconwood.com.au) for an electronic copy. The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a copy of this Prospectus free of charge by contacting the Company Secretary.

Neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to Shareholders or investors outside Australia or New Zealand or otherwise distributed outside Australia or New Zealand.

### Australia and New Zealand

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act), and has been prepared in accordance with section 713 of the Corporations Act. In making the offer to Eligible Shareholders in New Zealand, QXQ is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ), by virtue of which this Prospectus is not required to be registered in New Zealand.

### Foreign jurisdictions

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. The Rights Issue is not being extended to any Non-Qualifying Foreign Shareholders. The distribution of this Prospectus outside of Australia and New Zealand may be restricted by law. Any person who comes into possession of this Prospectus (including trustees, custodians and nominees) should observe any such restrictions and should seek advice on such restrictions. Any non-compliance with restrictions may contravene applicable securities laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares, the Rights or this Prospectus or otherwise permit an offering of the New Shares or the Rights in any jurisdiction outside Australia or New Zealand.

### Disclaimer

No person is authorised to give any information or make any representation in connection with the Rights Issue, which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by QXQ or its Directors. Except as required by law, and only to the extent so required, neither QXQ nor any other person warrants the future performance of QXQ or any return on any investment made pursuant to this Prospectus.

## Privacy

By accepting the Offer, each Eligible Shareholder acknowledges having received and read this Prospectus.

As a Shareholder, QXQ and the Registrar have already collected certain personal information from you. If you apply for New Shares, QXQ and the Registrar may update that personal information or collect additional personal information. Such information will be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

By accepting the Offer, you agree that QXQ and the Registrar may disclose your personal information for purposes related to your shareholding to its agents, Related Bodies Corporate, contractors and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Underwriter in order to assess your acceptance of New Shares;
- the Registrar for ongoing administration of the register;
- printers and mailing houses for the purposes of preparation and distribution of Shareholder statements and for handling of mail; and
- ASX and other regulatory authorities.

The Corporations Act requires QXQ to include information about each Shareholder (including name, address and details of the Shares held) in its public register. The information contained in QXQ's public register is also used to facilitate payments and corporate communications (including QXQ's financial results, annual reports and other information that QXQ wishes to communicate to its security holders) and compliance by QXQ with legal and regulatory requirements.

If you are paying by bank draft or cheque and do not provide the information required on the Entitlement and Acceptance Form, QXQ may not be able to accept or process your Form.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) QXQ or the Registrar. You can request access to your personal information by telephoning or writing to QXQ through the Registrar as follows:

Computershare Investor Services Limited

GPO Box 2975

Melbourne Vic 3001

Toll Free 1300 850 505

Facsimile (613) 9473 2500

A fee may be charged for access to your personal information.

## Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the Glossary at the end of this document.

A reference to time in this Prospectus is to Australian Eastern Standard Time (EST), unless otherwise stated.

A reference to \$ and cents is to Australian currency, unless otherwise stated.

A reference to QXQ is a reference to Q Limited and, where appropriate, its Related Bodies Corporate.

## CONTENTS

Corporate Directory .....	4
Section 1 Key Details of Offer and Important Dates.....	5
Section 2 Chairman's Letter .....	6
Section 3 Details of the Rights Issue .....	7
Section 4 Actions required by Eligible Shareholders .....	9
Section 5 Effect of the Offer .....	11
Section 6 Description of the Company's Business .....	14
Section 7 Rights attaching to Shares .....	16
Section 8 Risk Factors.....	18
Section 9 Additional Information .....	19
Section 10 Glossary .....	27

## CORPORATE DIRECTORY

**Q Ltd:**  
ABN 13 083 160 909

**Registered Office:**  
Level 5, Bank House  
11 Bank Place  
Melbourne Victoria Australia 3000  
Telephone: 613 9691 4900  
Facsimile: 613 9600 1500

**ASX Listing Code:**  
QXQ

**Company Secretary:**  
May Chuah  
Email: mchuah@beconwood.com.au

**Solicitors:**  
Steinepreis Paganin  
Level 4  
Next Building  
16 Milligan Street  
Perth Western Australia Australia 6000

**Corporate Advisers:**  
Beconwood Securities Pty Ltd  
Level 5  
Bank House  
11 Bank Place  
Melbourne Victoria Australia 3000  
Telephone: 613 9691 4900  
Facsimile: 613 9600 1500  
Email: pchoiselat@beconwood.com.au

**Directors:**  
Kevin V Campbell AM – Chairman  
Paul G Choiselat – Managing Director  
Hon Jeff G Kennett AC  
Bruce R Bennie  
Mark Halstead  
Andrew HS Koo AM

**Share Registry:**  
Computershare Investor Services Pty Limited\*  
Yarra Falls  
452 Johnston Street  
Abbotsford Vic 3067  
Telephone: 1300 850 505  
Facsimile: 613 9473 2500  
www.computershare.com.au

**Auditors:**  
Deloitte Touche Tohmatsu  
180 Lonsdale Street  
Melbourne Victoria Australia 3000

**Underwriter:**  
Beconwood Corporate Finance Pty Ltd  
Level 5 Bank House  
11 Bank Place  
Melbourne Victoria Australia 3000  
Telephone: 613 9691 4900  
Facsimile: 613 9600 1500  
Email: cchan@beconwood.com.au

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

## SECTION 1 – KEY DETAILS OF OFFER AND IMPORTANT DATES

### 1.1 Key Offer Details

Existing shares on issue	571,174,514
Rights Issue ratio	1 for 5
New Shares available under Rights Issue	114,234,903
Issue price	6.3 cents per New Share
Rights Issue proceeds	\$7.2 million
Shares on issue following Rights Issue	685,409,417

### 1.2 Important Dates

Lodge Appendix 3B	Monday, 2 July 2007
Lodgement of disclosure document with ASIC	Monday, 2 July 2007
Notice of Entitlements Issue sent to shareholders	Tuesday, 3 July 2007
“ex” date	Wednesday, 4 July 2007
Record date	Tuesday, 10 July 2007
Opening date	Thursday, 12 July 2007
Despatch date of prospectus	Thursday, 12 July 2007
Closing Date	Thursday, 26 July 2007
Expected date for quotation of shares on ASX - deferred settlement basis	Friday, 27 July 2007
Notice of shortfall to Underwriter	Monday, 30 July 2007
Notice of undersubscription to ASX	Monday, 30 July 2007
Shortfall payment date	Friday, 3 August 2007
Allotment and dispatch of holding statements	Friday, 3 August 2007
Normal trading	Monday, 6 August 2007

#### Notes:

- (1) The Directors reserve the right, in conjunction with the Underwriter, to close the Offer earlier or later than as indicated above, subject to the requirements of the Corporations Act and the Listing Rules. At least 6 business days notice must be given to extend the Closing Date.
- (2) The above timetable contains anticipated dates only. The date the Shares are expected to be issued and/or commence trading on the Official List may vary with any change to the Closing Date.

## SECTION 2 - CHAIRMAN'S LETTER

Dear Fellow Shareholder,

I am pleased to invite you to participate in a pro rata non-renounceable Entitlements Issue on the basis of 1 Share for every 5 Shares that you hold at an issue price of 6.3 cents per Share to raise proceeds of approximately \$7.2 million for Q Ltd (QXQ). The proceeds of the Rights Issue (after the expenses of the Offer) will be used to finance acquisitions and provide working capital. The Offer is fully underwritten.

The last two financial years have been a period of repositioning for QXQ. The Group has continued its strategy focusing on growth (both organic and acquisitive). Further to the acquisitions of 3 Dimension Interactive Pty Ltd ("3Di") and Project Services Australia Pty Ltd ("PSA") in June 2005, QXQ acquired:

Company	Date
List Marketing Australasia Pty Ltd ("LMA")	August 2006
First Rate Limited ("FRL")	December 2006
Axis Media Communications Pty Ltd ("AMC")	May 2007
Mosaic Traffic Pty Ltd ("Mosaic")	May 2007
Freestyle Media Group Pty Limited ("FMG")	June 2007

Each of these acquisitions represented opportunities in terms of growth and strengthened the Group's positioning within the interactive advertising sector in particular.

Further opportunities exist for QXQ to make acquisitions that are synergistic such as interactive media agencies, online advertising, performance and affiliate marketing businesses, mobile marketing agencies, email marketing, data-base and list broking businesses. Details of the types of areas your Board is keen to pursue following the Issue are contained in Section 6.3.

As advised in our 2006 annual report, QXQ remains focused on continuing the expansion into complementary businesses to deliver growth, to capitalize on the infrastructure in place and to gain critical mass. QXQ has the structure in place to extract value from its current activities and to expand into complementary areas, as opportunities arise. This has already been done in part by the acquisition of 3Di, LMA, FRL, AMC, Mosaic and FMG. Your Board continues to pursue this strategy and with the improved balance sheet resulting from the Offer will be in a position to seize opportunities for growth to further strengthen the Group's position.

All Shareholders with registered addresses in Australia and New Zealand will be entitled to participate in the Offer. Your Entitlement to Shares is set out in the accompanying Entitlement and Acceptance Form. The Shares will be issued at 6.3 cents per Share. The Shares will rank equally with the existing Shares on issue.

The Directors urge you to carefully read this Prospectus and the accompanying Entitlement and Acceptance Form in conjunction with all publicly available information relating to QXQ before deciding how to deal with your Rights. For an outline of the procedures that you should follow to take up New Shares, please read Section 4 (Actions required by Eligible Shareholders).

The Closing Date for acceptances and payment is 5.00 pm on 26 July 2007.

It is the intention of the majority of Directors to participate in the Offer, either in full or in part.

On behalf of the Directors, I commend this Offer to you.

Yours sincerely



Kevin V Campbell AM  
CHAIRMAN

## SECTION 3 - DETAILS OF THE RIGHTS ISSUE

### 3.1 Shares made available for Subscription

This Prospectus invites Shareholders to apply for a total of approximately 114.2 million Shares at an issue price of 6.3 cents per Share payable in full on application to raise approximately \$7.2 million (before costs).

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus. Please refer to Section 7 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

The Offer is being made as a pro rata non-renounceable entitlement issue to Shareholders on the basis of 1 Share for every 5 Shares held at 5.00pm (EST) on the Record Date at an issue price of 6.3 cents per Share.

Before the Rights Issue, QXQ had approximately 571.1 million Shares on issue. After the Rights Issue, QXQ will have approximately 685.4 million Shares on issue. Existing Shareholders who do not exercise their Rights will be diluted with respect to their interest in QXQ.

Based on the capital structure of QXQ at the date of this Prospectus, the number of Shares to be issued under the Offer is approximately 114.2 million at an issue price of 6.3 cents per Share. The Offer will raise approximately \$7.2 million (before costs) and is fully underwritten. Please refer to Section 3.4 of this Prospectus for the purpose of the Issue, Section 5 for the effect of the Offer and Section 9 for additional information regarding the terms of the underwriting of the Offer.

QXQ currently has 15,750,000 Options on issue none of which will vest prior to the Record Date. Accordingly, no Option holders will be entitled to exercise their Options during the time period set out in the ASX Listing Rules in order to participate in the Offer.

### 3.2 Opening and Closing Dates of the Offer

The Opening Date of the Offer is Thursday 12 July 2007 at 9.00am EST and the Closing Date is Thursday 26 July 2007 at 5.00pm EST. The Directors reserve the right (in conjunction with the Underwriter) (subject to the ASX Listing Rules and the Corporations Act) to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so. At least 6 Business Days notice will be given to extend the Closing Date.

### 3.3 Shortfall

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will revert to the Underwriter pursuant to the Underwriting Agreement.

The Underwriter has the right to direct QXQ to issue any Shares comprising the Shortfall at its discretion to any party on the same terms as the Offer.

### 3.4 Purpose of the Rights Issue

QXQ will raise net proceeds of approximately \$6.76 million through the Rights Issue, after deducting estimated expenses of approximately \$435,000 as set out in Section 9.8. The net proceeds raised will be used to finance acquisitions with any additional funds used for working capital. See Section 6.3 for more details of the types of acquisitions which QXQ intends to pursue.

QXQ is currently in preliminary discussions with a number of potential vendors in the areas detailed in Section 6.3. However, as is common in any commercial negotiation, it is not possible to progress these discussions and negotiations without the necessary funds in place or secured to assist or provide the necessary purchase consideration. It is for this reason that the Company is undertaking this Issue.

### 3.5 Ranking of New Shares

The New Shares will be issued fully paid. The New Shares will rank equally with Existing Shares. Details of the rights and liabilities attaching to Shares are set out in Section 7.

### 3.6 Application Monies

Until the New Shares are allotted, QXQ will hold the Application Monies on trust for Applicants in a bank account. The account has been established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act. No interest will be paid to you on any Application Monies returned to you whether or not allotment takes place. Any interest earned on Application Monies will be, and will remain, the property of QXQ. If quotation of the New Shares is not granted by ASX, Application Monies will be refunded to applicants without interest.

### 3.7 Market prices of Existing Shares on ASX

An overview of the sale prices of Existing Shares on ASX during the last one, three, six and twelve months until the last trading day on ASX immediately prior to lodgement of this Prospectus with ASIC is set out below:

Volume weighted	High (cents)	Low (cents)	Average (cents)
1 month	10.0	6.8	8.87
3 months	10.0	5.1	7.14
6 months	10.0	3.4	6.04
12 months	10.0	1.8	5.14

The last market sale price of Existing Shares was on 29 June 2007 at 9.0 cents.

### 3.8 Underwriting

The Rights Issue is fully underwritten by the Underwriter. The Underwriter will be paid an underwriting fee of 5.0% of the funds raised which is payable 7 Business Days after all of the Shares pursuant to the Offer have been allotted and can be offset against the Shortfall Amount. Other amounts owing to the Beaconwood Securities Group by QXQ may also be offset against the Shortfall Amount.

Details of the impact on the Underwriter's holding in QXQ in the event that it is required to subscribe for the Shortfall are set out in Section 9.2 of this Prospectus.

Key terms of the Underwriting Agreement are set out more particularly in Section 9.3 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter, the Rights Issue may not proceed, in which case Application Monies will be refunded (without interest). QXQ reserves the right to withdraw the Rights Issue and Prospectus at any time prior to the allotment of the Shares pursuant to the Offer, in which case Application Monies will be refunded (without interest) and Rights will cease to have any value.

### 3.9 Allotment of Shares

Shares issued pursuant to the Offer will be allotted within 6 Business Days after the Closing Date. Where no allotment is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by QXQ in trust for the Applicants in a separate bank account as required by the Corporations Act. QXQ, however, will be entitled to retain all interest that accrues on the Application Monies and each Applicant waives the right to claim interest.

### 3.10 Non-resident investors

The Entitlement Offer constituted by this Prospectus is made to Shareholders with a registered address in Australia or New Zealand only. QXQ is of the view that it is unreasonable to make the Offer to Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of overseas Shareholders;
- (b) the number and value of Shares to be offered to overseas Shareholders; and
- (c) the costs of complying with overseas legal requirements.

No offer of Shares will be made to persons with a registered address in countries outside Australia or New Zealand and this Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer to any person with a registered address in any country other than Australia or New Zealand. Eligible Shareholders holding Shares on behalf of persons who are resident outside of Australia and New Zealand are responsible for ensuring that taking up Rights under the Rights Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form or payment by telegraphic transfer will be taken by QXQ to constitute a representation that there has been no breach of such regulations. Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

Accordingly, the Rights Issue is not being extended to any Shareholder whose registered address is outside Australia or New Zealand. QXQ reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted by a Non-Qualifying Foreign Shareholder.

### 3.11 ASX Listing

QXQ's Shares are currently traded on the official list of ASX. Within seven days after the date of the Prospectus QXQ will make application to ASX for permission for the Shares issued pursuant to this Prospectus to be listed for official quotation by ASX.

In the event that the Shares are not admitted to quotation within three months after the date of issue of this Prospectus (or such other period as is varied by ASIC), none of the Shares offered by this Prospectus will be allotted or issued and QXQ will repay all Application Monies without interest and within the time prescribed by the Corporations Act.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of QXQ or the Shares now offered for subscription.

### 3.12 Clearing House Electronic Sub-Register System ("CHESS") and Offer Sponsorship

QXQ will not be issuing Share certificates. QXQ will apply to the ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by QXQ. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that QXQ will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) or Shareholder Registration Number (SRN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time, however, a charge may be incurred for additional statements.

### 3.13 Enquiries

This Prospectus provides information for potential investors in QXQ, and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in QXQ, please contact your stockbroker, accountant or independent financial adviser. Any question can also be directed to May Chuah, the Company Secretary on (613) 9691 4900 or mchuah@beconwood.com.au.

### 3.14 Taxation

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. QXQ, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential Applicants. Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

The New Shares you acquire as a result of the exercise of the Rights will be classified as a “financial supply”, for Australian goods and services tax (Australian GST) purposes. As such, Australian GST of 10% will not apply to any Application Monies applicants pay in consideration for New Shares issued on exercise of the Rights. In respect of all other matters and transactions arising under this Prospectus, the Australian GST implications may vary depending upon your Australian GST registration status and residency status. You should seek independent advice in relation to your individual Australian GST position.

### 3.15 Dividend Policy

QXQ does not intend to declare or pay any dividends in the immediately foreseeable future. Any profits made will be reinvested in QXQ's businesses.

### 3.16 No forecasts

The Directors believe that they do not have a reasonable basis to forecast future earnings on the basis that the businesses currently operated by QXQ are subject to a number of inherently uncertain influences. Although QXQ will seek to ensure that strategies are pursued to ensure continuing development of its businesses, the potential scale of revenue generation cannot be reliably predicted. Accordingly, any forecast or projected financial information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable estimate, forecast or prediction in this Prospectus.

Notwithstanding the above statement, there are statements in this Prospectus concerning the envisaged operations of QXQ following the completion of the Offer. These forward-looking statements are subject to numerous risks. For a discussion of the important risk factors which could cause actual events or results to differ materially from such forward-looking statements, please refer to Section 8 of this Prospectus.

## SECTION 4 - ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

### 4.1 What You May Do – Choices Available

If you are an Eligible Shareholder, you may take any of the following actions:

- take up your Rights in full (refer to Section 4.2);
- take up part of your Rights (refer to Section 4.3);
- do nothing (refer to Section 4.4).

### 4.2 If You Wish To Take Up All Of Your Rights

If you are an Eligible Shareholder and you wish to take up all of your Rights, you must accept the Offer in accordance with the instructions set out in the accompanying Entitlement and Acceptance Form.

You have two methods of payment – either by cheque/bank draft or by telegraphic transfer/direct deposit into QXQ's account.

#### *Paying by cheque/bank draft*

If paying by cheque or bank draft, you should then forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the Application Monies, to reach the following address:

Q Ltd  
GPO Box 2113  
Melbourne Vic 3001  
AUSTRALIA

**by no later than 5.00 pm on 26 July 2007**

An addressed envelope is enclosed for your convenience. Please ensure correct postage is affixed. Eligible Shareholders in New Zealand should mail their Form early to ensure it reaches the Company by the Closing Date.

Completed Forms and Application Monies will also be accepted at the Company's registered office at Level 5, Bank House, 11 Bank Place, Melbourne, Victoria, 3000. The envelope cannot be used if sending it to the Company's registered office.

***Paying by telegraphic transfer/direct deposit***

If paying by telegraphic transfer or direct deposit, you must do the following two things:

1. forward the completed Entitlement and Acceptance Form together with the receipt of direct deposit to reach the following address:

Q Ltd  
GPO Box 2113  
Melbourne Vic 3001  
AUSTRALIA

**by no later than 5.00 pm on 26 July 2007**

An addressed envelope is enclosed for your convenience. Please ensure correct postage is affixed. Eligible Shareholders in New Zealand should mail their Form early to ensure it reaches the Company by the Closing Date.

Completed Forms and Application Monies will also be accepted at the Company's registered office at Level 5, Bank House, 11 Bank Place, Melbourne, Victoria, 3000. The envelope cannot be used if sending it to the Company's registered office.

**AND**

2. ensure that your payment is processed by no later than 5.00 pm on 26 July 2007. The details for telegraphic transfer/direct deposit are:

Bank: Australia and New Zealand Banking Group Ltd  
Branch: 388 Collins Street  
Melbourne  
Victoria 3000  
Australia

Bank A/c Name: Q Ltd Share Purchase Account

Bank A/c No.: 8375-34012

BSB No.: 013 165

Swift Code: ANZBAU3M

**4.3 If You Wish To Take Up Part Of Your Rights**

If you wish to take up part of your Rights, complete the section headed "Acceptance other than Entitlement" on the accompanying Entitlement and Acceptance Form.

You have two methods of payment – either by cheque/bank draft or by telegraphic transfer/direct deposit into QXQ's account.

Paying by cheque/bank draft

If paying by cheque or bank draft, you should then forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the Application Monies, to reach the following address:

Q Ltd  
GPO Box 2113  
Melbourne Vic 3001  
AUSTRALIA

**by no later than 5.00 pm on 26 July 2007**

An addressed envelope is enclosed for your convenience. Please ensure correct postage is affixed. Eligible Shareholders in New Zealand should mail their Form early to ensure it reaches the Company by the Closing Date.

Completed Forms and Application Monies will be also accepted at the Company's registered office at Level 5, Bank House, 11 Bank Place, Melbourne, Victoria, 3000. The envelope cannot be used if sending it to the Company's registered office.

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1. forward the completed Entitlement and Acceptance Form and receipt of direct deposit to reach the following address:

Q Ltd  
GPO Box 2113  
Melbourne Vic 3001  
AUSTRALIA

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An addressed envelope is enclosed for your convenience. Please ensure correct postage is affixed. Eligible Shareholders in New Zealand should mail their Form early to ensure it reaches the Company by the Closing Date.

Completed Forms and Application Monies will also be accepted at the Company's registered office at Level 5, Bank House, 11 Bank Place, Melbourne, Victoria, 3000. The envelope cannot be used if sending it to the Company's registered office.

**AND**

- ensure that your payment is processed by no later than 5.00 pm on 26 July 2007. The details for telegraphic transfer/direct deposit are:

Bank: Australia and New Zealand Banking Group Ltd  
Branch: 388 Collins Street  
Melbourne  
Victoria 3000  
Australia  
Bank A/c Name: Q Ltd Share Purchase Account  
Bank A/c No.: 8375-34012  
BSB No.: 013 165  
Swift Code: ANZBAU3M

#### 4.4 Rights Not Taken Up – If You Do Nothing (Including Non-Qualifying Foreign Shareholders)

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. The Offer is non-renounceable so you may not sell or transfer all or part of your Entitlement to any other party. Your Entitlement will be allocated pursuant to the terms and conditions of the Underwriting Agreement with the Underwriter.

#### 4.5 Payment

The Issue Price for the New Shares is payable in full on Application by a payment of 6.3 cents per Share. The Entitlement and Acceptance Form must be accompanied by:

- a cheque or bank draft for the Application Monies. Cheques or bank drafts must be in Australian currency only, made payable to “Q Ltd - Share Purchase Account” and crossed “Not Negotiable”.
- a confirmation of the telegraphic transfer/direct deposit.

Applicants must not forward cash. Receipts for payment will not be issued.

QXQ will not be paying any fees to any holders of financial services licences in respect of Entitlement and Acceptance Forms bearing the stamp of such dealers. No brokerage or stamp duty will be payable by investors in respect of subscribing for Shares pursuant to this Prospectus.

## SECTION 5 - EFFECT OF THE OFFER

### 5.1 Effect of the Offer on Pro-Forma Consolidated Statement of Financial Position

The principal effect of the Offer will be to:

- Increase cash reserves by approximately \$6.76 million immediately after completion of the Offer and estimated expenses of the Offer; and
- Increase the number of Shares on issue from 571,174,514 Shares as at the date of this Prospectus to approximately 685,409,417 Shares.

Set out below is:

- A consolidated statement of financial position of the Group as at 31 December 2006 extracted from reviewed financial statements of the Group; and
- An unaudited pro-forma consolidated statement of financial position of the Group as at 31 December 2006 incorporating the effect of the Offer.

### 5.2 Statement of Financial Position

The statement of financial position as at 31 December 2006 (reviewed) and the unaudited pro-forma consolidated statement of financial position as at 31 December 2006 incorporating the effect of the Offer shown below have been prepared on the basis of the accounting policies normally adopted by the Group and reflect the changes to its financial position, assuming that all Shares offered under this Prospectus are issued by 1 September 2007.

The statements have been prepared to provide investors with information on the assets and liabilities of the Group and pro-forma assets and liabilities of the Group as noted below.

	Notes	Reviewed* 31-Dec-06	Acquisitions made	Sale of Print Division	Rights Issue	Pro-forma 31-Dec-06
<b><u>CURRENT ASSETS</u></b>						
Cash on Hand and Cash Equivalents	1,3	5,353,000	(1,757,836)	254,877	6,765,000	10,615,041
Trade and other Receivables		2,578,000	-	(116,864)	-	2,461,136
Inventories		108,000	-	(68,949)	-	39,051
Other		115,000	-	(115,000)	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>8,154,000</b>	<b>(1,757,836)</b>	<b>(45,936)</b>	<b>6,765,000</b>	<b>13,115,228</b>
<b><u>NON-CURRENT ASSETS</u></b>						
Acquisitions	2	-	2,002,996	-	-	2,002,996
Property, Plant and Equipment		1,180,000	-	(828,121)	-	351,879
Intangible Assets		3,703,000	-	(304,924)	-	3,398,076
Other		144,000	-	(9,325)	-	134,675
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,027,000</b>	<b>2,002,996</b>	<b>(1,142,370)</b>	<b>-</b>	<b>5,887,626</b>
<b>TOTAL ASSETS</b>		<b>13,181,000</b>	<b>245,160</b>	<b>(1,188,306)</b>	<b>6,765,000</b>	<b>19,002,854</b>
<b><u>CURRENT LIABILITIES</u></b>						
Trade and other Payables		3,306,000	-	(162,234)	-	3,143,766
Current tax liabilities		4,000	-	-	-	4,000
Borrowings		560,000	-	(560,000)	-	-
Provisions		273,000	-	(248,305)	-	24,695
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,143,000</b>	<b>-</b>	<b>(970,539)</b>	<b>-</b>	<b>3,172,461</b>
<b><u>NON CURRENT LIABILITIES</u></b>						
Borrowings		299,000	-	(8,970)	-	290,030
Provisions		50,000	-	-	-	50,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>349,000</b>	<b>-</b>	<b>(8,970)</b>	<b>-</b>	<b>340,030</b>
<b>TOTAL LIABILITIES</b>		<b>4,492,000</b>	<b>-</b>	<b>(979,509)</b>	<b>-</b>	<b>3,512,491</b>
<b>NET ASSETS</b>		<b>8,689,000</b>	<b>245,160</b>	<b>(208,797)</b>	<b>6,765,000</b>	<b>15,490,363</b>
<b><u>EQUITY</u></b>						
Contributed Equity	4	22,973,000	245,160	-	6,765,000	29,983,160
Reserves		36,000	-	-	-	36,000
Accumulated Profits/(Losses)		(14,320,000)	-	(208,797)	-	(14,528,797)
<b>TOTAL EQUITY</b>		<b>8,689,000</b>	<b>245,160</b>	<b>(208,797)</b>	<b>6,765,000</b>	<b>15,490,363</b>

\* The reviewed figures are rounded to the nearest \$1,000 as per the Half Yearly Report lodged with ASX.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

	Note	\$	\$	\$
<b>CASH ASSETS</b>	<b>1</b>			
Cash balance as at 31 December 2006			5,353,000	
Acquisition of Mosaic		(5,010)		
Acquisition of AMC		(620,736)		
Acquisition of FMG		(1,132,090)		
Net payment for acquisitions			<u>(1,747,836)</u>	
Cash on hand post acquisitions			3,595,164	
Gross proceeds of Capital Raising		7,200,000		
Cost of Capital Raising		<u>(435,000)</u>		
Capital Raising (net of costs)			<u>6,765,000</u>	
<b>Cash on hand post capital raising</b>			<u><b>10,360,164</b></u>	
<b>AQUISITIONS</b>	<b>2</b>			
Mosaic			5,010	
AMC			620,736	
FMG			1,377,250	
<b>Proforma Balance</b>			<u><b>2,002,996</b></u>	
Management is currently in the process of allocating the acquisition cost of the acquisitions between items in the balance sheet including intangibles.				
<b>Sale of Print Division (QDi Direct Press assets and business and shares in PSA)</b>	<b>3</b>			
Proceeds received			255,147	
Assets sold:				
Shares in PSA (goodwill on consolidation)			(304,924)	
Cash		270		
Trade and Sundry Debtors (net)		116,864		
Inventory		68,949		
Other		124,325		
Fixed Assets		828,121		
Trade and Sundry Creditors		(162,234)		
Provisions		(234,305)		
Borrowings (HP facilities)		(568,970)		
		<u>159,020</u>	<u>(159,020)</u>	
<b>Net loss on sale</b>			<u><b>(208,797)</b></u>	
<b>CONTRIBUTED EQUITY</b>	<b>4</b>			
Balance as at 31 December 2006		22,973,000		
Gross capital from share issue		7,200,000		
Issue of shares on FMG acquisition		245,160		
Issue cost		<u>(435,000)</u>		
Net capital from share issue		29,983,160	29,983,160	
Total capital post share issue				<u>29,983,160</u>
<b>Proforma Balance</b>				<u><b>29,983,160</b></u>

### 5.3 Pro-forma Capital Structure

Upon completion of the Offer, the capital structure of QXQ will be approximately as follows:

	Number
Shares on issue at the date of this Prospectus	571,174,514
Shares offered pursuant to the Offer	114,234,903
Shares on issue on completion of Offer	685,409,417

### 5.4 Options

The details of options on issue in QXQ as at the date of this Prospectus are as follows:

Total Number of Options	Exercise Price (cents)	Expiry Date
5,250,000	2.68	30 September 2010
5,250,000	2.90	30 September 2011
5,250,000	3.12	30 September 2012
<b>15,750,000</b>		

No options have vested in the option holder and do not do so until 30 September 2007, 30 September 2008 and 30 September 2009 respectively. Accordingly, the above capital structure assumes that no existing options can be exercised prior to the Record Date. Shareholders should note that as a consequence of the sale of PSA and the QDi Direct Press business in June 2007, the Directors may determine that the options held by some of the employees of PSA and the QDi Direct Press business will not lapse as set out in clause (f) of the Incentive Option Scheme approved by the Shareholders at the Annual General Meeting on 30 October 2006.

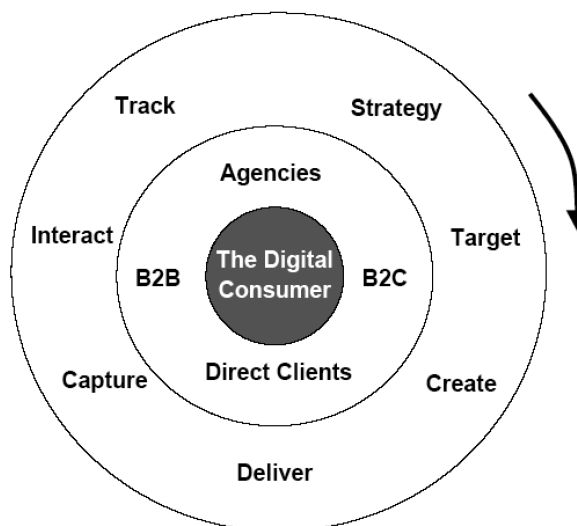
### 5.5 Dividends

New Shares issued will be entitled to any future dividend payments to be made. As at the date of this Prospectus, the Directors do not intend to declare a dividend in respect of QXQ's 2006/07 financial year. QXQ does not intend to declare or pay any dividends in the immediately foreseeable future. Any profits made will be reinvested in QXQ's businesses.

## SECTION 6 - DESCRIPTION OF THE COMPANY'S BUSINESS

### 6.1 Company's Strategy

QXQ's stated strategy is to acquire profitable and cash flow positive companies or businesses with a strong client base that will add value to the existing interactive and digital services offered to advertising agencies, their clients and other marketers. The objective is to fill the gaps in the service areas (through acquisition and organic growth) shown within the following diagram (best thought of as a sphere of services). QXQ provides services to direct clients and agencies, assisting them to reach both B2C and B2B 'digital consumers':



1. Strategy entails planning, consulting and the defining of results for the clients' presence in the interactive and advertising sector.
2. Target entails defining, identifying and profiling the right consumer and using permissioned lists, combined with solid research and analysis.
3. Create involves web development and integration, the design and creation of communications and the development of e-commerce functionality.

4. Deliver entails ad serving, email and SMS broadcasting, campaign management, trafficking, and Adwords management.
5. Capture involves database management, the provision of customer relationship management tools within websites and web communities to generate databases.
6. Interact involves monetisation through e-commerce and the ongoing communication between clients and their customers captured within their database.
7. Track entails measuring, reporting and managing advertising returns on investment.

## 6.2 Current Activities

QXQ is a leading Australasian group of companies that provide services within the interactive advertising sector.

The QXQ Group is engaged in providing interaction between a client's brand and its target audience via websites, search engine marketing, permission marketing, email, mobile and list marketing.

QXQ subsidiary companies are specialists within their respective specific sectors of the advertising industry and are leaders providing services to marketers in targeting, capturing and interacting with consumers (B2B and B2C) via interactive channels.

QXQ Group subsidiaries currently include:

- 3Di, an established interactive ad sales network that provides sales representation for a network of Australia's premier websites and permissioned databases. 3Di has offices in Sydney and Melbourne.
- FRL, an internet marketing consultancy offering a complete, customised solution covering areas such as search engine marketing (SEM/SEO), website strategy, email advertising & marketing, ecommerce functionality, measurement tracking and performance marketing. FRL has offices in Auckland and Sydney.
- LMA, one of the top three list broking companies in Australia that provides list marketing and management services to a broad range of organisations. LMA has offices in Melbourne and Sydney.
- Axis, a provider of mobile advertising sales and marketing services to marketers, advertising agencies and telecommunications companies. Axis has offices in Melbourne.
- Mosaic, an outsourced advertising operations company providing the delivery of online advertising to some of Australia's leading advertising agencies, publishers and online brands. Mosaic has offices in Sydney.
- Freestyle, an online interactive marketing agency which develops online strategies aimed at maximizing the capture and interaction of a brand with its target consumers through web site development, search engine marketing (SEM), search engine optimisation (SEO), online advertising and marketing. Freestyle has offices in Sydney.

## 6.3 Growth by Further Acquisitions

Details of the types of acquisitions which QXQ will seek out are as follows:

### 6.3.1 Online Marketing, Mobile Marketing & Advertising

#### (a) Website Representation

This is an outsourced sales and campaign management service for networks of independent websites. It represents to the online advertising market an aggregate group of websites and works to monetise the traffic to these sites via targeted advertising.

#### (b) Mobile Representation

This is an outsourced sales and campaign management service for mobile phone providers. The business represents to potential advertisers an array of potential marketing opportunities involving the mobile phone and works with mobile providers and advertisers to monetise and maximise sales through advertising opportunities.

#### (c) Permission Marketing

##### i. Email Marketing

Is an electronic form of permission marketing (where the customer has consented to receive marketing information). Email delivers relevant and targeted communications via a cost effective and direct electronic medium. The advantage is the measurability and tracking which comes with email campaigns. This allows for greater integration with advertising campaigns, combined with the ability to report on response rates in real time for improved campaigning and targeting. Email marketing is a complementary component to website representation, with the capability to drive traffic to key client websites.

##### ii. Mobile Marketing

Similarly to email marketing, Mobile marketing allows for the delivery of relevant and targeted communications to a customer by mobile telephone. QXQ already has access to significant permissioned databases which include mobile telephone numbers. QXQ sees this as an area of significant future growth.

#### (d) Affiliate and Performance Online Marketing

Affiliate and performance based marketers aggregate advertising from merchants for selection and display by potential publishers on their websites. The advertising typically distributes commissions to publishers based on advertising that either generates a sale, a lead or "click thru" to the merchant's site. This tracking and reporting is managed by the performance marketer.

### 6.3.2 List Broking, List Management & Data-Bases

(a) List Broking

This is the provision of either consumer or business databases (lists) to companies interested in the delivery of targeted communications either by direct mail, email, fax or telemarketing.

(b) List Management

This is the management of databases on behalf of key clients for purposes of maximising potential earnings from the sale of customer data held within these databases.

(c) Databases

Collecting detailed demographic, lifestyle and purchasing data on consumers to build databases that can be sold to advertisers and researchers primarily for email and postal purposes.

List broking, list management and databases provide a basis for supporting and expanding QXQ's interactive advertising activities. Integrating list broking, list management and databases within QXQ's service offerings has the potential to provide a seamless experience for clients when executing direct marketing campaigns. Accordingly, QXQ intends to continue seeking opportunities and acquisitions in this area.

### 6.3.3 Search & Directories

Search and Directories provide information to users on the internet when a key word search is performed through websites dedicated to the provision of Search or Directory information.

(a) Search Engine Optimisation (SEO)

Maximising 'organic' results produced when an online search is performed is an area called Search Engine Optimisation (SEO). SEO aims at maximizing the position of a client's website in a set of results, when a natural query search is conducted through a search engine such as Google or Yahoo. The objective is to rank the client's website as highly as possible in a set of results, preferably on the first page of the results presented.

Given the growing importance of the web and the volume of searches now performed daily, it is vital that a client's web site is optimised for performance.

(b) Pay-Per-Click (PPC)

PPC is the purchase and management of key words through Search engines such as Google, in order to position a client's advertisement at the top and side of search results. Key words are purchased and matched against key words used in the search on behalf of the client and their 'ad' shown in a set of search results.

QXQ currently provides these services to clients within some of the businesses, however QXQ intends to continue seeking opportunities and acquisitions, enhancing the capability to deliver these valued services.

### 6.3.4 Interactive Media Agencies

Provide a suite of services covering online strategy development, Search Engine Marketing (SEM), online marketing and advertising, website development, e-commerce functionality, online measurement and tracking, and email and mobile marketing services.

Interactive agencies simplify the purchasing process by delivering a seamless set of services covering the gamut of interactive media and advertising. This approach allows clients to develop integrated approaches to their online and interactive media communication strategies.

Accordingly, QXQ intends to continue seeking opportunities and acquisitions in this area.

## SECTION 7 - RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not intended and does not constitute a definitive statement of the rights and liabilities of Shareholders in QXQ. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in QXQ's Constitution, a copy of which is available for inspection at QXQ's registered office during normal business hours.

### 7.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

**1 Share Capital**

The share capital in QXQ consists of ordinary shares. All existing issued Shares are of the same class and rank equally in all respects. The Shares are quoted on the official list of ASX.

**2 General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of QXQ. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of QXQ.

### 3 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- i. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- ii. on a show of hands, every person present who is a Shareholder or a proxy or representative of a Shareholder has one vote; and
- iii. on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

### 4 Dividend Rights

The Directors may from time to time declare a dividend to be paid to Shareholders entitled to the dividend. The dividend shall (subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all Shares in accordance with the Corporations Act. The Directors may from time to time pay to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of QXQ shall be conclusive. No dividend shall carry interest as against QXQ. The Directors may set aside out of the profits of QXQ such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of QXQ may be properly applied.

### 5 Winding-Up

If QXQ is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of QXQ, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding up of QXQ or it is resolved by special resolution to wind up QXQ, then on a distribution of assets to members, Shares classified by the ASX as restricted securities and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other Shares.

### 6 Transfer of Shares

Generally, Shares in QXQ are freely transferable and, subject to formal requirements, a transfer will be registered which does not result in a contravention of or failure to observe the provisions of a law of Australia including the Corporations Act or the ASX Listing Rules.

### 7 Future Increase in Capital

The allotment and issue of any new Shares is at the discretion of the Board of QXQ. Subject to any restrictions on the allotment of Shares imposed by QXQ's Constitution, the Corporations Act and the Listing Rules, the Board of QXQ may issue those new Shares on such terms and conditions, and with rights and privileges, as the Board of QXQ from time to time may determine.

### 8 Variation of Rights

Under section 246B of the Corporations Act, QXQ may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not QXQ is being wound up may be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

### 9 Buy Back

QXQ may buy back Shares in itself in accordance with the Corporations Act on the terms and at the times determined by the Board.

### 10 Calls on Shares

Where shares are issued as partly paid (at present there are none) the Directors of QXQ may make calls upon the holders of those Shares to pay the whole of or a portion of the balance of the issue price. If a Shareholder fails to pay a call or instalment of a call, then subject to the Corporations Act and the Listing Rules the shares in respect of the call may be forfeited in accordance with QXQ's Constitution.

## SECTION 8 - RISK FACTORS

### 8.1 General

Whilst the Directors recommend that Shareholders take up their Entitlement, the Shares offered under this Prospectus should be considered speculative because of the nature of QXQ's businesses. A number of material risk factors are set out below. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares.

The business activities of QXQ are subject to various risks that may impact on the future performance of QXQ. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of QXQ and cannot be mitigated. Accordingly, an investment in QXQ carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares will trade.

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval, and war may have an impact on prices, operating costs and market conditions generally. Accordingly, QXQ's future possible revenue and operations can be affected by these factors, which are beyond the control of QXQ.

### 8.2 Status of QXQ's Business

QXQ is subject to all the usual risks encountered by evolving organisations including cash flow and continuity of personnel.

### 8.3 Operating

The operations of QXQ may be affected by various factors, including failure to locate or identify synergistic acquisitions, operational and technical difficulties encountered in interactive advertising, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated problems which may affect costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment, the price of equipment and materials may change to the detriment of possible development and customer programs, damages may result from loss of services of key staff, QXQ may be subject to litigation involving intellectual property, product liabilities or other consumer issues, alternative processes and equipment may be developed that may be able to print in a more cost efficient manner than that contemplated through QXQ, unanticipated operational and technical difficulties, and uninsured losses or liabilities. Alternative technologies could also cause competition for markets and resources.

### 8.4 Rights Issue Risk

Existing Shareholder's interests will be diluted if they do not take up their Entitlements.

### 8.5 General Economic Climate

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market prices. QXQ's Share price, operations, business and profitability can be affected by these factors, which are beyond the control of QXQ and its Directors.

### 8.6 Share Market Conditions

There are general risks associated with any investment and the share market. The price of Shares may rise and fall depending on a range of factors beyond QXQ's control and which are unrelated to QXQ's financial performance. These factors may include movements on international share markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

### 8.7 Future Capital Requirements

Depending upon the nature and scale of QXQ's activities in the forthcoming financial year and the terms of funding facilities QXQ establishes, QXQ may need to raise further capital in the foreseeable future in order to fund its budgeted expenditure. The success or otherwise and the pricing of that capital raising will be dependent upon the then prevailing market conditions.

If the additional capital is raised by an issue of securities this may have the effect of diluting Shareholders' interests in QXQ. Any debt financing, if available, may involve financial covenants which limit QXQ's operations. If QXQ cannot obtain such additional capital, QXQ may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

### 8.8 Reliance on Key Personnel

QXQ's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. To manage its growth, QXQ must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. QXQ has in place service contracts with select employees and provides attractive employment conditions to assist in the retention of key personnel.

## **8.9 Introducing New Businesses and Consumer Services**

QXQ continues to look for appropriate acquisitions (refer to Section 6.3) to introduce new and expanded services in order to generate additional revenues, attract more customers and respond to competition and is raising funds pursuant to this Offer to finance such acquisitions. There can be no guarantee that these new businesses will eventuate or be successful.

## **8.10 Technology**

The inability to respond to technological developments in the industries in which QXQ operates in a timely manner could have an adverse impact on the revenue and operating results of QXQ.

## **8.11 Management of Potential Rapid Growth**

The businesses of QXQ have grown since commencement and further growth at the same rate for the existing businesses, development of new businesses and expansion of its consumer bases, may extend management and operations.

Growth in revenue may not eventuate and QXQ may not respond adequately to changes in either revenue growth or market conditions.

## **8.12 Intellectual Property Rights**

QXQ relies on intellectual property of various kinds, including copyright, trademarks and confidential information. There is a significant risk that if QXQ, or any of the businesses it may partner or invest in, does not own or have licences to use any of the intellectual property it relies upon, its business could be adversely affected, particularly as legal consequences may include injunctive relief requiring that the relevant intellectual property no longer be used. It can be difficult to establish a chain of intellectual property ownership and no assurance can be given that this risk will not eventuate.

## **8.13 Competition Risk**

There is competition in the interactive advertising management business in which QXQ operates. While QXQ has a strong presence in this industry primarily in New South Wales, Victoria and in New Zealand other competitors may take market share from QXQ.

## **8.14 Finance Risk**

Proceeds from the Offer will be used for funding acquisitions and working capital. Funding for working capital beyond the proceeds of the Offer will be dependent on sales revenue, or the raising of additional capital by way of equity or by debt funding.

## **8.15 Insolvency Risk**

If the businesses are adversely affected and QXQ is unable to raise funds to meet working capital requirements, QXQ may be considered to have a liquidity problem which is more than temporary in which case QXQ could face insolvency issues.

## **8.16 Acquisition strategy**

The purpose of the Offer is to identify and purchase new investments in the areas detailed in Section 6.3. There is a risk that QXQ will be unable to acquire future assets/businesses on appropriate terms, thereby potentially limiting the growth of QXQ.

There is also a risk that potential problems are not uncovered as part of the due diligence process undertaken in relation to new acquisitions, or that risks cannot be fully mitigated by the warranties and indemnities in the sale and purchase agreements for those acquisitions. If an unforeseen liability arises in respect of which the purchaser is not able to be indemnified, this may adversely impact QXQ.

## **8.17 Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by QXQ or by investors in QXQ. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of QXQ and the value of the Shares offered under this Prospectus. Therefore, the Shares offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares. Potential investors should consider that the investment in QXQ is speculative and should consult their professional advisers before deciding whether to apply for Shares.

# **SECTION 9 - ADDITIONAL INFORMATION**

## **9.1 Continuous Disclosure Obligations**

This document is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus.

Section 713 of the Corporations Act enables companies to issue transaction specific prospectuses where those companies are, and have been for a period of twelve months, disclosing entities. In general terms, transaction specific prospectuses are only required to contain information in relation to the effect of the issue of securities on QXQ and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects for the issuing Group.

QXQ is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure requirements. As a listed Group, QXQ is subject to the Listing Rules that require it to immediately notify ASX of any information concerning

QXQ of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares. The New Shares offered pursuant to this Prospectus are of a class that has been continuously quoted on the ASX for at least 12 months prior to the date of issue of this Prospectus.

The information in this Prospectus primarily concerns the terms and conditions of the Offer and the information necessary to make an informed decision of:

- The effect of the Offer on QXQ; and
- The rights and liabilities attaching to the Shares offered pursuant to this Prospectus.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to QXQ which has been notified to ASX (see below) and does not include all of the information which would be included in a prospectus for an initial public offering of shares in an entity which is not already listed on ASX. Investors should therefore have regard to the other publicly available information in relation to QXQ before making a decision whether or not to invest in the Shares. Information that is already in the public domain has not been reported in this document, other than that which is considered necessary to make this document complete.

QXQ will provide a copy of each of the following documents free of charge, to any person on request before the Closing Date:

- the 2006 Annual Report (being the last annual financial report to be lodged with ASIC by QXQ before the lodgement of this Prospectus); and
- the half-year financial report for the period ending 31 December 2006 (being a half year financial report lodged with ASIC by QXQ after the lodgement of the 2006 Annual Report and before lodgement of this Prospectus); and
- any continuous disclosure notices given by QXQ to ASX after the lodgement of that Annual Report and before the lodgement of the copy of this Prospectus.

The Annual Report was lodged with ASX on 28 September 2006. The Company has made the following announcements to ASX since the lodgement of the 2006 Annual Report:

Lodgement Date	Description of Document
29/06/2007	1:5 Non-Renounceable Issue
22/06/2007	Appendix 3B
22/06/2007	Notice of General Meeting
15/06/2007	Appendix 4C Monthly Report for May 2007
14/06/2007	Sale of Printing Division
13/06/2007	Trading Halt
05/06/2007	Acquisition of Freestyle Media Group Pty Limited
04/06/2007	Trading Halt
15/05/2007	Appendix 4C - Monthly Report for April 2007
14/05/2007	Acquisition of Mosaic Traffic Pty Ltd
02/05/2007	Acquisition of Axis Media Communications Pty Ltd
16/04/2007	Appendix 4C for Month of March
16/04/2007	Commitments Test Entity - Third Quarter Report
28/03/2007	Citigroup Annual Micro Caps Conference
15/03/2007	Appendix 4C for the month ended February 2007
27/02/2007	Half Yearly Report & Half Year Accounts
15/02/2007	Appendix 4C Monthly Report for January 2007
18/01/2007	Response to ASX Query
15/01/2007	Appendix 4C - Monthly Report for December 2006
15/01/2007	Commitments Test Entity - Second Quarter Report
27/12/2006	Acquisition of First Rate Limited
22/12/2006	Becoming a substantial holder
19/12/2006	Appendix 3B
19/12/2006	Share Placement
15/12/2006	Appendix 4C - Monthly Report: November 2006
15/12/2006	Trading Halt
23/11/2006	Change of Director's Interest Notice
23/11/2006	Change of Director's Interest Notice

Lodgement Date	Description of Document
23/11/2006	Change of Company Secretary
16/11/2006	Change of Director's Interest Notice
16/11/2006	Change of Director's Interest Notice
16/11/2006	Change of Director's Interest Notice
16/11/2006	Change of Director's Interest Notice
16/11/2006	Change of Director's Interest Notice
15/11/2006	Appendix 4C - Monthly Report: October 2006
14/11/2006	Change in substantial holding
31/10/2006	Allotment of Entitlement Issue
30/10/2006	Results of AGM
30/10/2006	AGM Presentation
16/10/2006	Despatch of Rights Offer Prospectus
13/10/2006	Appendix 4C - Monthly Report: September
13/10/2006	Commitments Test Entity - First Quarter Report
29/09/2006	Notice of Non-Renounceable Pro-Rata Issue of Shares
28/09/2006	Disclosure Document
28/09/2006	Appendix 3B - Rights Issue
28/09/2006	Notice of Annual General Meeting
28/09/2006	2006 Annual Report

The ASX maintains files containing publicly available information for all listed companies. A copy of these documents can be obtained free of charge from the ASX website: [www.asx.com.au](http://www.asx.com.au) or from the Company before the Closing Date. Copies of the documents lodged by QXQ with ASIC may be obtained from, or inspected at, an office of ASIC.

## 9.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any organization in which such Director has an interest, has or had within two years before the lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of QXQ;
- any property acquired or proposed to be acquired by QXQ in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- the offer of Shares pursuant to this Prospectus; and

no amounts have been paid or agreed to be paid (in cash or Shares or otherwise), nor has any benefit been given or agreed to be given, to any Director or any organization in which such Director is a partner or director either to induce them to become, or to qualify them as, a Director, or for services provided by them in connection with the formation or promotion of QXQ, or the Offer.

A Director of QXQ, Mr Paul G Choiselat, is also a major shareholder of Beconwood Securities which is the sole shareholder of the Underwriter of the Offer (refer to Section 9.3 for a summary of the Underwriting Agreement). There have been no dealings in the Shares for the six months before the date of this Prospectus by either Mr Choiselat or the Beconwood Securities Group. The Directors are of the opinion that the Underwriting Agreement is on arms length commercial terms and that it was not feasible for an unrelated party to underwrite the Offer. It is for this reason that the Directors resolved that it would be appropriate to appoint the Underwriter, notwithstanding that it is a related party.

Each Director's direct and indirect interests in Shares and Options at the date of this Prospectus are:

Director	Shares	Options	Substantial Shareholder
KV Campbell	4,120,000	1,500,000	No
BR Bennie	500,000	1,000,000	No
PG Choiselat	94,802,609	1,500,000	Yes
M Halstead	13,456,700	1,000,000	No
Hon JG Kennett	5,188,894	1,000,000	No
AHS Koo	6,250,000	1,500,000	No
<b>Total</b>	<b>124,318,203</b>	<b>7,500,000</b>	

The above does not take into account any Shares the Directors may acquire under the Offer. The Directors are under no obligation to take up their Entitlements.

Changes in the Directors' interests after the Offer assuming each of the Directors accept their Entitlements and if the Underwriter is required to take up the balance of the Shares in the Offer pursuant to the Underwriting Agreement are as follows:

Director	Shares	Entitlement	Underwriting	Total	% of Post Offer Shares held
Kevin V Campbell	4,120,000	824,000	-	4,944,000	0.72
Paul G Choiselat	94,802,609	18,960,522	89,371,262	203,134,393	29.64
Hon Jeff G Kennett	5,188,894	1,037,779	-	6,226,673	0.91
Bruce R Bennie	500,000	100,000	-	600,000	0.09
Mark Halstead	13,456,700	2,691,340	-	16,148,040	2.36
Andrew HS Koo	6,250,000	1,250,000	-	7,500,000	1.09
<b>Total</b>	<b>124,318,203</b>	<b>24,863,641</b>	<b>89,371,262</b>	<b>238,553,106</b>	<b>34.80</b>

The following table sets out the ownership of the Beaconwood Securities Group after completion of the Offer assuming different levels of acceptances by the Shareholders of their Entitlements under the Offer:

% of acceptance of the Offer	Shares held by Beaconwood Securities Group after Offer if Directors take Entitlements	% of issued capital of QXQ held by Beaconwood Securities Group	Shares held by Beaconwood Securities Group after Offer if no Directors take Entitlements	% of issued capital of QXQ held by Beaconwood Securities Group
100%	113,763,131	16.60	119,666,250	17.46
80%	131,637,383	19.21	137,540,502	20.07
60%	149,511,636	21.81	155,414,754	22.67
40%	167,385,888	24.42	173,289,007	25.28
20%	185,260,141	27.03	191,163,259	27.89
0%	203,134,193	29.64	209,037,512	30.50

The figures depicted above demonstrate the potential effect of the underwriting by the Underwriter. However, it is unlikely that none of the Shareholders will take up their Entitlement under this Prospectus. In the event that Shareholders take up their Entitlements, the underwriting obligation of the Underwriter and therefore the voting power of the Beaconwood Securities Group will reduce by a corresponding amount.

In the unlikely event that the Beaconwood Securities Group did gain control of the Company as a result of underwriting the Offer, the Underwriter has advised the Company that, other than as disclosed in this Prospectus, it:

- has no intention of making any significant changes to the business of the Company;
- does not propose to change the management and operations of the Company or to make any change to the employment of any present employee of the Company;
- does not intend to redeploy any fixed assets of the Company;
- does not have any present intention to inject further capital into the Company;
- does not intend to transfer property between the Company and the Underwriter or any person associated with it; and
- has no current intention to change the Company's existing policies in relation to financial matters or dividends.

#### Directors' Remuneration

QXQ's Constitution provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by QXQ in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to Shareholders in the notice convening the meeting.

Directors' remuneration for the year ended 30 June 2006 is detailed in QXQ's 2006 Annual Report. The table below sets out details of directors' remuneration for the year ending 30 June 2007:

Director	Non-executive Directors	Executive Directors
Kevin V Campbell	\$32,700	
Bruce R Bennie	\$16,350	
Hon Jeffrey G Kennett	\$16,350	
Paul G Choiselat		\$56,680
Mark Halstead		\$152,600
Andrew HS Koo		\$207,100

Other amounts paid or agreed to be paid to Directors, companies associated with the Directors, or their associates in the last two years are as follows:

	2005/2006 (\$)	2006/2007 (\$)
Fees charged at arms length to Jumbuck Entertainment Ltd (a company associated with each of the Directors of Q Ltd except for Mark Halstead and Andrew HS Koo) for printing services.	34,478	21,817
Fees charged at arms length to TRS Investments Limited (a company associated with Paul G Choiselat) for printing services.	22,846	20,991
Administration services fees, facilities fees and occupancy fees paid to Beconwood Securities, a company associated with Paul G Choiselat.	524,023	1,159,884
Underwriting fees paid to Beconwood Securities, a company associated with Paul G Choiselat	146,094	
Placement and underwriting fees paid to the Underwriter, a company associated with Paul G Choiselat		432,126

Mr Choiselat, by virtue of being a director and shareholder of Beconwood Securities which is the sole shareholder of the Underwriter:

- (a) has an interest in the fees to be paid to the Underwriter in accordance with the terms of the Underwriting Agreement summarised in Section 9.3. Under the Underwriting Agreement, the Underwriter may receive an underwriting fee of approximately \$360,000 (being 5.0% of the underwritten amount);
- (b) has an interest in the fees and other payments made to Beconwood Securities for the provision of certain corporate advisory services to QXQ in relation to the Offer. QXQ estimates that it will pay Beconwood Securities \$20,000 for these services which are on normal commercial terms and conditions no more favourable than those available to other parties; and
- (c) has an interest in the fees charged by Beconwood Securities pursuant to an arrangement to supply certain facilities and services to QXQ which is on normal commercial terms and conditions no more favourable than those available to other parties. During the 24 months prior to the lodgement of this Prospectus, the Beconwood Securities Group have been paid approximately \$2,262,127 for the supply of facilities and provision of services to QXQ.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of QXQ and other miscellaneous expenses.

### 9.3 Underwriting Agreement

QXQ has entered into an Underwriting Agreement with the Underwriter on 29 June 2007.

Pursuant to the terms of the Underwriting Agreement, the Underwriter has agreed to underwrite the whole of the Offer subject to satisfaction of (inter alia) each of the following conditions precedent:

- (a) the lodgement of this Prospectus with ASIC on or before 2 July 2007;
- (b) the Underwriter approving this Prospectus prior to lodgement with ASIC; and
- (c) the due diligence process established in relation to this Prospectus being completed to the reasonable satisfaction of the Underwriter.

QXQ must pay the Underwriter an underwriting fee of 5.0% of the funds raised under the Prospectus (exclusive of GST) but no management fee.

QXQ is providing standard representations and warranties for agreements of this nature and a breach of any of these representations or warranties is a termination event under the Underwriting Agreement. QXQ is also providing indemnities to the Underwriter which are customary for agreements of this nature.

The Underwriter may terminate the Underwriting Agreement if any of the following events occur:

- (a) any person, other than the Underwriter, who consented to being named in the Prospectus or to the issue of the Prospectus withdraws that consent or issues a notice under section 733(3) of the Corporations Act;
- (b) the Prospectus does not comply with sections 711-713 and 716 of the Corporations Act or ASIC issues an order or interim order under section 739 of the Corporations Act or gives notice of its intention to hold or publicly threatens to hold or holds a hearing on the question of whether such an order should be made;
- (c) ASIC gives notice of its intention or publicly threatens to prosecute or prosecutes any person (other than the Underwriter or a Related Party (as defined in the Underwriting Agreement) of the Underwriter) in relation to any aspect of the Offer, or ASIC or any other person applies for an injunction under section 1324 or an order under section 1325 of the Corporations Act in relation to any aspect of the Offer;
- (d) QXQ does not lodge the Prospectus with ASIC in the agreed form excepting typographical amendments (which must be

notified in writing to the Underwriter) or withdraws the Prospectus;

- (e) the Underwriter reasonably forms the view that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in sections 719-728 of the Corporations Act and either:
  - 1. the event or discovery triggering that obligation may in the Underwriter's reasonable opinion have a material adverse effect on the likelihood of persons' applying for Shares or otherwise on the outcome of the Offer; or
  - 2. QXQ fails to lodge a supplementary or replacement prospectus in such form and with such content and within such time as the Underwriter reasonably requires;
- (f) the ASX notifies QXQ that Listing Approval will not be granted or fails to grant Listing Approval on or before the Closing Date or having granted Listing Approval withdraws the same;
- (g) the Shares have not been allotted and issued by the date that is 6 weeks after the date of the Prospectus;
- (h) the All Ordinaries Index of the ASX at the end of each of 3 consecutive Business Days closes at a level that is 90% or less than that attained as at the close of trading on the date of the Underwriting Agreement;
- (i) a statement, report, representation, matter or thing contained in the Prospectus is found to be or to have become misleading or deceptive or there is found to be an omission from the Prospectus having regard to the requirements of sections 710-713 and 716 of the Corporations Act;
- (j) a direction is made in relation to the Prospectus under Part 3 of the Australian Securities and Investments Commission Act 1989;
- (k) an application or order is made, or a meeting is convened to consider a resolution, or a resolution is passed, for the winding up of QXQ;
- (l) QXQ ceases to carry on business, is placed under administration or in receivership or official management or enters into any arrangement or composition or compromise with all or any class of its creditors, or is or states that it is or is deemed to be unable to pay its debts when they fall due, or suspends payment of its debts, or a receiver or receiver and manager is appointed in respect of all or a substantial part of its property, or any event likely to lead to any of the foregoing occurs;
- (m) any director of QXQ or any person named in the Prospectus as a proposed director of QXQ is prosecuted for, or convicted of, an indictable criminal offence;
- (n) there is a material adverse change or an event occurs which could be reasonably expected to give rise to a material adverse change, in the condition (financial or otherwise), earnings, business operating activities, financial position or prospects of QXQ or its business from that disclosed in the Prospectus;
- (o) QXQ alters, or steps are taken to alter, QXQ's capital structure or constitution without the Underwriter's prior written consent (such approval not to be unreasonably withheld);
- (p) any of the Due Diligence Results (as defined in the Underwriting Agreement) is or becomes false or misleading;
- (q) QXQ passes or takes any steps to pass a resolution under section 260B of the Corporations Act without the prior written consent of the Underwriter (acting reasonably);
- (r) any meeting of QXQ required by any governmental agency or law to approve this deed, the Offer or anything related to the Offer is not held or does not produce the required approval;
- (s) an event as set out in section 652C of the Corporations Act occurs in respect of QXQ or any member of QXQ;
- (t) a judgment in an amount exceeding 5% of the net assets of QXQ is obtained against QXQ or any member of QXQ and is not set aside or satisfied within 5 Business Days;
- (u) QXQ withdraws the Prospectus or the Offer;
- (v) any litigation, arbitration or other legal proceeding is commenced against QXQ or any member of QXQ; or
- (w) a person (other than the Underwriter) gives a notice under section 730 of the Corporations Act in relation to the Prospectus.

If the Underwriter reasonably believes that an event referred to below has or is likely to have a material adverse effect on the likelihood of persons applying for Shares or otherwise on the outcome of the Offer or could give rise to a material liability on the part of the Underwriter or a Related Party (as defined in the Underwriting Agreement) under any Applicable Law (as defined in the Underwriting Agreement), it may, without prejudice to any other remedy available to it, by notice to QXQ and without cost or liability to the Underwriter, terminate the Underwriting Agreement at any time. The relevant events are:

- (a) QXQ defaults in the performance of any of its obligations under the Underwriting Agreement;
- (b) a warranty, representation or undertaking contained in the Underwriting Agreement on the part of QXQ is found to be or to have become untrue or incorrect;
- (c) a contravention by QXQ of (or event leading to any restriction or other adverse consequence under) Applicable Law or any agreement, undertaking or other obligation;
- (d) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia, a new law, or an amendment to an existing law, or the Reserve Bank of Australia, or any Commonwealth, State or Territory authority, adopts or announces a proposal to adopt a new policy or to change an existing policy (other than a law or policy which has been announced before the date of the Underwriting Agreement), any of which will or, in the reasonable opinion of the Underwriter, is likely to prohibit or regulate,

in any material respect, capital issues or stock markets, or otherwise adversely affect QXQ or the Offer, or involves a material change in fiscal, exchange control policy, or taxation;

- (e) the outbreak or material escalation of hostilities, political or civil unrest not presently existing commence on a significant scale (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, North Korea or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (f) a Closing Certificate and Shortfall Notice (as defined in the Underwriting Agreement) as referred to in clause 4.1(d) of the Underwriting Agreement are not provided in accordance with that clause.

In the event the Underwriter is required to take up a significant number of Shares pursuant to the Underwriting Agreement, the Underwriter has not indicated that it proposes to change QXQ's business strategy in the immediate future. The Underwriter has no intention to change the composition of the Board of Directors of QXQ.

QXQ must, not later than 2 Business Days after the date on which it receives an Application or Applications under clause 9.1 of the Underwriting Agreement, allot the Shortfall Shares (as defined in the Underwriting Agreement) in accordance with that Application or Applications to the extent that it has received cleared funds.

#### 9.4 Matters relevant to New Zealand Shareholders

The following matters should be noted by New Zealand Shareholders:

- (a) investing in securities of an Australian issuer may carry with it a currency exchange risk;
- (b) the financial reporting requirements applying in New Zealand and those applying to QXQ may be different and so QXQ's financial reports may not be compatible in all respects with financial statements prepared in accordance with New Zealand law;
- (c) QXQ may not be subject in all respects to New Zealand law;
- (d) the contract under which the New Shares will be issued may not be enforceable in New Zealand courts; and
- (e) this Prospectus has not been registered in New Zealand under the respective laws of its jurisdiction and may not contain all the information that a New Zealand registered prospectus is required to contain.

#### 9.5 Interests of advisers and experts

Other than as set out below or elsewhere in this Prospectus, no Underwriter, person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus nor any organization in which such person has an interest, has or had within two years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of QXQ;
- (b) any property acquired or proposed to be acquired by QXQ in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus; and

no amounts have been paid or agreed to be paid (in cash or Shares or otherwise), nor has any benefit been given or agreed to be given, to the Underwriter or any persons named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or any organization in which such person is a partner or director either to induce them to become, or to qualify them as, an expert, or for services provided by them in connection with the formation or promotion of QXQ, or the Offer.

QXQ has engaged the following professional advisers:

- (a) Beconwood Securities and the Underwriter, companies associated with Mr Paul Choiselat, have fee paying arrangements with QXQ details of which are set out in Sections 9.2 and 9.3 respectively;
- (b) Steinepreis Paganin has acted as legal adviser to QXQ in relation to the Offer and advised QXQ generally in relation to the Offer. QXQ has paid or agreed to pay approximately \$10,000 in relation to these services, to the date of this Prospectus. Further amounts may be paid to Steinepreis Paganin in accordance with its usual time-based charge-out rates. During the 24 months prior to the lodgment of this Prospectus at ASIC, Steinepreis Paganin has been paid approximately \$68,821 for services to QXQ;
- (c) Deloitte Touche Tohmatsu has acted as auditor to QXQ and has not received any fees in respect of this Prospectus. During the 24 months prior to lodgment of this Prospectus at ASIC, Deloitte Touche Tohmatsu (and its predecessor firm, DTT Victoria [formerly known as BDO]) has been paid approximately \$98,500 for services to QXQ.

#### 9.6 Consents to be Named

The following persons have given and have not, before the issue of this Prospectus, withdrawn their written consent to be named in this Prospectus in the form and context in which they are named:

- (a) Steinepreis Paganin - Solicitors;
- (b) Deloitte Touche Tohmatsu - Auditors and for the inclusion of the reviewed statement of financial position of QXQ included in Section 5.2;

- (c) Beconwood Securities - Corporate Adviser to the Offer; and
- (d) Beconwood Corporate Finance - Underwriter to the Offer.

**9.7 Responsibility Statements**

Each person named under the above heading "Consents to be Named":

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus other than as specified above;
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus;
- (d) other than as disclosed below with respect to the Beconwood Securities Group, has not now or in the previous two years held any interest in QXQ; and
- (e) will be paid professional fees for services rendered in connection with the Offer as set out in Section 9.5.

The Beconwood Securities Group have provided and continue to provide other market-related consulting services at the request of QXQ, and have a relevant interest in 94,802,609 Shares in QXQ.

**9.8 Costs of the Offer**

If the Offer proceeds, the total estimated costs of the Offer, is approximately \$435,000, made up as follows:

	\$
Publicity and promotion	15,000
Solicitors	10,000
Corporate advisory	20,000
Printing and postage	20,000
ASIC/ASX Fees	10,000
Underwriting Expenses	360,000
<b>Total</b>	<b>435,000</b>

**9.9 Material Contracts**

There are no material agreements which relate to the Company which have not been disclosed to ASX.

**9.10 Directors' consent**

The Directors of the Company report that for the purposes of section 731 of the Corporations Act, they state that they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each Director of the Company consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Prospectus is dated the 2nd day of July 2007.

Signed for and on behalf of QXQ by:



Paul G Choiselat  
 Managing Director  
 Q Ltd  
 2 July 2007

## GLOSSARY

*The following terms have the following meanings in this Prospectus:*

**3Di** means 3 Dimension Interactive Pty Ltd (ACN 104 904 396);

**AASB** means an Australian Accounting Standards Board;

**Accounting Standards** means Professional Standards showing acceptable method(s) of measuring and recording financial transactions and the level of disclosure required in financial statements maintained by the Australian Accounting Standards Board;

**A-IFRS** means the Australian Equivalents to International Financial Reporting Standards;

**Applicant** means a person who applies for Shares pursuant to the Offer;

**Application Monies** means the Application Price multiplied by the number of Shares applied for;

**Application Price** means 6.3 cents, being the amount payable for each Share applied for under the Offer;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited (ACN 008 624 691);

**ASX Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while QXQ is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any written waiver granted by ASX;

**ATO** means Australian Taxation Office;

**Auditor** means Deloitte Touche Tohmatsu;

**Australian GAAP** means generally accepted accounting principles in Australia, including but not limited to applicable Australian Accounting Standards, the accounts provisions of the Corporations Act, Urgent Issues Group Consensus Views, and other authoritative pronouncements of the Australian Accounting Standards Board;

**Australian Shareholder** means any Shareholder with a registered address in Australia;

**AMC** means Axis Media Communications Pty Ltd (ACN 113 551 901);

**Beconwood Securities Group** means Beconwood Securities and its Related Bodies Corporate;

**Beconwood Securities** means Beconwood Securities Pty Ltd (ACN 005 877 109);

**Board** means the Board of Directors;

**Business Day** means a day on which trading takes place on the stock market of the ASX;

**Chairman** means the Chairman of the Board;

**CHESS** means the ASX Clearing House Electronic Sub-registry System;

**Closing Date** means the closing date of the Offer, being 5.00pm (EST) on Thursday 26 July 2007 (unless extended);

**Constitution** means QXQ's Constitution as at the date of this Prospectus;

**Corporate Directory** means the directory contained on page 3 of this Prospectus outlining the particulars of certain parties;

**Corporations Act** means the Corporations Act 2001 (Cth);

**Directors** means the directors of QXQ at the date of this Prospectus;

**Dollar or "\$"** means Australian dollars;

**EBITDA** means earnings before interest, tax, depreciation and amortisation;

**Eligible Shareholders** means all Shareholders as at the Record Date, other than Non-Qualifying Foreign Shareholders;

**Email** means an electronic mail service that allows users to send and receive messages via the Internet;

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer;

**Entitlement and Acceptance Form** means the application form either attached to or accompanying this Prospectus;

**Entitlements Issue** has the same meaning as Rights Issue;

**Entitlement Offer** means the non-renounceable underwritten Entitlement Offer to Shareholders on the basis of 1 New Share for every 5 Existing Shares held as at the Record Date;

**EST** means Eastern Standard Time;

**EPS** means earnings per Share;

**Existing Shareholders** means holders of Shares as at the Record Date;

**Existing Shares** means Shares on issue as at the Record Date;

## GLOSSARY *Continued*

**FMG** means Freestyle Media Group Pty Limited (ACN 104 269 856);

**FRL** means First Rate Limited, New Zealand;

**Form** means the Entitlement and Acceptance Form;

**International Financial Reporting Standards** means professional standards which show the acceptable method(s) of measuring and recording financial transactions and the level of disclosure required in financial statements maintained by The International Accounting Standards Board;

**Group** means QXQ and its subsidiaries;

**GST** means the goods and services tax levied in Australia pursuant to A New Tax System (Goods and Services Tax) Act 1999 (Cth);

**Listing Rules or ASX Listing Rules** means the Listing Rules of the ASX;

**LMA** means List Marketing Australasia Pty Ltd (ACN 093 482 305);

**Mosaic** means Mosaic Traffic Pty Ltd (ACN 114 701 414);

**New Share** means a Share issued by way of Offer offered in this Prospectus;

**New Zealand Shareholder** means any Shareholder with a registered address in New Zealand;

**Non-Qualifying Foreign Shareholders** means all Shareholders whose registered address is not in Australia or New Zealand;

**NPAT** means net profit after tax;

**Offer** means the Entitlement Offer as further detailed in the "Details of the Offer" section of this Prospectus;

**Opening Date** means Thursday 12 July 2007;

**Option** means an option to acquire a Share;

**PSA** means Project Services Australia Pty Ltd (ACN 009 318 683);

**Privacy Act** means the Privacy Act 1988 (Cth);

**Prospectus** means this prospectus;

**QXQ** means Q Limited (ABN 13 083 160 909) and, where appropriate, its Related Bodies Corporate;

**Record Date** means 5.00pm (EST) on Tuesday 10 July 2007;

**Registrar** means Computershare Investor Services Limited or any other person appointed as registrar by QXQ from time to time;

**Related Bodies Corporate** has the meaning given to that term in section 50 of the Corporations Act;

**Rights** means the rights of Eligible Shareholders to subscribe for New Shares under the Rights Issue;

**Rights Issue** means the offer of New Shares pursuant to this Prospectus;

**Share** means a fully paid ordinary Share in the capital of QXQ;

**Shareholders** means Shareholders of QXQ;

**Shortfall** means the number of Shares comprising the difference between the Shares, the subject of the Offer, and the number of Shares for which valid Entitlement and Acceptance Forms have been received and accepted by QXQ by the Closing Date;

**Shortfall Amount** means the amount owing by the Underwriter to the Company for the Shortfall pursuant to the terms of the Underwriting Agreement;

**Underwriter** means Beconwood Corporate Finance Pty Ltd (ACN 109 539 255), Corporate Authorised Representative of Falconer & Bellomo Company Limited, AFSL 244 315, the underwriter of the Offer;

**Underwriting Agreement** means the underwriting agreement entered into between QXQ and the Underwriter on 29 June 2007 in relation to underwriting the Offer pursuant to this Prospectus.