



3Q Holdings Limited

Half-Year Financial Report 31 December 2008



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Appendix 4D

1.

Name of entity	3Q Holdings Limited
ABN	42 089 058 293
Half Year Ended	31 December 2008
Previous Corresponding Reporting Period	6 months to 31 December 2007

2. Results for announcement to the market

	Half -Year Result		Increase (Decrease)	
	2008	2007	%	\$
Revenue	\$ 11,861,696	\$ 7,081,619	68 %	4,780,077
Profit (loss) after tax attributable to members	(2,494,719)	594,444	(520%)	(3,089,163)
Net profit (loss) for the period attributable to members	(2,494,719)	594,444	(520%)	(3,089,163)

Brief Explanation of Results

Despite the challenging global financial environment, 3Q Holdings experienced a strong half year of growth, with revenue for the half period of almost \$12 million - up some 68% on the previous half year result (which had not previously included material Island Pacific revenues). Reported profitability from that revenue was substantially affected by foreign exchange rate and interest rate swap movements, and share based payments to a lesser extent, during the half year although those movements did not have a cash impact on the accounts for the period. More detail is set out on those adjustments in the Directors' Report for the Half Year Result, demonstrating that the underlying hedge position is beneficial to the Company in this period of a low US dollar / Australian dollar exchange rate, and also provides adequate hedging for the Company against future movements.

The 3Q Board believes that eliminating the non-cash impact of the foreign exchange and interest rate swap and also the share based payments, offers a better perspective on the underlying performance of the Company. The normalised result gives an earnings before interest, tax and depreciation (EBITDA) result of \$2.4 million (up some \$1,462,052 on the previous comparable period); and profit after tax of \$987,671 (up some \$393,227 on the pcg).



Normalised Result Summary

	Half year ended 31 December 2007 (PCP) (normalised)	Half year ended 31 December 2008	Half year ended 31 December 2008 (normalised)	% of normalised on PCP
Revenue	\$7,081,619	\$11,861,696	\$11,861,696	68%
EBITDA	\$1,035,105	(279,726)	\$2,400,227	132%
NPAT	\$666,817	(\$2,494,719)	\$987,671	48%
Cash from operations	\$562,000	\$1,862,000	\$1,862,000	231%
Normalised adjustments to NPAT (see discussion in Half Year Result report)			\$3,482,390	
Normalised adjustments to EBITDA (see discussion in Half Year Result report)			\$2,679,953	

No dividends were paid by 3Q Holdings Limited during the reporting period. The directors do not currently intend to declare a dividend in respect of this or the following financial year.

3. Net tangible asset backing per ordinary security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(13.435) cents	(11.313) cents

4. Joint Ventures and Associates

3Q Holdings Limited does not have any holdings in either associates or any joint venture entities.

5. 3Q Holdings is not a foreign entity

6. The accounts of 3Q Holdings Limited have been reviewed and are not subject to dispute or qualification.



Directors' Report

Your directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are:

Shaun Rosen (Executive Chairman)
Clive Klugman (Executive Director)
Alan Treisman (Executive Director)
Mark McGeachen (Executive Director)
Stephe Wilks (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

I am delighted to provide shareholders with the results of 3Q Holdings Limited (ASX: TQH) for the period ended 31 December 2008.

Introduction and Trading Background

Despite the challenging global economic environment, 3Q Holdings experienced a strong half year of growth, with revenue of almost \$12 million - up some 68% on the previous half year result. A substantial part of that revenue growth was attributable to the full inclusion of the results from Island Pacific during the period, compared to no material impact on the previous period.

Reported profitability on the back of the strong revenue growth was substantially affected by foreign exchange rate and interest rate swap movements during the half, although the majority of those movements did not have a cash impact on the accounts for the period. I have set out more detail on those adjustments below. The 3Q Board believes that eliminating these items (including the effect of share based payments), gives a better perspective on the underlying performance of the Company, and has prepared 'normalised' results for that purpose.

The final 'normalised' profit of some \$1m was a very good result for the Company and confirms the value of the acquisitions made during 2007, and consolidated into 3Q's operations in 2008.

In addition, cash generated from operations for the six months of approximately \$1.86 million was substantially greater than the \$562k from the previous comparable period. Together with the Company's existing cash reserves, 3Q was able to repay some \$5.75 million of bank borrowings in the period, substantially reducing outstanding debt.

In the six months to December 2008 3Q focused on consolidating its previous acquisitions, and tightened controls over existing business processes. The benefits of this approach were clear in the financial result and in the trading highlights for the period. A number of new customers were won by the Company's operating divisions, including Golf Warehouse and New Zealand Historic Places Trust (New Zealand), and Mocha, Body and Nina Maya (Australia). Ongoing maintenance for existing customers was again a primary source of revenue for the Company.

3Q was also able to complete a number of research and development projects over the period, even while servicing client development needs, to ensure the Company was well positioned with the 'latest technology' products for the future.



Financial Highlights

Key elements of the Company's results to the end of December 2008 are set out in the table below. Revenues of almost \$12 million were a substantial 68% increase on the previous comparable period (which had not yet included the full effect of the Company's acquisitions). The normalised result (eliminating the impact of the foreign exchange and interest rate swap, and share based payments), gives an earnings before interest, tax and depreciation (EBITDA) result of \$2.4 million (up some \$1,462k on the previous comparable period); and profit after tax of \$987,671 (up some \$393k on the pc).)

Normalised Result Summary

	Half year ended 31 December 2007 (PCP) (normalised)	Half year ended 31 December 2008	Half year ended 31 December 2008 (normalised)	% of normalised on PCP
Revenue	\$7,081,619	\$11,861,696	\$11,861,696	68%
EBITDA	\$1,035,105	(279,726)	\$2,400,227	132%
NPAT	\$666,817	(\$2,494,719)	\$987,671	48%
Cash from operations	\$562,000	\$1,862,000	\$1,862,000	231%
Normalised adjustments to NPAT (see discussion in Half Year Result report)			\$3,482,390	
Normalised adjustments to EBITDA (see discussion in Half Year Result report)			\$2,679,953	

The strong cash flow over the period, together with the Company's existing cash reserves allowed 3Q to repay some \$5.75 million of bank borrowings in the last six months – substantially decreasing debt.

Foreign Exchange and Interest Rate swap

At the beginning of the reporting period (in mid-2008), 3Q recognised the risk of substantial foreign exchange rate movements between the US and Australian dollars (albeit not to the extent that those movements ultimately played out).

Given the success of the Island Pacific acquisition, the Company has a substantial proportion of its current earnings denominated in US dollars, and the Australian dollar value of those earnings varies according to the exchange rate at the time of receipt and conversion to Australian dollars. Just prior to the beginning of the financial year, the Company's debt was primarily held in Australian dollars – with no variation as a consequence of exchange rate movements.

Early in the financial year, the local value of the Company's earnings was decreasing, as the Australian dollar strengthened against the US dollar. Subsequently, the A\$ substantially weakened and the local value of US\$ earnings increased as a consequence. The Company has implemented a natural hedge arrangement whereby it converted a proportion of its existing bank debt in 3Q from A\$ to US dollars (that converted debt in 3Q stood at some US\$5.6m immediately following the end of the financial year).

In addition, and to a lesser extent, the Company's results were effected by foreign exchange losses on inter-company trading accounts.

Accounting consequences

From an accounting perspective, the entire outstanding US\$ loan debt amount in 3Q is converted to its nominal A\$ equivalent at each reporting period – in this case, at the time of the half year, December 2008 result. This nominal conversion does not represent a cash impact on the accounts, simply the nominal current A\$ value of the outstanding loan balance. Taken across the outstanding US\$ loan balance sitting in 3Q's books as at 31 December 2008, where the loan was originally set at approximately 0.95c exchange rate, and now using a rate of 0.698c, the total nominal exchange rate loss for the half year was \$2,225 million.

Of course, while the US\$ balance remains outstanding, any subsequent increase in the exchange rate will similarly mean the non-cash 'loss' will be recovered in the nominal conversion of the then outstanding balance – again, this will



be a non-cash impact on the accounts (in this scenario representing an accounting 'profit').

On the other hand, as US\$ earnings are earned, received and converted to A\$, there is a real, cash benefit to the Company in the current exchange rate climate. This impact takes longer to flow through to the accounts, as it only applies to the US\$ revenue received and converted each month; rather than the entire 'outstanding balance' at any one time (as with the loan account).

Ultimately, while the US\$ loan remains outstanding, the Company has a great deal of flexibility available to it to choose the appropriate time to convert US\$ earnings, and to pay back the US\$ loan. For example, in a low exchange rate environment (as at present), the Company is able to take relatively valuable US\$ revenues and use them to pay down the existing A\$ debt at an accelerated rate. Should the position change to a high exchange rate environment, the Company would then apply US\$ (and, indeed A\$) to the US\$ debt.

The Board continues to believe that the hedging arrangements put in place are appropriate, and provide the Company with the maximum flexibility to deal with movements in exchange rates.

Finally, the Company also incurred non-cash losses as a result of valuing the Interest rate swap on the financing facilities with NAB, which resulted in a loss of \$803,217.

Corporate Activity

During the half year, the Company implemented and executed on a share buyback arrangement, and bought back 425,000 shares at a cost of \$74,000. That buyback arrangement remains open at the time of this report.

Following the reporting period, in early January 2009, Retail Pro (the vendor of the Island Pacific business to 3Q), was placed into Chapter XI administration in the US. Retail Pro is a major creditor of the Company, as it provided vendor financing in the amount of US\$3 million as part of the Island Pacific acquisition. However, that vendor finance is subject to significant restrictions, which ensure that the Company will not be called upon to repay any outstanding amounts until a number of outstanding conditions have been met. The Company does not anticipate that those conditions will be met within the current financial year.

Retail Pro is also a significant debtor, as certain funds belonging to 3Q were deposited into Retail Pro's bank accounts which have not yet been remitted to 3Q. In addition, other amounts remain owing by Retail Pro to 3Q as at the balance sheet date. While it is too early to determine the ultimate disposition of the arrangements with Retail Pro, the Company has retained expert counsel in the United States to ensure that it is placed in the best possible position in any reconstruction of the Retail Pro operation.

Finally, despite or perhaps partly as a consequence of the current challenging economic conditions, the Board continually sees consolidation opportunities in the retail software and services industry, both in Australia and overseas. The Company continues to be well positioned to implement its strategy of consolidation, and the executive team has identified an ongoing range of potential target opportunities.

We look forward to acting on these opportunities in the coming years, where they meet the stringent criteria of the Board to ensure that any acquisition adds substantial value to the existing operations, and to the shareholders and other stakeholders.

Again, we thank shareholders, old and new, for their support and we look forward to keeping shareholders informed of the Company's progress over the coming months.



Auditor's Independence Declaration

The lead auditor's independence declaration under sections 307C of the Corporations Act 2001 is set out on page 9 for the half year ended 31 December 2008.

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to be "Shaun Rosen", written over a series of horizontal lines.

Shaun Rosen, Director

Sydney, 27 February 2009



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of 3Q Holdings Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 3Q Holdings Limited and the entities it controlled during the half year.

PKF

Arthur Milner
Partner

Dated 27 February 2009
Sydney

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Condensed Consolidated Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	CONSOLIDATED	
		Dec 2008	Dec 2007
		\$	\$
Revenue	2(a)	11,861,696	7,081,619
Cost of sales		(1,378,937)	(1,579,256)
Gross profit		10,482,760	5,502,363
Other income	2(b)	382,086	58,691
Other expenses	2(c)	(8,395,584)	(4,481,264)
Profit before tax, finance costs, share based expenses, depreciation and amortisation, and foreign exchange losses		2,469,262	1,079,790
Depreciation		(105,485)	(20,796)
Amortisation		(812,019)	(129,726)
Finance costs	2(d)	(1,711,773)	(196,926)
Foreign exchange (losses)/gain		(2,623,901)	52,481
Share based payments		(56,051)	(124,760)
(Loss) profit before income tax		(2,839,967)	660,063
Income tax benefit/(expense)		345,248	(65,619)
(Loss)/ profit after income tax		(2,494,719)	594,444
• Basic earnings per share (cents per share)		(1.69)	0.40
• Diluted earnings per share (cents per share)		(1.69)	0.38
• Basic earnings per share before Foreign exchange losses, share based payments and Interest rate swap (cents per share)		0.67	0.45
• Diluted earnings per share before Foreign exchange losses and Interest rate swap (cents per share)		0.61	0.43

The accompanying notes form part of these condensed financial statements



Condensed Consolidated Balance Sheet

AS AT 31 DECEMBER 2008

	Notes	CONSOLIDATED	
		As at 31 December 2008 \$	As at 30 June 2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,833,740	6,267,050
Trade and other receivables		6,854,507	8,096,837
Inventories		178,942	169,973
Total Current Assets		9,867,190	14,533,860
Non-current Assets			
Plant and equipment		575,497	466,090
Intangible assets	8	29,727,867	26,780,127
Deferred tax assets		2,547,091	1,420,668
Total Non-current Assets		32,850,454	28,666,885
TOTAL ASSETS		42,717,644	43,200,745
LIABILITIES			
Current Liabilities			
Trade and other payables		4,469,104	4,705,074
Financial liabilities		2,562,460	8,353,562
Provisions		663,292	380,026
Current tax liability		786,134	648,120
Other liabilities	9	4,967,398	4,234,738
Total Current Liabilities		13,448,387	18,321,520
Non-current Liabilities			
Financial liabilities		18,777,967	13,873,817
Deferred tax liability		436,112	-
Provisions		86,804	86,804
Total Non-current Liabilities		19,300,883	13,960,621
TOTAL LIABILITIES		32,749,271	32,282,141
NET ASSETS		9,968,374	10,918,604
EQUITY			
Issued capital	4	6,985,237	7,059,243
Reserves		726,604	(727,091)
Retained Earnings		2,256,533	4,586,452
TOTAL EQUITY		9,968,374	10,918,604

The accompanying notes form part of these condensed financial statements



Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED	
		Dec 2008	Dec 2007
		\$	\$
Cash flows from operating activities			
Receipts from customers		12,866,566	7,086,316
Payments to suppliers and employees		(10,250,550)	(6,316,043)
Interest received		29,586	43,574
Interest Paid		(719,440)	(216,325)
Taxation paid		(374,954)	(34,913)
Other		311,164	-
Net cash flows from operating activities		1,862,372	562,609
Cash flows from investing activities			
Purchase of property, plant and equipment		(68,075)	(98,636)
Loans repaid by other entities, including staff		24,135	(117,180)
Proceeds from disposal of shares in listed companies		-	28,199
Costs incurred on the acquisition of AdvanceRetail		-	(114,666)
Costs incurred on the acquisition of Island Pacific		(55,313)	(154,561)
Acquisition of Island Pacific – cash consideration		-	(18,360,703)
Cash acquired on the acquisition of Island Pacific		-	2,000,000
Net cash flows from investing activities		(99,253)	(16,817,547)
Cash flows from financing activities			
Proceeds from borrowings		-	21,982,531
Repayment of borrowings		(5,746,436)	(4,196,618)
Share buyback		(61,278)	-
Net cash flows from financing activities		(5,807,714)	17,785,913
Net increase/(decrease) in cash and cash equivalents		(4,044,595)	1,530,975
Cash and cash equivalents at beginning of period		6,267,050	2,155,810
Exchange rate/translation adjustments		611,285	(22,158)
Cash and cash equivalents at end of period	8	2,833,740	3,664,627

The accompanying notes form part of these condensed financial statements



Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED				
	Issued Capital	Retained Earnings	Option and Share	Foreign Currency Translation	Total
	\$	\$	\$	\$	\$
At 1 July 2007	7,019,719	3,068,841	359,078	(57,059)	10,390,579
Profit for the period	-	594,444	-	-	594,444
Translation of foreign controlled entities	-	-	-	124,811	124,811
Share based payments	26,000	-	98,760	-	124,760
At 31 December 2007	7,045,719	3,663,285	457,838	67,752	11,234,594
At 1 July 2008	7,059,243	4,586,452	500,416	(1,227,507)	10,918,604
Loss for the period	-	(2,494,719)	-	-	(2,494,719)
Issue of options	-	-	56,051	-	56,051
Expiry of options	-	164,800	(164,800)	-	-
Translation of foreign controlled entities	-	-	-	1,562,444	1,562,444
Share buyback	(74,006)	-	-	-	(74,006)
At 31 December 2008	6,985,237	2,256,533	391,667	334,937	9,968,374

The accompanying notes form part of these condensed financial statements



Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1 Basis of Preparation

This general purpose financial report has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*, and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of 3Q Holdings Limited for the year ended 30 June 2008, and any other public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Other than as noted below, the accounting policies have been consistently applied by the accounting entities in the consolidated group and are consistent with those in the June 2008 financial report.

Early adoption of Standards

AASB 8 *Operating Segments* was early adopted by the Group in 2008-9. AASB 8 replaces AASB 114, *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purpose. The adoption of AASB 8 has resulted in an increase of reportable segments. In addition, the segments are reported in a manner that is more consistent with internal reporting provided to the chief operating decision maker, being the Board of Directors.

Current assets and current liabilities

Whilst the current liabilities exceed the current assets, a major component of the current liabilities is prepaid maintenance and deferred revenue of \$4,967,398 (2007 \$4,234,738) which is not expected to be paid in cash.



Notes to the Half-Year Financial Statements (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		CONSOLIDATED	
		Dec 2008	Dec 2007
		\$	\$
2 Revenue and Expenses			
(a)	Revenue		
	Sales of goods and hardware	5,668,412	4,749,676
	Maintenance revenue	6,193,284	2,331,943
	TOTAL REVENUE	11,861,696	7,081,619
(b)	Other income		
	Interest income	69,035	44,778
	Other income	313,051	13,913
	TOTAL OTHER INCOME	382,086	58,691
(c)	Other expenses		
	Employee benefits	6,126,989	3,386,016
	Other expenses	2,268,595	1,095,248
	TOTAL OTHER EXPENSES	8,395,584	4,481,264
(d)	Finance costs		
	Interest	908,556	196,926
	Interest rate swap value	803,217	-
	TOTAL FINANCE COSTS	1,711,773	196,926

		CONSOLIDATED	
		Dec 2008	Dec 2007
		\$	\$
3 Dividends Paid and Proposed			
	Equity dividends on ordinary shares:		
	Dividends paid during the half-year	-	-

		As at 31 December 2008	As at 30 June 2008
		\$	\$
4 Issued Capital			
	Ordinary shares		
	Issued and fully paid	6,985,237	7,059,243
	Number of shares		\$
	Movements in ordinary shares on issue		
	At 1 July 2008	147,501,797	7,059,243
	425,255 ordinary shares buyback	(425,255)	(74,006)
		147,076,542	6,985,237



Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

5 Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business from a product perspective and has identified 4 reportable segments. These operating segments are essentially based on reports reviewed by the Board of Directors which are used to make strategic decisions. The operating segments identified comprise of individual businesses acquired by 3Q. All segments operate in the Retail technology industry providing IT services. The 3Q business is not considered to be a reportable segment.

December 2008	QQQ \$	ARS \$	IP(UK&US) \$	AdvanceRetail \$	Total \$
Total segment revenue	2,435,740	781,932	7,355,438	1,950,738	12,523,848
Inter-segment revenue	-	-	(652,083)	(161,269)	(813,352)
Revenue from external customers	2,435,740	781,932	6,703,355	1,789,469	11,710,496
*Adjusted EBITDA	555,522	112,153	1,813,680	221,634	2,702,989

December 2007	QQQ \$	ARS \$	IP(UK&US) \$	AdvanceRetail \$	Total \$
Total segment revenue	2,600,067	668,137	1,285,246	2,487,225	7,040,677
Inter-segment revenue	-	-	-	(286,507)	(286,507)
Revenue from external customers	2,600,067	668,137	1,285,246	2,200,718	6,754,169
*Adjusted EBITDA	775,094	(193,106)	1,090,436	(106,113)	1,566,311

Reconciliation of Revenue from external customer to reported group revenue

	Consolidation 2008	Consolidation 2007
Revenue from external customers	11,710,496	6,754,169
3Q's revenue from external customers	151,200	327,450
Total group revenue	11,861,696	7,081,619

Reconciliation of adjusted EBITDA to reported group EBITDA

	Consolidation 2008	Consolidation 2007
*Adjusted EBITDA	2,702,989	1,566,311
3Q's net revenue from external customers	28,800	57,600
3Q's other sundry income	278,170	(10,868)
3Q's operating expenses	(609,732)	(577,939)
*Reported group Adjusted EBITDA	2,400,227	1,035,105

* Adjusted EBITDA excludes foreign exchange gains and losses, swap transactions and share based payments.



6 Contingent Assets and Liabilities

Following the reporting period, in early January 2009, Retail Pro (the vendor of the Island Pacific business to 3Q), was placed into Chapter XI administration in the US. Retail Pro is a major creditor of the Company, as it provided vendor financing in the amount of US\$3 million as part of the Island Pacific acquisition. However, that vendor finance is subject to significant restrictions, which ensure that the Company will not be called upon to repay any outstanding amounts until a number of outstanding conditions have been met. The Company does not anticipate that those conditions will be met within the current financial year. There are also, in addition to the Retail Pro vendor loan of US\$3 million, amounts paid by Retail Pro on behalf of 3Q, which have not been paid as at balance date.

Retail Pro is also a significant debtor, as certain funds belonging to 3Q were deposited into Retail Pro's bank accounts which have not yet been remitted to 3Q. In addition, other amounts remain owing by Retail Pro to 3Q as at the balance sheet date.

While it is too early to determine the ultimate disposition of the arrangements with Retail Pro, the Company has retained expert counsel in the United States to ensure that it is placed in the best possible position in any reconstruction of the Retail Pro operation.

The directors do not consider that any of the receivables are impaired. Should the company not recover the full amounts owing to it by Retail Pro, it anticipates setting-off any shortfall against amounts owing to Retail Pro.



Notes to the Half-Year Financial Statements (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

7 Events after the Balance Sheet Date

See Contingent assets and liabilities note 6.

8 Intangible Assets

	31-Dec-08 \$	30-Jun-08 \$
Balance at beginning of period	26,780,127	9,774,187
Acquisition of subsidiary	-	19,068,214
Capitalized development costs	649,781	322,674
Foreign exchange rate movement	3,109,978	(1,501,171)
Amortisation	(812,019)	(883,777)
	29,727,867	26,780,127

9 Other Liabilities

	31-Dec-08 \$	30-Jun-08 \$
Maintenance in advance	4,709,297	4,175,644
Deferred revenue	258,101	59,094
	4,967,398	4,234,738

At 30 June 2008 maintenance in advance and deferred revenue were classified as Trade and Other Payables. In the directors' view this reclassification provides enhanced disclosure.

10 Company Details

Registered Office
Level 14, Tower 2, 500 Oxford Street
Bondi Junction
NSW 2022
Australia



Directors' Declaration

The directors of 3Q Holdings Limited declare that they are of the opinion that:

- (a) the financial statements and notes of the consolidated entity as set out on pages 10 to 18:
 - (i) comply with Accounting Standard AASB134 "Interim financial reporting" and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance for the half-year ended on that date;
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Board

Shaun Rosen
Director

Sydney, 27 February 2009

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of 3Q Holdings Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of 3Q Holdings Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 3Q Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Chartered Accountants
& Business Advisers

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of 3Q Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF

Arthur Milner
Partner

Dated 27 February 2009
Sydney