



3Q Holdings Limited
ABN 42 089 058 293

Performance update and Dividend declared

- ▶ Ongoing customer wins and performance continue to increase Company strength
 - Board declares dividend of 0.9c/share, reflecting the strength of the ongoing performance
 - A further dividend is to be paid by 30 June 2016, subject to continued strong performance to that time
 - ▶ Board continues to explore corporate opportunities
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Sydney, 2 February 2016: Given the ongoing strength of its operations and the successful refinancing completed mid-2015, the 3Q Board is delighted to announce that it has declared its second dividend since becoming a public company.

The Board has also determined to pay a third dividend by 30 June 2016, subject to continued strong performance to that time.

The record date for the dividend is 2 February 2016, and dividends will be credited to shareholders on 12 February 2016. The amount to be paid on 12 February 2016 is \$0.009 per share (0.9c), for a total of \$1,330,214. The dividend is fully franked.

In addition to the declaration of the second dividend, the Board has determined to pay a third dividend subject to continued strong performance to 30 June 2016. The amount to be paid (by 30 June 2016) will be \$0.004911 per share (0.4911c), for a total of \$725,854. Assuming the Board resolve to declare that dividend, it is also anticipated to be fully franked.

In total, the second and third dividends for the Company represent a payment of \$2,056,068 or 1.3911c per share fully franked, an increase on the dividend paid last year of 0.5794c per share (a 71% increase).

Background

While the Company has shown strong financial results and growth over the last seven years, until recently shareholders have not seen those results in the form of cash dividends.

Historically, we reinvested the earnings of the business into growth opportunities and paying down our debt, and - while we continue to invest appropriately to ensure our ongoing success - the Company now has capacity to return some of the earnings to shareholders. In the past, we were restricted in making payments to shareholders through covenants imposed by our banks and convertible note holders. Since the successful refinancing in mid-

2015, those constraints have been appropriately wound back, reflecting the ongoing performance of the business and the growth capability we continue to demonstrate.

On the customer side, the 2015 financial year saw another raft of excellent wins, including well known icons such as Nasty Gal, EzyMart, M&Co, Superdry and a major retailer in Australia. We were also successful with existing customers, including a substantial further order from a key customer - one of the largest fashion retailers in the UK. That work continues to generate value for the business as we move into the second half of the FY2016 Financial year.

Our service capability also continues to be valued, with a number of large service deals with existing customers signed up during the year.

The combined effect of all this activity has ensured that the 2016 financial year is leveraging off the largest amount of outstanding orders and maintenance revenue to date – with a major portion of planned revenues already covered by outstanding orders and maintenance.

With the team executing the incoming work (and increased headcount where appropriate), the Company is off to an excellent start to FY2016.

We also continue to see momentum in our mobile and OCS products throughout the world, both with new customer interest, and a number of existing customers taking up the new product capabilities.

All of which leads inevitably to great financial results.

We believe that financial year 2016 will again close out as a record year for the Company, improving on the record year in 2015.

Outlook

The 2016 financial year has already seen ongoing benefits from our continued investment in R&D and product development, as well as the further expansion of the Intelligent Retail business.

We will continue to invest in the people and other resources required to ensure that the Company maintains a strong position in all of our markets, and can competitively enter new markets.

During the year, we continued to review potential acquisition targets; and we will continue to review market opportunities over the coming year, and have maintained a number of relationships to help provide access to acquisition capital, if we identify any targets that meet our strict requirements.

The Board is continually looking at options to ensure that we derive optimal value for all stakeholders. The entire business remains focused on creating long term shareholder value.

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About 3Q Holdings Limited

3Q Holdings originally acquired 100% of Island Pacific Australia Pty Limited, a software company that provides software applications to the retail industry in Australia and New Zealand – with both point of sale (POS) and head office solutions into a wide range of retail clients operating in the fashion, electronics, furniture, general merchandise and discount variety industries.

In March 2006 the company acquired the San Diego based Applied Retail Solutions business (ARS), now known as Island Pacific Store (IP Store). IP Store has been providing software and services to mid-sized and large retailers in the United States since 1987. Its core product "Store" provides a Post to Host solution in market segments such as apparel, footwear, entertainment, discount and variety, giving 3Q an excellent entry into the US retail software and services market.

New Zealand based AdvanceRetail Technology was acquired by 3Q in March 2007, and is a leading retail solutions provider with offices in Auckland, Sydney, Brisbane and Malaysia, and representation in China and Singapore – giving it a high quality customer base in Australia, New Zealand and Asia. The company has a range of strategic alliances through which the Company takes its products and services to market.

In December 2007 the company acquired Island Pacific, which provides access to market leading retail merchandising, store operations, CRM, and multi-channel software solutions internationally. With offices in the United States and the United Kingdom, 3Q not only has better access to those markets, but has the advantage of a springboard into the broader European markets. Island Pacific was founded in 1978 and has developed a reputation for delivering high-quality, high-reliability software to the retail industry. The company is headquartered in Irvine, California.

In May 2013 the company acquired UK based Intelligent Retail, Founded in 2004, Intelligent Retail was the first company in the UK to design a multichannel retail solution specifically around the needs of independent retailers - encompassing in-store PoS systems, eCommerce, mail order, telephone orders, as well as online marketplaces. The company's award-winning "Connect" software is used today by around 600 customers throughout the UK and Ireland providing retailers with both a comprehensive in-store solution as well as an online "Connect eCommerce" webstore.