



3Q Holdings Limited
ABN 42 089 058 293

Performance update and Special Dividend declared

- ▶ Excellent customer wins and recent refinancing increase Company strength
 - ▶ Board declares a special dividend, reflecting current performance
 - ▶ Corporate opportunities continue to be explored
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Sydney, 17 June 2015: Given the strength of its current operations and a recent successful refinancing, the 3Q Board is delighted to announce that it has now declared its first dividend since becoming a public company.

The record date for the dividend was set on the date it was declared as 17 June 2015, and dividends will be credited to shareholders on 30 June 2015. The amount to be paid is \$0.008117 per share (0.8117c), for a total of \$1,195,057. The dividend is fully franked.

Background

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

Primarily, we have reinvested the earnings of the business into growth opportunities over that period. However, we have also been restricted in making payments to shareholders through covenants imposed by our banks and convertible note holders.

We have recently refinanced all of the Company's debt portfolio (replacing both our senior banking debt, and fully redeeming the outstanding Convertible Note), entering into new arrangements with the Commonwealth Bank. The new arrangements provide standard senior debt capability (in UK pounds, US dollars and Australian dollars), as well as a new overdraft line and an acquisition facility. The Board is particularly pleased with the commercial approach taken by the Commonwealth Bank, including in setting sensible commercial covenants for the future.

A key driver of the successful refinancing was the Company's ongoing performance with customer wins and product development.

We recently announced some significant customer wins in the US, including *Camuto* and *Nasty Gal*, and a great Intelligent Retail win is in the process of being finalised with a proposed installation for a large retailer in Australia.

This last contract is particularly exciting as it represents a decisive step in the growth of our Intelligent Retail product in Australia and New Zealand, following the established success of



that product in the UK. We will use the lessons learned in the UK and ANZ markets to help smooth the proposed launch of Intelligent Retail into the US market in FY16.

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 2015 will close out as a record year for the Company.

Outlook

The Company continues to be well placed in serving its target customer market, and our products also continue to be relevant to and desired by those customers. We anticipate building on the current successes over the coming year.

The Board does not propose to set a specific dividend policy at this time, but we are certainly mindful that shareholders are entitled to participate in the success of the Company, including through the payment of further dividends where consistent with prudent financial management.

In addition, the Board will continue to look at the various corporate opportunities being presented to the business, in what some have described as a particularly 'effervescent market' for retail companies. We are progressing a review of targeted acquisition opportunities, as well as responding to other proposals put to the Company from time to time. We will advise shareholders should any of these opportunities come to fruition.

The Board thanks all shareholders for their support over the years and trust that you will continue to take an active interest in our Company going forward.

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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.