



3Q HOLDINGS LIMITED

ABN 42 089 058 293

**ASX Release
29 May 2009**

3Q Holdings negotiates positive settlement with Retail Pro Inc

US\$3m 'vendor loan' released; all disputes settled; one off US\$600k payment

The Board of 3Q Holdings (ASX:TQH) today advised that the Company had negotiated a release from any further obligation under the US\$3,000,000 vendor loan it had taken on following the acquisition of the Island Pacific business from Retail Pro Inc in December 2007.

In addition, 3Q settled all trading amounts and potential disputes arising from that acquisition, including claims by 3Q against Retail Pro for a net tangible asset adjustment on the acquired business, amounts paid on the Company's behalf by Retail Pro, and amounts owing from Island Pacific customers incorrectly paid to Retail Pro.

3Q will make a one off payment of US\$600,000 to Retail Pro (in bankruptcy administration in the United States). That amount will be applied first toward trading obligations and any remainder (if any) will be applied toward the purchase obligation (vendor loan). Following the payment of those funds, all parties to the arrangement (including Retail Pro's primary financiers) will release each other from any further outstanding liability.

3Q will finance the settlement arrangement from an overdraft facility with the National Australia Bank, and from the Company's own reserves.

The Board is very pleased with the outcome achieved by management in negotiating this settlement - particularly the substantial improvement to the Company's balance sheet moving forward. In addition, the Company acknowledges the benefit of the commercial approach and timely assistance it received from the National Australia Bank in completing the deal.

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About 3Q Holdings

3Q Holdings Limited (ASX: TQH) has been listed on the ASX in its current form since 28 December 2005. It originally acquired 100% of QQQ Systems, 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). ARS has been providing software and services to mid-sized and large retailers in the United States since 1987. Its core product "Island Pacific Store" provides a Post to Host solution in market segments such as apparel, footwear, entertainment, discount and variety, giving TQH an excellent entry into the US retail software and services market.

New Zealand based AdvanceRetail Technology was acquired by TQH in March 2007, and is a leading retail solutions provider with offices in Auckland, Sydney and Brisbane and representation in Malaysia, 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, including industry leaders that include SAP, Microsoft and IBM.

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, TQH 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.