

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

3 Q Holdings Limited

ABN

42089058293

Quarter ended ("current quarter")

31 December 2005

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	2358	4,082
1.2 Payments for		
(a) staff costs	(464)	(978)
(b) advertising and marketing	(16)	(29)
(c) research and development	0	0
(d) leased assets	(5)	(11)
(e) other working capital	(645)	(1,479)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	8	12
1.5 Interest and other costs of finance paid		(76)
1.6 Income taxes paid	(56)	(107)
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>1,180</b>	<b>1414</b>

**Refer to Note 4 in the appendix to this cash flow report (Basis of preparation of cash flow), which explains the basis for preparation of this cash flow report plus the restatement of the comparatives due to the adoption of A-IFRS**

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	Curent quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>1,180</b>	<b>1414</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(3)	(5)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		(1)
1.12 Loans repaid by other entities		
1.13 Other - Cash acquired on purchase of subsidiary which is deemed to be 3Q Holdings Limited (including proceeds from public offering of \$1,500,000)	1,503	1,503
	1,500	1,497
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>2,680</b>	<b>2,911</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	480	480
1.18 Repayment of borrowings	(240)	(548)
1.19 Dividends paid	(1,690)	(1,690)
1.20 Other – payments relating to costs of public offering	(655)	(624)
Additional funds received on public offer	16	16
<b>Net financing cash flows</b>	<b>(2,089)</b>	<b>(2,366)</b>
<b>Net increase (decrease) in cash held</b>	<b>591</b>	<b>545</b>
1.21 Cash at beginning of quarter/year to date	558	604
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter/year to date</b>	<b>1,149</b>	<b>1149</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2 and 1.20	101
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Payments to directors or associates of the directors of the entity include payment as part of the director's salary packages plus payments for rental of property owned by a related entity of the directors. The payments made were to directors of QQQ Systems Pty Limited for the full 3 months ending 31 December 2005, as well as to the directors of 3Q Holdings Limited for the period from 22 December 2005 to 31 December 2005.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On the 24<sup>th</sup> October 2005 3Q Holdings Limited (formerly Acuity Investment Management Limited) signed a share sale and purchase agreement for the acquisition of 100% of QQQ Systems Pty Limited trading as SVI Retail subject to all relevant regulatory and shareholder approvals and the satisfaction of a number of conditions. All these approvals were obtained and all the conditions were met and the transaction was finally completed on 22 December 2005 and the company recommenced trading on the ASX on 28 December 2005. The consideration for the 100% equity in QQQ comprised the issue of 50,000,000 ordinary shares at 20c per share and 65,000,000 performance shares which are convertible into up to 65,000,000 ordinary shares upon achievement of certain specified targets in the periods ending 30 June 2006 or 2007. 3Q Holdings Limited also issued 7,500,000 ordinary shares under a public offering at an issue price of 20c per share to raise \$1,500,000. The net assets of 3Q on completion of the sale included cash reserves of \$1,503,000, which included \$1,500,000 proceeds from the issue of the 7,500,000 ordinary shares under the public offering.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	480	240
3.2 Credit standby arrangements		

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QQQ Systems Pty Limited also entered into a Hire purchase agreement with the National Australia Bank for the purchase of Computer Equipment in July 2004.  
The outstanding instalments at 31 December 2005 were \$28,029.

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,142	446
4.2 Deposits at call	7	112
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.23)</b>	<b>1149</b>	<b>558</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	QQQ Systems Pty Limited	
5.2 Place of incorporation or registration	Sydney NSW	
5.3 Consideration for acquisition or disposal	The consideration for the 100% equity in QQQ comprised the issue of 50,000,000 ordinary shares at 20c per share and 65,000,000 performance shares which are convertible into up to 65,000,000 ordinary shares upon achievement of certain specified targets in the periods ending 30 June 2006 or 2007. Refer to note 4 below.	
5.4 Total net assets	1	
5.5 Nature of business	Retail software business	

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

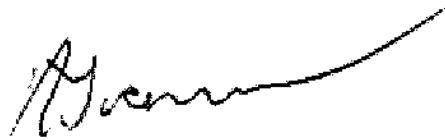
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Sign here: ..



Date: 27/01/2006.....  
(Director/Company secretary)

Print name: Alan Treisman.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

4. **Basis of preparation of cash flow**

The historical financial information contained in this Cash flow report has been prepared and presented in accordance with the Australian equivalents to International Financial Reporting Standards (A-IFRS).

A significant change under A-IFRS as it applies to the company relates to the accounting for business combinations.

In the situation of 3Q Holdings Limited, the legal entity is not the (economic) acquirer for accounting purposes.

QQQ Systems Pty Limited (a private entity) arranged for itself to be "acquired" by a small public entity, 3Q Holdings Limited.

However, in economic substance the private entity (QQQ) undertook the acquisition, and saved certain costs and delays and obtained certain benefits of obtaining a listing by using a company that is already listed.

If the legal subsidiary (QQQ) is identified as the acquirer, then the accounting for the business combination is as if the legal subsidiary acquired the legal parent.

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In comparison, under A-GAAP, 3Q Holdings would be the acquirer and would fair value all of QQQ Systems net assets including identifiable intangible assets and goodwill.

Consequently, the financial information contained in this cash flow report has been presented as if QQQ was the acquirer. The consolidated figures for the quarter include QQQ 's results for the full quarter as well as 3Q's from completion (22 December 2005).

The comparative figures for the year to date includes QQQ's results for the 6 months ended 31 December 2005 as well as 3Q's from completion (22 December 2005).

The comparative results would thus not be consistent with previous figures and appendixes 4C'S as previously disclosed.

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