

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")

30 June 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Curent quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	2,542	7,894
1.2 Payments for		
(a) staff costs	(1,046)	(2,574)
(b) advertising and marketing	(15)	(50)
(c) research and development	0	0
(d) leased assets	(5)	(20)
(e) other working capital	(1,134)	(3,107)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	21
1.5 Interest and other costs of finance paid	(4)	(86)
1.6 Income taxes paid	(94)	(691)
1.7 Other (provide details if material)	10	15
Net operating cash flows	256	1,402

+ See chapter 19 for defined terms.

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	Curent quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	256	1.402
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(26)	(34)
(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)	(2)
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
Cash acquired on purchase of subsidiary, ARS, effective 31 March 2006.		487
	(27)	1,954
Net investing cash flows		
1.14 Total operating and investing cash flows	229	3,356
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		480
1.18 Repayment of borrowings	(120)	(668)
1.19 Dividends paid		(1,690)
1.20 Other – payments relating to costs of relisting,recapitalisation and public offering	(85)	(1,387)
	(205)	(3,265)
Net financing cash flows		
Net increase (decrease) in cash held	24	91
1.21 Cash at beginning of quarter/year to date	671	604
1.22 Exchange rate adjustments	(11)	(11)
1.23 Cash at end of quarter/year to date	684	684

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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	206
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 payments as part of the director's salary packages including director's fees plus payments for rental of property owned by a related entity of certain of the directors.

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

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

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	120
3.2	Credit standby arrangements		

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 30 June 2006 were \$18,686.

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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	659	670
4.2 Deposits at call	25	1
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	684	671

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of 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.

Sign here: ..  ..
 Date: 28/07/2006.....
 (Director/Company secretary)

Print name: Alan Treisman.....

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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.

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, Applied Retail Solution's and 3Q's results for the full quarter.

The comparative figures for the year to date includes QQQ's results for the 12 months ended 30 June 2006, Applied Retail Solution's for the three months to 30 June 2006, as well as 3Q's from completion (22 December 2005).

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