



12 May 2006

## **ASX Announcement**

### **TQH provides information regarding conversion of performance shares into ordinary shares**

The Board of 3Q Holdings Limited (ASX: TQH) wishes to provide information in relation to the conversion of the company's performance shares to ordinary shares.

At the company's annual general meeting on 14 December 2005, shareholders approved the issue of 65,000,000 performance shares as part of the consideration for the company's acquisition of QQQ Systems Pty Limited.

The terms of issue of the performance shares were set out in the notice of meeting for the 14 December 2005 annual general meeting and also in the 25 November 2005 prospectus issued by the company for the purposes of the re-quotations of the company's shares on ASX.

The terms of issue of the performance shares provide that if the company and its subsidiaries, on a consolidated basis, achieve "Relevant Earnings" (as defined in the terms of issue of the performance shares) for the financial year ending 30 June 2006:

- (1) of at least \$2,700,000, then each performance share will automatically convert into 1 ordinary share; and
- (2) of between \$1,500,000 and \$2,700,000, then the holders of the performance shares may elect to convert the performance shares into ordinary shares in accordance with a formula specified in the terms of issue.

Such conversion would take place within 10 business days of the release by the company to ASX of its audited financial statements for the financial year ending 30 June 2006.

Alternatively, in the circumstances outlined in (2) above, the holders of the performance shares could elect to defer the conversion of the performance shares so that the conversion would be based on “Relevant Earnings” for the financial year ending 30 June 2007, and would take place following the end of that financial year.

The Board is pleased to report that “Relevant Earnings” for the financial year to date (excluding earnings from the group’s acquisition of the US-based ARS business) are approximately \$2.2 million.

Taking into account the contributions expected from the group’s acquisition of the US-based ARS business as well as from new business contracts signed, unless there is an unforeseen, material deterioration in trading or market conditions, the Board expects “Relevant Earnings” for the financial year ending 30 June 2006 to reach the \$2,700,000 threshold required for conversion of the performance shares into the maximum number of ordinary shares (65,000,000 ordinary shares).

If shareholders have any questions relating to this announcement, they should contact Alan Treisman on (02) 9389 3555.