



3Q Holdings expands significantly through strategic acquisition in New Zealand

Highlights:

- **Acquisition expected to increase the current revenue and profits of TQH by at least 50%.**
- **Acquisition brings strong management team, a loyal customer base and strategic alliances with industry leaders such as SAP, Microsoft and IBM.**
- **Purchase to be funded 50% by the issue of shares in TQH and the remainder in cash. Shares are subject to an escrow arrangement expected to be 24 months.**
- **Funds for the purchase will be raised via debt with no requirement for a capital raising.**
- **TQH Board has targeted further acquisitions**

The Board of 3Q Holdings Limited (ASX: TQH) is pleased to confirm that it has today entered into a conditional agreement with the owners of the New Zealand based AdvanceRetail Technology whereby TQH will acquire the business of AdvanceRetail Technology.

AdvanceRetail Technology is a leading retail solutions provider with offices in Auckland, Sydney and Brisbane and representation in Malaysia, China and Singapore with a staff complement of approximately 42.

AdvanceRetail Technology has a range of strategic alliances through which the Company takes its products and services to market and these alliances are with industry leaders that include SAP, Microsoft and IBM.

AdvanceRetail Technology has an impressive customer base and some of its clients include leading New Zealand retailers such as Farmers, Postie Plus, Max Fashions, Smith & Caughey, Paper Plus, PGG Wrightson as well as high profile Australian retailers such as Fone Zone, Angus & Coote, Prouds and Australian Geographic.

The purchase of AdvanceRetail Technology will see TQH acquire an organization that will offer great synergies in terms of providing excellent management, a loyal customer base, strategic products and an existing reseller network in Asia, where TQH sees many expansion opportunities over the coming few years.

AdvanceRetail Technology's revenue for the year ending September 2006 was NZD\$6.4m with an EBITDA of NZD\$1.4m.

The purchase price payable by TQH will be an initial payment on completion of NZD\$8.1m plus a further deferred amount of up to one times AdvanceRetail Technology's EBITDA, capped at NZD\$2.025m, for the 12 months ending 30 September 2007 depending on the earnings of the business acquired during this period. The deferred amount will not be payable if the EBITDA of the business for the 12-month period ending 30 September 2007 is less than 60% of the EBITDA for the previous 12-month period.

The consideration will be settled as to one half in cash and the other half by way of the issue of TQH fully paid ordinary shares. The shares issued as consideration will be subject to an escrow period, which is expected to be 24 months.

At completion, the business acquired is expected to have net tangible assets of \$1.4m with the purchase price to be adjusted by the amount of the shortfall or excess (as the case may be).

The agreement with the owners of AdvanceRetail Technology is conditional upon certain third party consents and key man insurance being obtained and TQH completing its financing arrangements. It is expected that the conditions will be satisfied by, and completion will take place, about the end of this month.

The staff of Advance Retail Technology will enter into employment contracts with TQH's New Zealand subsidiary and Australian subsidiary. The services of previous owners of AdvanceRetail Technology, Mark McGeachen and Andrew Bell, have been secured for the 3-year period following completion. AdvanceRetail Technology will be entitled to appoint one nominee to the TQH Board during the escrow period. The AdvanceRetail Technology nominee will be subject to final approval by the TQH Board.

Commenting on the purchase, TQH Executive Chairman Shaun Rosen said, "We are pleased to have reached agreement with AdvanceRetail Technology. We believe that AdvanceRetail Technology will deliver substantial synergistic benefits to TQH and that as a combined group we will be able to grow market share, both in Australia and New Zealand as well as Asia Pacific. We also believe that there is a significant opportunity to take the AdvanceRetail Technology range of products and services to other markets where TQH already has a presence and in particular the United States. We think that their customer base will offer great opportunities for some of TQH's existing product lines and in particular Pyramid, for which we have already jointly identified many prospects. The Board sees this acquisition as the continuation of a focus to build TQH via the acquisition of profitable, synergistic businesses with like-minded management."

Mark McGeachen, CEO of AdvanceRetail Technology commented further, "The acquisition of AdvanceRetail Technology by TQH comes at an important time as we see a great opportunity to extend our reach both nationally and internationally, supported by the public company structure that TQH already has. The opportunities of the combined group into both the US and Asia are clear to see and we look forward to taking advantage of the new found economies of scale. All the staff are very excited about the transaction and we look forward to working with TQH to deliver a tangible EBITDA result for the enlarged AdvanceRetail Technology group in the 2007 financial year."

Any shareholder inquiries regarding this announcement should be directed to Alan Treisman, Company Secretary, who can be reached on 02 9389 3555.