



## 3Q Holdings Limited

Half-Year Financial Report 31 December 2007

# 3Q HOLDINGS LIMITED

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## 3Q HOLDINGS LIMITED

### Appendix 4D

1.

<b>Name of entity</b>	3Q Holdings Limited
<b>ABN</b>	42 089 058 293
<b>Half Year Ended</b>	31 December 2007
<b>Previous Corresponding Reporting Period</b>	6 months to 31 December 2006

2. Results for announcement to the market

	<b>Half -Year Result</b>		<b>Increase (Decrease)</b>	
	<b>2007</b>	<b>2006</b>	<b>%</b>	<b>\$</b>
Revenue	\$ 7,081,619	\$ 4,783,869	48 %	2,297,750
Profit after tax attributable to members	594,444	562,617	6%	31,827
Net profit for the period attributable to members	594,444	562,617	6%	31,827

The profit after tax attributable to members of \$594,444 was after taking into account the cost of options over ordinary shares issued during the previous year of \$98,760 and the value of new shares issued to a director during the current year of \$26,000.

The profit after tax attributable to members before taking into account the cost of issuing options over ordinary shares during the period and the value of new shares issued to a director during the current year was \$719,204.

No dividends were paid by 3Q Holdings Limited during the reporting period. The directors do not currently intend to declare a dividend in respect of this or the following financial year.

3. Net tangible asset backing per ordinary security

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary security	(11.313) cents	0.943 cents

## **3Q HOLDINGS LIMITED**

### 4. Joint Ventures and Associates

3Q Holdings Limited does not have any holdings in either associates or any joint venture entities.

### 5. 3Q Holdings is not a foreign entity

6. The accounts of 3Q Holdings Limited have been reviewed and are not subject to dispute or qualification.

# 3Q HOLDINGS LIMITED

## Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

### **DIRECTORS**

The names of the company's directors in office during the half-year and until the date of this report are:

Shaun Rosen (Executive Chairman)

Clive Klugman (Executive Director)

Alan Treisman (Executive Director)

Geoff Gander (Non-Executive Director) – resigned on 17 October 2007

Mark McGeachen (Executive Director)

Stephe Wilks (Non-Executive Director) – appointed 14 February 2008

### **REVIEW AND RESULTS OF OPERATIONS**

I am delighted to provide shareholders with the results of 3Q Holdings Limited (ASX: TQH) for the period ended 31 December 2007.

#### **Trading Background**

The Company is now well established on its longer term strategy of growth through acquisition, having completed a further significant acquisition of the Island Pacific business from Island Pacific, Inc in December 2007, for a total consideration of US\$16m.

We were pleased to have secured bank finance across the group of approximately \$19.5 million, allowing us to move quickly on the Island Pacific acquisition. On the financial front, leveraging the existing strong operating profits of Island Pacific (unaudited EBITDA for the business for the six months to September 2007 was US\$2.5 million), will prove beneficial to the Company and all of our stakeholders over the coming years, as we integrate the business into our existing operations.

The purchase of Island Pacific is a significant milestone in 3Q Holdings' short history. We welcome the Island Pacific team to the 3Q family of companies and anticipate many synergies between the existing 3Q businesses and Island Pacific. Ultimately, this acquisition will see a stronger 3Q, even better enabled to deliver best in breed products to existing and new clients. We are delighted at the further expansion of our US operations and are particularly excited by the expansion into the UK.

During the half year, the Company also continued to integrate the AdvanceRetail business into the group, following its acquisition earlier in 2007.

As early results in the AdvanceRetail business were not as planned (the primary reason for our relatively flat result, compared to the previous corresponding period), the Company implemented a number of cost cutting measures within the New Zealand operations to ensure operating margins and sustainable profitability in line with the rest of the group. These measures were taken immediately following the completion of the 'earn out' period for the business, with the vendors taking on a substantial part of the burden of the poor

## 3Q HOLDINGS LIMITED

performance to that point. The effects of the cost cutting initiatives are now being seen in the business and profitability is now in line with our original expectations. This should flow through in the second half of the year.

In more positive news from Advance Retail during the half, the business installed the first AdvanceKiosk system at Paper Plus, New Zealand's leading book and stationery retailer. AdvanceKiosk is a new customer self-service solution for retailers, which allows our clients to deploy in-store kiosks for a range of self-service functions - reducing customer reliance on store staff, and increasing store efficiency. Fully integrated with the AdvanceRetail POS system with plans to integrate into our Onepointe, dPOSiT and Island Pacifics offerings shortly, AdvanceKiosk provides a range of self-service modules including Loyalty Points enquiry, product price enquiry, gift card balance enquiry, and BookFinder, which allows customers to search for books by title, author, subject and ISBN. AdvanceKiosk continues to be deployed in other customer sites, and this activity also highlights the opportunity to take the product into customers outside the existing AdvanceRetail family.

The Company also continues to be delighted with the acceptance of the Pyramid product. Pyramid Planning is a Decision Support Tool encompassing Pre-Season and In-Season Merchandise Planning, Store Planning and Assortment Planning and is targeted primarily at retailers of all sizes. Installations of Pyramid continue to be implemented across the range of markets now served by the Company. Similarly, we were delighted with the take-up of AdvanceReports a further Business Intelligence tool across both Australia and New Zealand during the half year.

Other notable customer events during the year included the addition of new customers such as Kumfs Shoes and Shields Jewellers. We were also particularly pleased to secure a further extension of Hutchison Telecom's outsourcing agreement with the Company for the use of our Thin POS software.

Finally, the 3Q family of companies were not immune to the general decrease in consumer sentiment across the half year, with some slowing evident in most businesses. However, we continued to exercise tight operating control over the businesses, and maintained overall profitability despite these pressures. Indeed, one of the ongoing strengths of the Company is the extensive operational experience of the Executive team – who have been through these business cycles before, and are able to continue to deliver in both good times and bad.

Our view on the outlook for the full financial year is positive, as we have seen trading conditions return to more usual levels following the end of the half year. Overall, we believe that the enlarged Company has an increased level of natural resilience to any further downturn in consumer sentiment, with operations across a number of regions, and services across both front end and back end capabilities.

### **Financial Highlights**

For the six months to 31 December 2007, TQH reported revenues of \$7,081,619 (previous comparable period \$4,783,869) and a net profit after tax of \$594,444 (previous comparable period \$562,617).

The relatively flat result (with only 6% growth in NPAT on the previous comparable period) was due in large part to the lower than expected performance of the AdvanceRetail business in its initial stages – a

## 3Q HOLDINGS LIMITED

situation that management is confident has now been rectified, In addition, other extraordinary and non trading items affecting this result included a one off contract development payment of \$50k, related to the AdvanceKiosk product; and a one off contract fee of \$100k in respect of advice on capital structures for the Company in the future.

The Company looks forward to a solid second half, with the acquisition of Island Pacific and performance of the AdvanceRetail operation back at expectations, the Company should comfortably exceed revenue and net profit before tax figures from the previous year.

### **Corporate Activity**

As the Company has continued to clearly communicate to the market, the Board and Management see excellent consolidation opportunities in the retail software and services industry, both in Australia and overseas. The Company continues to be well positioned to implement its strategy of consolidation, and the executive team has identified an ongoing range of potential target opportunities.

We look forward to acting on these opportunities in the coming years, where they meet the stringent criteria of the Board to ensure that any acquisition adds substantial value to the existing operations, and to the shareholders and other stakeholders.

The half year period saw the resignation of Mr Geoff Gander from the board of directors. Geoff agreed to manage the initial transition from Thin Technologies to the listing of 3Q Holdings and assisted the board for a year longer than he anticipated. The board is grateful to Geoff and wishes him the best for the future.

Following the half year we were pleased to be able to obtain the services of Mr Stephe Wilks as a non-Executive Director. Stephe has extensive public company experience, serving on a number of ASX listed company Boards, following a broad operational career in telecommunication, the law and investment banking.

The Board has asked Stephe to particularly focus on ensuring a clear and ongoing communication of the Company's activities with its shareholders and other stakeholders, as we further mature as a public company.

Again, we thank shareholders, old and new, for their support and we look forward to keeping shareholders informed of the Company's progress over the coming months.

### **Auditor's Independence Declaration**

The lead auditor's independence declaration under sections 307C of the Corporations Act 2001 is set out on page 9 for the half year ended 31 December 2007.

## **3Q HOLDINGS LIMITED**

**Signed in accordance with a resolution of the directors**

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a stylized, somewhat abstract representation of the name 'Shaun Rosen'.

Shaun Rosen, Director

**Sydney, 28 February 2008**

## Auditor's Independence Declaration

### To the Directors of 3Q Holdings limited

As lead auditor for the review of 3Q Holdings Limited for the half year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 3Q Holdings Limited and the entities it controlled during the half year.



PKF



**Arthur Milner**

**Partner**

**Sydney, 28 February 2008**

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales

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## 3Q HOLDINGS LIMITED

### Condensed Consolidated Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	CONSOLIDATED	
		Dec 2007	Dec 2006
		\$	\$
<b>Revenue</b>	2(a)	<b>7,081,619</b>	<b>4,783,869</b>
Cost of sales		(1,579,256)	(1,081,683)
<b>Gross profit</b>		<b>5,502,363</b>	<b>3,702,186</b>
Other income	2(b)	58,691	16,982
Other expenses	2(c)	(4,579,305)	(2,704,067)
<b>Profit before tax, finance costs and share based payments</b>		<b>981,749</b>	<b>1,015,101</b>
Finance costs		(196,926)	(7,675)
<b>Profit before income tax and share based payments</b>		<b>784,823</b>	<b>1,007,426</b>
Share based payments expenses		(124,760)	(260,309)
<b>Profit before income tax</b>		<b>660,063</b>	<b>747,117</b>
Income tax expense		(65,619)	(184,500)
<b>Profit after tax</b>		<b>594,444</b>	<b>562,617</b>
• Basic earnings per share (cents per share)		0.4034	0.5426
• Diluted earnings per share (cents per share)		0.3814	0.5202
• Basic earnings per share before share based payments expenses (cents per share)		0.4881	0.7936
• Diluted earnings per share before share based payments expenses (cents per share)		0.4615	0.7609

The weighted average number of ordinary shares on issue and used in the calculation of basic earnings per share was 147,349,808 (2006 – 103,689,656).

The accompanying notes form part of these condensed financial statements

## 3Q HOLDINGS LIMITED

### Condensed Consolidated Balance Sheet

AS AT 31 DECEMBER 2007

	Notes	CONSOLIDATED	
		As at 31 December 2007 \$	As at 30 June 2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	3,664,627	2,155,810
Trade and other receivables		5,902,945	3,183,288
Inventories		134,352	124,074
Prepayments		311,365	162,649
<b>Total Current Assets</b>		<b>10,013,289</b>	<b>5,625,821</b>
<b>Non-current Assets</b>			
Plant and equipment		504,830	270,516
Intangible assets		27,914,458	9,774,187
Financial assets		-	37,525
Deferred tax assets		1,468,904	1,253,095
<b>Total Non-current Assets</b>		<b>29,888,192</b>	<b>11,335,323</b>
<b>TOTAL ASSETS</b>		<b>39,901,481</b>	<b>16,961,144</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		6,078,940	1,978,198
Financial liabilities		7,927,682	1,167,259
Provisions		277,643	299,436
Current tax liability		299,438	54,770
<b>Total Current Liabilities</b>		<b>14,583,703</b>	<b>3,499,663</b>
<b>Non-current Liabilities</b>			
Financial liabilities		14,023,251	3,011,602
Provisions		59,933	59,300
<b>Total Non-current Liabilities</b>		<b>14,083,184</b>	<b>3,070,902</b>
<b>TOTAL LIABILITIES</b>		<b>28,666,887</b>	<b>6,570,565</b>
<b>NET ASSETS</b>		<b>11,234,594</b>	<b>10,390,579</b>
<b>EQUITY</b>			
Issued capital	4	7,045,719	7,019,719
Reserves		525,590	302,019
Retained Earnings		3,663,285	3,068,841
<b>TOTAL EQUITY</b>		<b>11,234,594</b>	<b>10,390,579</b>

The accompanying notes form part of these condensed financial statements

## 3Q HOLDINGS LIMITED

### Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	CONSOLIDATED	
		Dec 2007	Dec 2006
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		7,086,316	4,654,266
Payments to suppliers and employees		(6,316,043)	(4,157,426)
Interest received		43,574	6,254
Interest Paid		(216,325)	(8,362)
Taxation paid		(34,913)	(527,033)
<b>Net cash flows from operating activities</b>		<b>562,609</b>	<b>(32,301)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(98,636)	(16,849)
Loans to other entities, including staff		(117,180)	(3,863)
Proceeds from disposal of shares in listed companies		28,199	-
Costs incurred on the acquisition of AdvanceRetail		(114,666)	-
Costs incurred on the acquisition of Island Pacific		(154,561)	-
Acquisition of Island Pacific – cash consideration		(18,360,703)	-
Cash acquired on the acquisition of Island Pacific		2,000,000	-
<b>Net cash flows from investing activities</b>		<b>(16,817,547)</b>	<b>(20,712)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		21,982,531	-
Repayment of borrowings		(4,196,618)	(120,000)
<b>Net cash flows from financing activities</b>		<b>17,785,913</b>	<b>(120,000)</b>
Net increase/(decrease) in cash and cash equivalents		<b>1,530,975</b>	<b>(173,013)</b>
Cash and cash equivalents at beginning of period	<b>9</b>	2,155,810	684,101
Exchange rate/translation adjustments		(22,158)	(23,409)
<b>Cash and cash equivalents at end of period</b>		<b>3,664,627</b>	<b>487,679</b>

The accompanying notes form part of these condensed financial statements

## 3Q HOLDINGS LIMITED

### Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	CONSOLIDATED				Total
	Issued Capital	Retained Earnings	Option and Share	Foreign Currency Translation	
	\$	\$	\$	\$	
<b>At 1 July 2006</b>	<b>3,089,200</b>	<b>991,007</b>	-	<b>(7,878)</b>	<b>4,072,329</b>
Profit for the period	-	562,617	-	-	562,617
Translation Reserve resulting from translating USA Subsidiary from US dollars to Australian dollars	-	-	-	(19,989)	<b>(19,989)</b>
Adjustment to the cost of the acquisition of QQQ arising on conversion to ordinary shares of the performance shares issued in part consideration for the acquisition.	174,719	-	-	-	<b>174,719</b>
Share based payments	-	-	260,309	-	<b>260,309</b>
<b>At 31 December 2006</b>	<b>3,263,919</b>	<b>1,553,624</b>	<b>260,309</b>	<b>(27,867)</b>	<b>5,049,985</b>
<b>At 1 July 2007</b>	<b>7,019,719</b>	<b>3,068,841</b>	<b>359,078</b>	<b>(57,059)</b>	<b>10,390,579</b>
Profit for the period	-	594,444	-	-	594,444
Translation Reserve resulting from translating USA and New Zealand Subsidiaries from US and New Zealand dollars to Australian dollars	-	-	-	124,811	<b>124,811</b>
Share based payments	26,000	-	98,760	-	<b>124,760</b>
<b>At 31 December 2007</b>	<b>7,045,719</b>	<b>3,663,285</b>	<b>457,838</b>	<b>67,752</b>	<b>11,234,594</b>

The accompanying notes form part of these condensed financial statements

## 3Q HOLDINGS LIMITED

# Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

### 1 BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of 3Q Holdings Limited for the year ended 30 June 2007, and any other public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied by the accounting entities in the consolidated group and are consistent with those in the June 2007 financial report.

The half-year report has been prepared on an accrual basis and is based on historical costs.

## 3Q HOLDINGS LIMITED

### Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

		<b>CONSOLIDATED</b>	
		Dec 2007	Dec 2006
		\$	\$
<b>2 Revenue and Expenses</b>			
(a)	Revenue		
	Sales of goods and hardware	4,749,676	3,276,940
	Maintenance revenue	2,331,943	1,506,929
	<b>TOTAL REVENUE</b>	<b>7,081,619</b>	<b>4,783,869</b>
(b)	Other income		
	Interest income	43,574	5,268
	Other income	15,117	11,714
	<b>TOTAL OTHER INCOME</b>	<b>58,691</b>	<b>16,982</b>
(c)	Other expenses		
	Depreciation	20,796	57,318
	Amortisation of Principal technology	129,726	55,000
	Employee benefits	3,386,016	1,826,659
	Other expenses	1,042,767	765,090
	<b>TOTAL OTHER EXPENSES</b>	<b>4,579,305</b>	<b>2,704,067</b>

### 3 Dividends Paid and Proposed

Equity dividends on ordinary shares:

Dividends paid during the half-year	-	-
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### 4 Issued Capital

	As at 31 December 2007	As at 30 June 2007
	\$	\$
Ordinary shares		
Issued and fully paid	7,045,719	7,019,719
	Number of shares	\$
Movements in ordinary shares on issue		
At 1 July 2007	147,345,460	7,019,719
Issue of 100,000 ordinary shares to Director of 3Q Holdings Limited	100,000	26,000
	<b>147,445,460</b>	<b>7,045,719</b>

## 3Q HOLDINGS LIMITED

### Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

## 5 Change in Composition of Entity

### Acquisition of Island Pacific Inc

On 21 December 2007, Applied Retail Solutions Inc and Island Pacific (UK) Limited, wholly owned subsidiaries of 3Q Holdings Limited, acquired the assets and business of a division of Island Pacific Inc. Island Pacific Inc is a provider of software solutions and services to the retail industry.

In connection with the business combination, 3Q Holdings Limited and its wholly owned subsidiaries has paid \$18,904,254.

The acquired business has contributed revenues of \$1,285,246 and a net income of \$324,090 for the period 22 December 2007 to 31 December 2007.

The consolidated net profit and consolidated revenues that would have resulted had the acquisition been made on 1 July 2007 have not been disclosed as their estimation is unreliable due to the previous structure of the business.

Details of the fair values of identifiable assets and liabilities as at the date of acquisition and the goodwill acquired are as follows:

	\$
Cash at bank	2,000,000
Accounts Receivable	3,956,484
Property Plant and Equipments	135,806
Existing Technology	3,465,404
Customer Relationships	7,392,861
Trade Name	693,081
Payables and Accruals	<u>(5,315,817)</u>
<b>Total Fair Value of net assets</b>	<b>12,327,819</b>
Goodwill arising on acquisition	<u>6,652,088</u>
<b>Total</b>	<b><u>18,979,907</u></b>

Intangible assets acquired, excluding goodwill, will be amortised over their expected useful lives ranging from 8-15 years.

## 3Q HOLDINGS LIMITED

### Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

<b>Purchase consideration:</b>	\$
Cash consideration	18,360,703
Cost of Acquisition	<u>619,204</u>
<b>Total Consideration</b>	<u><b>18,979,907</b></u>

## 6 Segment Reporting

The operating businesses in the Group operate in the same segment with each business unit offering primarily the same products and operating in the same markets. The group operates in the information technology industry in Australia, New Zealand, UK and USA.

The Group's primary segment reporting format is by business unit and its secondary reporting format is by geographic region.

## 7 Contingent Assets and Liabilities

There are no contingent liabilities or contingent assets.

## 8 Events after the balance sheet date

No material events have taken place after the balance sheet date.

## 3Q HOLDINGS LIMITED

### Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

## 9 Additional Information

Reconciliation of Cash

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	<b>CONSOLIDATED</b>	
	As at 31 December 2007	As at 31 December 2006
	\$	\$
Cash at bank and in hand	519,075	481,724
Short-term deposits	3,145,552	5,955
	<u>3,664,627</u>	<u>487,679</u>

## 10 Company Details

Registered Office

Level 14, Tower 2, 500 Oxford Street

Bondi Junction

NSW 2022

Australia

## 3Q HOLDINGS LIMITED

### Directors' Declaration

The directors of 3Q Holdings Limited declare that they are of the opinion that:

- (a) the financial statements and notes of the consolidated entity as set out on pages 10 to 18:
  - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance for the half-year ended on that date;
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Shaun Rosen', written over a series of horizontal lines.

Shaun Rosen  
Director

Sydney, 28 February 2008



Chartered Accountants  
& Business Advisers

## **Independent Auditor's Review Report**

To the members of 3Q Holdings Limited

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of 3Q Holdings Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and director's declaration of the consolidated entity.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 3Q Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 3Q Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



**PKF**



**Arthur Milner**

**Partner**

**Sydney 28 February 2008**

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales

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