3Q Holdings Limited

Preliminary Final Report for the year ending 30 June 07

Contents

Appendix 4E

Name of entity	3Q Holdings Limited
ABN	42 089 058 293
Year Ended	30 June 2007
Previous Corresponding Reporting Period	12 months to 30 June 2006

Results for announcement to the market

	Result	% Increase (Decrease)	$ Increase (Decrease)
Revenue from ordinary activities	$11,268,697	35%	2,901,654
Profit from ordinary activities after tax attributable to members (after expensing of options)	2,077,834	4%	79,510
Net profit for the period attributable to members (after expensing of options)	2,077,834	4%	79,510

Dividends (distributions)	Amount per Security	Franked amount per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlement to the Dividends (if any)	N/A	N/A

No dividends were paid by 3Q Holdings Limited during the reporting period. It is not the current intention of the directors to declare a dividend in respect of this financial year.

A dividend of $1,690,000 was paid by QQQ Systems Pty Limited during the previous corresponding reporting period to its shareholders prior to the acquisition by 3Q Holdings Limited.

Financial Statements

Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the notes thereto are attached.

Dividends

3Q Holdings Limited has not declared a dividend in respect of the current financial year.

Statement of Retained Earnings movements

A statement of movements in Retained Earnings is attached.

Net Tangible Asset Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.41833 cents	1.41965 cents

Gain/Loss of Entity

Details of the entity over which 3Q Holdings Limited gained control during the year is attached.

3Q Holdings Limited did not lose control over entities during the year.

Joint Ventures and Associates

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

Significant Information/Commentary

The Chairman's report, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the notes thereto, all of which are attached, will provide a more detailed understanding of the Company.

Foreign Entity

3Q Holdings is not a Foreign Entity. The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards AAS B 101 and other mandatory professional reporting requirements except some of the disclosure requirements under Accounting Standards have not been included where the information that would be disclosed is not considered relevant nor material.

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

Auditing of Accounts

This report is based on accounts that are in the process of being audited. The accounts are not subject to audit dispute or qualification.

The appendix 4E is also to be read in conjunction with the half yearly financial report for the period ended 31 December 2006 and all ASX releases under the code TQH.

Copies of all ASX releases are available for download at www.asx.com.au

For further information:

Alan Treisman
Company Secretary
3Q Holdings Limited
02 9389 3555

A Treisman

Corporate Information

ABN 42 089 058 293

Directors
Shaun Rosen (Executive Chairman)
Clive Klugman
Alan Treisman
Geoff Gander
Mark McGeachen

Company Secretary
Alan Treisman

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Share Register
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Level 2, 45 St George's Terrace
Perth WA 6000
Phone 61 8 1300 557 010
Website www.computershare.com

Solicitors
Freehills
MLC Centre Martin Place
Sydney NSW 2000
Australia

Bankers
Commonwealth Bank of Australia
- Bondi Junction, Sydney NSW

National Australia Bank
- Bondi Junction, Sydney NSW

St George Bank
- George Street, Sydney NSW

Auditors
PKF
Level 10 /1 Margaret Street
Sydney NSW 2000
Australia

Stock Exchange Listing
Australian Stock Exchange, code: TQH

Additional Commentary to Appendix 4E

Chairman’s Report

Dear Fellow Shareholders,

I am please to present you with a financial overview and highlights for the year, together with the Appendix 4E and additional commentary.

Financial Overview & Highlights of the Year

In the financial year ending 30 June 2007, 3Q followed its strategic direction and traded well, meeting its financial objectives. A solid foundation has been laid upon which to build further profit growth in FY2008.

3Q is in a strong position to take advantage of the fragmented nature of its industry and pursue its strategy of growth by acquisition.

The key operating highlights of 2007

- The acquisition of the profitable business of AdvanceRetail in both New Zealand and Australia.
- The completion of the first full financial year since the re listing of 3Q at the end of 2005.
- The successful launch of the Pyramid product into Australia.
- The growth of the Pyramid product in the USA and UK.
- The ongoing organic growth of our core businesses

Financial Highlights

	2007	2006	Percentage Increase/(Decrease)
Consolidated Revenue	$11,268,697	$8,367,043	↑ 35%
Gross Profit Percentage	76%	75%	↑ 2%
EBITDA (before options expensed)	$2,684,267	$2,537,822	↑ 6%
Operating Profit After Tax (before options expense)	$2,436,912	$1,998,324	↑ 22%
Earnings per Share (diluted and before options expensed)	1.8431c	1.5661c	↑ 18%
Cash	$2,155,810	$684,101	↑ 215%
Trade Debtors	$3,175,991	$1,157,981	↑ 174%
Net Assets	$10,390,579	$4,072,329	↑ 155%
Net Current Assets	$2,066,758	$327,074	↑ 532%
Number of Employees	80	38	↑ 111%

Group Overview

Whilst we are pleased with our result this financial year, it is worth noting there were still some expenses which, when one looks to compare the year on year results, have impacted the 2007 position by some $620,000.

Examples of these expenses include the comprehensive advice we received regarding the availability of past tax losses to the Company. These were a one off expense but it is important to note that the availability of these tax losses should deliver significant benefits to shareholders over the coming years and therefore we believe the advice was strategically important. It should also be noted that while such losses will be offset against future revenues over a number of years, the costs of getting the advice has been expensed in the period it was incurred.

The result also included costs associated with the expensing of options that were issued during the year as well the Company incurring the full twelve months costs associated with being a public entity as compared to these costs for only a six month period in the previous year’s results.

The Company continued to make progress in terms of building the client base and the geographic spread which we cover. We signed a number of new and existing retailers for new business during the year including Mountain Designs, Marcs, Morrisey, Retravision, Forty Winks and Specialty Fashion Group and we were also awarded a contract to supply product into South East Asia by Quiksilver.

We were recognized in both the Australian and Asian marketplaces as being a significant growth company via awards in the prestigious Deloitte Fast 50 (Australia) where we were placed 8th and Fast 500 (Asia Pacific) Programs.

Pyramid

FY2007 saw the introduction of our Pyramid planning product into Australia, The USA and the UK. Pyramid, which is a business intelligence tool , is used by major retailers for pre season and in season merchandise planning as well as for store and assortment planning. The product has been extremely well received and we expect the product offering to be a significant part of our future. 3Q is now able to offer a product to retailers who are not part of our customer base and as such opens many opportunities to use Pyramid as an entree to retailers who do not currently do business with 3Q

AdvanceRetail (NZ)

In April, 2007, 3Q finalised the acquisition of the New Zealand based AdvanceRetail Technology (AR). AR is a leading retail solutions provider with offices in Auckland, Sydney and Brisbane and representation in Malaysia, China and Singapore. AR 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. AR brought with it 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 Dymocks, Fone Zone, Angus & Coote, Prouds, Australian Geographic and Napoleon Perdis.

AR was only owned for 3 months and as such the revenue from AR has not flowed through to the group. It is expected that the additional 9 months of revenues should have a significant effect on the group revenues for FY2008.

The purchase of AR has seen the Company acquire an organization that offers great synergies in terms of providing excellent management, a loyal customer base, strategic products and an existing reseller network in Asia, where we see many expansion opportunities over the coming few years. AR has also became a reseller of the Merlin X2 software, a product aimed at hairdressers. We are in the process of negotiating a distributorship agreement for Australia and New Zealand. As part of the acquisition we welcomed AR's Mark McGeachen to the Board. Mark is well known in the New Zealand retail sector and brings a wealth of knowledge to the Company.

The acquisition of AR has created a company that dominates the retail software sector in Australia/NZ and provides a platform to roll out a number of products to the installed base. We expect to roll out our Pyramid planning product to our AdvanceRetail customers and the AdvanceReports and AdvanceKiosk products to our QQQ Solutions/CRMS (AUS/NZ) and Applied Retail Solutions (USA) customers. We expect the synergies from these opportunities to translate into organic growth for the Australian and New Zealand businesses in FY2008.

Applied Retail Solutions (USA)

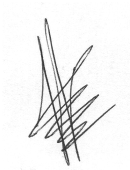
Our United States division, Applied Retail Solutions, continued to perform well during the year and was instrumental in the introduction our new Pyramid product offering into the US, UK and Australian markets. Customers who have installed Pyramid include Roland DG and Ally Fashions (AUS), Past Times and The Perfume Shop (UK), Sur La Table (USA).

Applied Retail Solutions have identified a number of strategic acquisition opportunities in the USA and we anticipate the conversion of at least one of these opportunities over the next year. We would anticipate the existing management team to be responsible for integrating and running any such businesses when they are eventually acquired.

Ongoing

The Board continues to be focused on identifying more suitable acquisition targets and we will announce progress to shareholders as and when it is appropriate. As we have always stated, ultimately 3Q is about achieving scale through strategic acquisitions wherever synergies and economies of scale are anticipated to increase profitability. Our focus continues to be very clear and we know that our underlying business is profitable and robust.

We look forward to your continued support as we work though another busy year ahead and I thank you, the shareholders, as well as our dedicated staff and alliance partners for helping us make the progress we have since listing in December 2005.



Shaun Rosen
Chairman

Income Statement

For the year ending 30 June 2007

	Note	CONSOLIDATED		PARENT	
		2007 $	2006 $	2007 $	2006 $
Revenue	3(a)	11,217,973	7,939,449	1,062,222	583,961
Other income	3(b)	50,724	427,594	27,583	11,022
Cost of sales		(2,697,690)	(2,014,269)	(572,504)	(576,056)
Depreciation and amortisation expense	3(e)	(270,550)	(170,545)	(64,635)	-
Employee benefits expense (excluding options)	3(f)	(4,359,697)	(2,701,539)	(178,044)	(57,941)
Employee benefits expense – options		(359,078)	-	(359,078)	(53,768)
Finance costs	3(d)	(117,595)	(89,956)	(13,251)	(2,629)
Other expenses	3(c)	(1,525,154)	(1,113,412)	141,772	(521,770)
PROFIT / (LOSS) BEFORE INCOME TAX		**1,938,933**	**2,277,322**	**44,065**	**(617,181)**
Income tax expense / (benefit)		(138,901)	278,998	(700,195)	(291,497)
		2,077,834	**1,998,324**	**744,260**	**(325,684)**
Earnings per share for profit after income tax, attributable to members of the company (cents per share)	4				
- basic earnings per share		1.6907	3.2257		
- diluted earnings per share		1.5715	1.5661	-	-
Earnings per share for profit after income tax – before options expensed (cents per share)	4				
- basic earnings per share		1.9829	3.2257		
- diluted earnings per share		1.8431	1.5661	-	-

The income statement should be read in conjunction with notes to financial statements included in this preliminary financial report.

Balance Sheet

As at 30 June 2007

	Note	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
ASSETS					
CONSOLIDATED					
Cash and cash equivalents	6	2,155,810	684,101	464,536	9,036
Trade and other receivables		3,183,288	1,350,205	247,841	148,040
Inventories		124,074	83,331	-	-
Other assets		162,649	62,366	137,882	29,570
TOTAL CURRENT ASSETS		**5,625,821**	**2,180,003**	**850,259**	**186,646**
Non-current assets					
Plant and equipment		270,516	160,934	7,796	1,730
Intangible assets		9,774,187	3,036,609	2,340,339	-
Financial assets		37,525	10,862	24,986,324	23,010,862
Deferred tax assets		1,253,095	576,462	1,014,150	313,955
TOTAL NON-CURRENT ASSETS		**11,335,323**	**3,784,867**	**28,348,609**	**23,326,547**
TOTAL ASSETS		**16,961,144**	**5,964,870**	**29,198,868**	**23,513,193**
LIABILITIES					
Current liabilities					
Trade and other payables		1,978,198	1,018,264	484,150	250,881
Financial liabilities		1,167,259	139,068	417,950	-
Provisions		358,736	178,459	23,057	-
Current tax liability		54,770	517,138	-	22,458
TOTAL CURRENT LIABILITIES		**3,558,963**	**1,852,929**	**925,157**	**273,339**
Non-current liabilities					
Financial liabilities		3,011,602	-	-	-
Provisions		-	39,612	-	-
TOTAL NON-CURRENT LIABILITIES		**3,011,602**	**39,612**	**-**	**-**
TOTAL LIABILITIES		**6,570,565**	**1,892,541**	**925,157**	**273,339**
NET ASSETS		**10,390,579**	**4,072,329**	**28,273,711**	**23,239,854**
EQUITY					
Issued capital	7	7,019,719	3,089,200	45,503,421	41,572,902
Reserves		302,019	(7,878)	412,846	53,768
Retained earnings / (accumulated losses)		3,068,841	991,007	(17,642,556)	(18,386,816)
TOTAL EQUITY		**10,390,579**	**4,072,329**	**28,273,711**	**23,239,854**

The balance sheet should be read in conjunction with notes to financial statements included in this preliminary financial report.

Statement of Changes in Equity

For the year ending 30 June 2007

CONSOLIDATED	Issued capital $	Retained earnings $	Option / forex reserve $	Total $
At 1 July 2005	200	682,683	-	682,883
Cost of acquisition of QQQ Systems Pty Limited	3,089,000	-	-	3,089,000
Profit for the period	-	1,998,324	-	1,998,324
Translation reserve resulting from translating USA & New Zealand subsidiaries from USD & NZD to Australian dollars	-	-	(7,878)	(7,878)
Dividends paid	-	(1,690,000)	-	(1,690,000)
AS AT 30 JUNE 2006	**3,089,200**	**991,007**	**(7,878)**	**4,072,329**
Fair value adjustment on conversion of performance shares to ordinary shares	174,719	-	-	174,719
Shares issued for the acquisition of AdvanceRetail Technology	3,755,800	-	-	3,755,800
Profit for the period	-	2,077,834	-	2,077,834
Adjustment resulting from translating foreign controlled entities	-	-	(49,181)	(49,181)
Issue of 14,340,000 options during the year	-	-	359,078	359,078
AS AT 30 JUNE 2007	**7,019,719**	**3,068,841**	**302,019**	**10,390,579**

PARENT	Issued capital $	Retained earnings $	Option / forex reserve $	Total $
At 1 July 2005	18,132,853	(18,061,132)	-	71,721
Issue of share capital – 7,500,000 fully paid ordinary shares at 20c each issued pursuant to the prospectus	1,500,000	-	-	1,500,000
Costs associated with this share issue	(1,059,951)	-	-	(1,059,951)
Issue of 1,250,000 options in consideration for services rendered	-	-	53,768	53,768
Cost of acquisition of QQQ Systems Pty Ltd – issue of 50,000,000 ordinary shares and 65,000,000 performance shares	23,000,000	-	-	23,000,000
Loss for the period	-	(325,684)	-	(325,684)
AS AT 30 JUNE 2006	**41,572,902**	**(18,386,816)**	**53,768**	**23,239,854**
Fair value adjustment on conversion of performance shares to ordinary shares	174,719	-	-	174,719
Cost of acquisition of AdvanceRetail Technology	3,755,800	-	-	3,755,800
Issue of 14,340,000 options during the year	-	-	359,078	359,078
Profit for the period	-	744,260	-	744,260
AS AT 30 JUNE 2007	**45,503,421**	**(17,642,556)**	**412,846**	**28,273,711**

The statement of changes in equity should be read in conjunction with notes to financial statements included in this preliminary financial report.

Statement of Cash Flows

For the year ending 30 June 2007

	Note	CONSOLIDATED		PARENT	
		2007 $	2006 $	2007 $	2006 $
Cash flows from operating activities					
Receipts from customers		11,222,398	7,894,431	1,283,134	698,697
Payments to suppliers & employees		(8,929,487)	(5,752,834)	(831,682)	(917,277)
Interest paid		(10,374)	(87,191)	(1,472)	(2,629)
Income tax paid		(1,002,025)	(691,433)	(22,458)	-
Other income		9,115	14,217	920	160
NET CASH FLOWS FROM OPERATING ACTIVITIES	6	**1,289,627**	**1,377,190**	**428,442**	**(221,049)**
Cash flows from investing activities					
Interest received		22,034	20,525	3,517	5,721
Cash paid for the purchase of subsidiary		(3,911,918)	-	(352,313)	-
Purchase of plant, equipment and leasehold improvements		(111,141)	(33,702)	(2,475)	(1,730)
Cash acquired on purchase of subsidiary – deemed to be 3Q Holdings Limited		-	1,502,707	-	-
Cash acquired on purchase of subsidiary – AdvanceRetail Technology		332,160	-	-	-
Cash acquired on purchase of subsidiary – Applied Retail Solutions		-	486,685	-	-
Loans to subsidiaries and other entities		(9,500)	-	(4,952)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(3,678,365)**	**1,976,215**	**(356,223)**	**3,991**
Cash flows from financing activities					
Proceeds from capital raising		-	-	-	1,500,000
Capital raising costs		-	(1,075,525)	-	(1,059,951)
Other costs relating to re-listing and recapitalisation		-	(310,905)	-	(262,865)
Other		(23,893)	-	(23,894)	-
Proceeds from borrowings		4,037,183	480,000	407,175	-
Repayment of borrowings		(120,000)	(667,275)	-	-
Loan to subsidiary		-	-	-	(95,790)
Equity dividends paid	5	-	(1,690,000)	-	-
NET CASH FLOWS FROM/(USED) IN FINANCING ACTIVITIES		**3,893,290**	**(3,263,705)**	**383,281**	**81,394**
Net increase/(decrease) in cash and cash equivalents		1,504,552	89,700	455,500	(135,664)
Net foreign exchange differences		(32,843)	(10,991)	-	-
Cash and cash equivalents at beginning of period		684,101	605,392	9,036	144,700
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**2,155,810**	**684,101**	**464,536**	**9,036**

The statement of cash flows should be read in conjunction with notes to financial statements included in this preliminary financial report.

Notes to the Financial Statements

For the year ended 30 June 2007

1 Corporate information

This preliminary financial report of 3Q Holdings Limited (the Company) for the year ended 30 June 2007 was authorised for issue by directors.

3Q Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the annual financial report for the year ended 30 June 2006.

2 Summary of significant accounting policies

Basis of preparation

This preliminary financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The financial report is presented in Australian dollars.

The financial report covers the consolidated group of 3Q Holdings Limited and controlled entities, and 3Q Holdings Limited as an individual parent entity. 3Q Holdings Limited is a listed public company, incorporated and domiciled in Australia.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(a) Statement of compliance

The financial report complies with Australian Standards, which include AIFRS. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS).

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of 3Q Holdings and its subsidiaries as at 30 June each year (“the Group”)

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies except where stated.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements would include the results for the part of the reporting period during which 3Q Holdings Limited has control.

Reverse acquisition accounting

The consolidated financial statements have been prepared following reverse acquisition accounting.

3Q Holdings Limited, the legal parent 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.

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 report has been presented as if QQQ was the acquirer. The consolidated figures for the year ended 30 June 2006 include QQQ‘s results for the year as well as 3Q’s from completion (22 December 2005).

The financial report has been prepared on a historical cost basis and does not take account of changing money values or, except where stated, current valuations of non-current assets.

(ii) Foreign currency translation

Both the functional and presentation currency of 3Q Holdings Limited and its Australian subsidiary is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction.

All differences on settlement of such transactions in the consolidated financial report are taken to the income statement.

The functional currency of the foreign operation, Applied Retail Solution Inc., is United States dollars (US$).
The functional currency of the foreign operation, AdvanceRetail Technology Limited, is New Zealand dollars (NZ$).

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of 3Q Holdings Limited at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(iii) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line and diminishing balance basis over the estimated useful life of the asset as follows:

- Straight line – 12.5% - 40%
- Diminishing balance – 13% - 60%

Impairment

The carrying values of plant, furniture and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable or the assets may have been impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and expensed in the income statement.

Impairment testing will be performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group will estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(iv) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(v) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Impairment testing will be performed annually for goodwill.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(vi) Intangible assets – Intellectual property

Acquired both separately and from a business combination

Intellectual property acquired separately is capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement.

Principal technology is being amortised over a period of 5 to 7 years.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs are expensed as incurred.

Intellectual property with indefinite lives is tested for impairment annually.

Gains or losses arising from derecognition of an Intellectual property is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(vii) Recoverable amount of assets

Once a year, the Group will assess whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group will make a formal estimate of recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and will be written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(viii) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(ix) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

A provision for stock obsolescence is recognized to the extent to which the cost of the stock exceeds its net realizable value.

(x) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

The collectivity of debts is assessed at reporting date and a specific provision is made for any doubtful accounts. Bad debts are written off when identified.

(xi) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(xii) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

(xiii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

(xiv) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(xv) Revenue

Revenues are recognized at fair value of the consideration received net of the amounts of goods and services tax payable to the taxation authority. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery and installation of the goods to the customer.

Rendering of services

Revenue from rendering of services is recognized when the service provided to the customer is completed.

Interest

Revenue is recognised as the interest accrues.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(xvi) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

As at the 22 December 2005, the Group consolidated for tax purposes.

(xvii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not
- recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xviii) Share based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, in some scenarios account is taken of performance conditions, other than conditions linked to the price of the shares.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(xx) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(xxi) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(xxii) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xxiii) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xxiv) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates – Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2 (v). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

(xxv) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(xxvi) Segment information

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary segment information is reported geographically

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and plant and equipment, net of allowances and accumulated depreciation and amortisation.
While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by more than one segment is allocated to the segments on a reasonable basis.

Segment liabilities consist principally of accounts payable, accrued expenses, borrowings, tax liabilities and provision for staff entitlements.

3 Revenue and expenses

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
(a) Revenue				
Sales of hardware	1,516,867	1,916,747	-	-
Rendering of services	3,546,733	2,569,990	162,164	311,840
Maintenance	3,928,266	1,698,146	678,938	-
License fees	2,100,383	1,675,412	208,737	266,400
Interest	21,918	20,525	3,517	5,721
Other	103,806	58,629	8,866	-
TOTAL REVENUE	**11,217,973**	**7,939,449**	**1,062,222**	**583,961**
(b) Other income				
Recoupment of QQQ Systems listing and recapitalization fees from 3Q Holdings	-	105,000	-	-
Excess of interest in net fair value of assets, liabilities and contingent liabilities acquired on acquisition of Applied Retail Solutions	-	271,522	-	-
Other	50,724	51,072	27,583	11,022
TOTAL OTHER INCOME	**50,724**	**427,594**	**27,583**	**11,022**
(c) Other expenses				
Re-listing and recapitalization expenses	-	-	-	262,865
Rental expense	285,284	169,132	5,951	-
Accounting and audit Fees	232,732	101,415	132,040	106,300
Bad and doubtful debts – trade receivables	13,652	317,824	-	-
Legal fees	112,539	102,281	83,461	94,184
Other expenses	880,947	422,760	(363,224)	58,421
TOTAL OTHER EXPENSES	**1,525,154**	**1,113,412**	**(141,772)**	**521,770**
(d) Finance costs				
Bank loans	117,595	10,319	13,251	2,629
Other loans	-	77,533	-	-
Finance charges payable under finance leases and hire purchase contracts	-	2,104	-	-
TOTAL FINANCE COSTS	**117,595**	**89,956**	**13,251**	**2,629**
(e) Depreciation and amortisation				
Depreciation	114,248	60,545	-	-
Amortisation of Principal Technology	156,302	110,000	64,635	-
TOTAL DEPRECIATION AND AMORTISATION	**270,550**	**170,545**	**64,635**	**-**

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
(f) Employee benefits expense (excluding options)				
Wages and salaries (including directors' fees)	3,631,538	2,243,805	156,640	56,516
Workers' compensation costs	12,112	8,715	677	-
Superannuation expense	265,638	220,326	9,441	-
Annual and long service leave provision	94,878	61,018	3,369	-
Fringe benefits	54,818	-	-	-
Life insurance	2,167	-	2,167	-
Payroll tax	174,112	118,805	5,712	-
Other payroll related expenses	77,078	48,870	-	1,425
Other staff benefits, including training	47,356	-	38	-
TOTAL EMPLOYEE BENEFITS EXPENSE (EXCLUDING OPTIONS)	**4,359,697**	**2,701,539**	**178,044**	**57,941**

4 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	2007 $	2006 $
Net profit attributable to ordinary equity holders of the parent	2,077,834	1,998,324
Weighted average number of ordinary shares for basic earnings per share	122,894,308	61,949,678
Effect of dilution: Share options	15,590,000	1,250,000
Performance shares	-	65,000,000
Weighted average number of ordinary shares adjusted for the effect of dilution	132,217,239	65,650,685
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	127,600,363

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

5 Dividends paid and proposed

	2007 $	2006 $
Equity dividends on ordinary shares		
Dividends paid or payable during the year.	-	-
Franking Deficit tax at year end:	-	71,834
- 70% to be offset against future tax liabilities	-	(50,284)
- 30% non creditable	-	21,550

There are no dividends payable or receivable at reporting date

6 Cash assets

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
Cash at bank and in hand	2,077,399	659,712	502,220	9,036
Overdraft	(37,684)	-	(37,684)	-
Short-term deposits	116,095	24,389	-	-
TOTAL CASH & CASH EQUIVALENTS	**2,155,810**	**684,101**	**464,536**	**9,036**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation of net profit after tax to net cash flows from operating activities	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
Net profit/(loss)	2,077,834	1,998,324	744,260	(325,684)
Adjustments for:				
Depreciation	114,248	60,305	-	-
Amortisation	156,302	110,239	64,635	-
Transfer of listing fees classified as financing activities	-	(105,000)	-	-
Listing fees classified as financing activities	-	-		262,865
Net (profit)/loss on disposal of property, plant and equipment	-	6,185	-	-
Organisational costs written off	-	14,077	-	-
Excess of net assets acquired over purchase price of Applied Retail Solutions	-	(271,522)	-	-
Interest received	(21,918)	(20,525)	(3,517)	(5,721)
Net fair value change on investments	(26,663)	(10,862)	(26,663)	(10,862)
Net exchange differences	-	6,373	-	-
Share options expensed	359,078	-	359,078	53,768
Other	29,354	9,756	-	-
Changes in assets and liabilities:				
(Increase)/decrease in inventories	(28,171)	66,486	-	-
(Increase)/decrease in trade and other receivables	(1,054,147)	(617,856)	(15,108)	57,757

(Increase)/decrease in equity	-	(27,914)	-	-
(Increase)/decrease in prepayments	(67,054)	(41,312)	(102,192)	(29,570)
(Increase)/decrease in deferred tax assets	(678,541)	(443,663)	(700,195)	(313,955)
(Decrease)/increase in current tax liability	(461,020)	27,212	(22,458)	22,458
(Decrease)/increase in trade and other payables	624,649	278,948	(17,366)	67,895
(Decrease)/increase in provisions	105,760	352,720	3,369	-
(Decrease)/increase in maintenance in advance	159,916	(14,781)	144,599	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1,289,627**	**1,377,190**	**428,442**	**(221,049)**

7 Issued capital

CONSOLIDATED

Movement during period	2007	2006
Ordinary shares issued and fully paid	7,019,719	3,089,200
Movements in ordinary shares on issue	**Number of shares**	**$**
At 1 July 2006	72,955,960	3,089,200
Ordinary shares issued for the acquisition of AdvanceRetail Technology	9,389,500	3,755,800
Performance shares issued per the acquisition of QQQ Systems Pty Limited	65,000,000	174,719
AT 30 JUNE 2007	**147,345,460**	**7,019,719**

PARENT

Movement during period	2007	2006
Ordinary shares issued and fully paid	45,503,421	41,572,902
Movements in ordinary shares on issue	**Number of shares**	**$**
At 1 July 2006	72,955,960	41,572,902
Ordinary shares issued for the acquisition of AdvanceRetail Technology	9,389,500	3,755,800
Performance shares issued per the acquisition of QQQ Systems Pty Limited	65,000,000	174,719
AT 30 JUNE 2007	**147,345,460**	**45,503,421**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

8 Business combinations

Acquisition of business of AdvanceRetail Technology

On the 13th March 2007 3Q Holdings Limited signed a share sale and purchase agreement for the acquisition of 100% of the business of AdvanceRetail Technology subject to the satisfaction of a number of conditions. All these conditions were met and the transaction was finally completed on 5th April 2007. The purchase price included an initial payment on completion of NZ$8,100,000 comprising the issue of 9,389,500 fully paid ordinary shares in 3Q Holdings Limited at 40c per share and NZ$4,050,000 in cash.

There is also a deferred payment of up to one times AdvanceRetail's EBITDA for the 12-months ended 30 September 2007, capped at NZ$2,025,000. This deferred consideration will be settled as to one half in cash and one half in fully paid ordinary shares in 3Q Holdings Limited. The deferred consideration will not be paid if the EBITDA for the 12-month period ending 30 September 2007 is less than 60% of the EBITDA for the previous 12 month period. If the EBITDA is between 60% and 80% of the EBITDA for the previous 12-month period, then 50% of that EBITDA will be paid. If the EBITDA is greater than 80%, then that EBITDA will be paid. All shares issued will be subject to a 24-month escrow period.

AdvanceRetail Technology contributed $189,296 net profit before tax from ordinary activities for the three month period since 3Q Holdings took control.

The fair value of the identifiable assets and liabilities of AdvanceRetail Technology as at the date of acquisition are:

CONSOLIDATED	**Recognised on acquisition $**	**Carrying value $**
Shares issued at fair value	3,755,800	3,755,800
Cash paid (excluding costs of acquisition)	3,577,233	3,577,233
Cash paid – costs associated with the acquisition	423,430	423,430
Total cost of acquisition	**7,756,463**	**7,756,463**
Fair value of identifiable assets and liabilities acquired:		
Cash and cash equivalents	324,798	324,798
Trade receivables	893,230	893,230
Plant and equipment	102,095	102,095
Prepayments	14,515	14,515
Inventories	12,209	12,209
Accrued payables	(31,207)	(31,207)
Provision for employee entitlements	(19,688)	(19,688)
Unearned income	(137,683)	(137,683)
Fair value of net tangible assets	**1,158,269**	**1,158,269**
Intangible asset – Principal Technology	1,809,815	1,809,815
Goodwill – arising on acquisition	4,193,220	4,193,220
Goodwill – fair value adjustment in relation to shares issued	171,729	171,729
Goodwill – costs of acquisition	423,430	423,430
Total goodwill on acquisition	**4,788,379**	**4,788,379**

Goodwill on acquisition of $4,193,220 held by the subsidiary AdvanceRetail Technology at date of acquisition has been translated at the year end exchange rate, and is recognised in the balance sheet as part of total goodwill of $4,909,346.

Purchase consideration	**CONSOLIDATED**		**PARENT**	
	2007 $	**2006 $**	**2007 $**	**2006 $**
Ordinary shares issued – 9,389,500 million shares at 40 cents per share	3,755,800	-	3,755,800	-
Cash consideration	3,577,233	-	-	-
Costs associated with the acquisition	423,430	-	423,430	-
TOTAL CONSIDERATION	**7,756,463**	**-**	**4,179,230**	**-**

9 Segment information

The operating businesses in the Group operate in the same segment with each business unit offering primarily the same products and markets.

The group operates in the information technology industry in Australia, New Zealand, USA and Asia-Pacific.

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

CONSOLIDATED – 2007	**Australia $**	**New Zealand $**	**United States $**	**TOTAL $**
Year ended 30 June 2007 – Revenue:				
Sales to customers	7,728,241	1,210,923	2,256,890	11,196,054
Other revenues from customers	14,951	-	-	14,951
Other revenue	41,169	10,400	6,123	57,692
Total revenue	7,784,361	1,221,323	2,263,013	11,268,697
Inter-segment management fees	282,747	(71,622)	(211,125)	-
Inter-segment sales	45,074	143,288		188,362
Inter-segment cost of sales	(143,288)	(45,074)	-	(188,362)
Net profit after tax	**1,980,683**	**48,902**	**48,249**	**2,077,834**
Other segment information:				-
Segment assets – before consolidation adjustments	32,128,994	4,277,063	638,153	37,044,210
Consolidation adjustments	(20,083,066)	-	-	(20,083,066)
Consolidated segment assets	12,045,928	4,277,063	638,153	16,961,144
Segment liabilities – before consolidation adjustments	2,076,564	4,227,746	266,255	6,570,565
Consolidation adjustments	-	-	-	-
Consolidated segment liabilities	2,076,564	4,227,746	266,255	6,570,565

CONSOLIDATED – 2006	**Australia $**	**New Zealand $**	**United States $**	**TOTAL $**
Year ended 30 June 2006 – Revenue:	7,018,869	99,735	779,203	7,897,807
Sales to customers	188,264	-	9,450	197,714
Other revenues from customers	-	-	271,522	271,522
	7,207,133	99,735	1,060,175	8,367,043
Inter-segment sales	-	-	-	-
Total revenue	7,306,868	-	1,060,175	8,367,043
Net profit after tax	**1,557,503**	** **7,699**	**353,122**	**1,998,324**
Other segment information:				-
Segment assets – before consolidation adjustments	25,170,955	71,628	710,990	25,953,573
Consolidation adjustments	(19,987,941)	-	(762)	(19,988,703)
Consolidated segment assets	* 5,183,014	71,628	710,228	5,964,870
Segment liabilities – before consolidation adjustments	1,460,435	-	337,069	1,797,504
Consolidation adjustments	95,037	-	-	95,037
Consolidated segment liabilities	1,555,472	-	337,069	1,892,541

* Included in consolidated segment assets above are the acquisition of plant and equipment on the purchase of the Applied Retail Solutions business of $45,828.
Also included in the segment assets are the cost of plant and equipment acquired during the year of $33,702.

** The profit from New Zealand operations does not take into account tax which is payable in Australia.

10 Contingent liabilities

A contingent liability exists in relation to the deferred settlement on the acquisition of AdvanceRetail Technology, details of which are set out at note 8 above. The contingent liability is capped at NZ$2,025,000.

11 Events after balance date

There were no events after balance date to report, as at the date of this preliminary financial report.