3Q Holdings Limited

Preliminary Final Report for the year ending 30 June 08

Contents

Appendix 4E

Name of entity	3Q Holdings Limited
ABN	42 089 058 293
Year Ended	30 June 2008
Previous Corresponding Reporting Period	12 months to 30 June 2007

Results for announcement to the market

	Result	% Increase (Decrease)	$ Increase (Decrease)
Revenue and other income from ordinary activities	20,853,657	85%	9,584,960
Profit from ordinary activities after tax attributable to members (after expensing of options)	1,517,611	(27%)	560,233
Net profit for the period attributable to members (after expensing of options)	1,517,611	(27%)	560,233

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.

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.

Appendix 4E continued

Net Tangible Asset Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	-10.75344 cents	0.41833 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 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). Compliance with AIFRS ensures that the financial report of 3Q Holdings Limited complies with International Financial Reporting Standards ("IFRS").

Auditing of Accounts

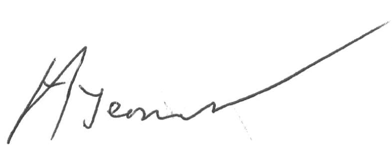
This report is based on accounts that are in the process of being audited. The accounts are not subject to audit dispute or qualification.

The appendix 4E is also to be read in conjunction with the half yearly financial report for the period ended 31 December 2007 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



Corporate Information

ABN 42 089 058 293

Directors

Shaun Rosen (Executive Chairman)
Clive Klugman
Alan Treisman
Mark McGeachen
Stephe Wilks

Company Secretary
Alan Treisman

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Website www.threeq.com.au

Share Register
Computershare Investor Services Pty Ltd
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

National Australia Bank

- Bondi Junction, Sydney NSW
- George Street, Sydney NSW

Commonwealth Bank of Australia

- 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 pleased to present the Annual Report for 3Q Holdings Limited for the year ended 30 June 2008.

This has been a successful year for the company, with a strong emphasis on the integration and consolidation of our two major recent acquisitions – Advance Retail, and Island Pacific. The company has achieved a satisfactory financial outcome despite the challenging retail environment.

Financial Overview & Highlights

Over the course of this financial year, the Company:

- Completed the acquisition of Island Pacific (in December 2007)
- Finalised the full integration of the Advance Retail business, following its acquisition just prior to the start of the financial year
- Increased, compared to the previous year:
    - revenue by 85%, at $20.8m
    - EBITA by 55%, at $4.2m
    - Profit before tax by 12%, at $2.2m
- In the prior year 65,000,000 shares were issued. Had these been issued at the beginning of the prior year, the EPS would have decreased by 12.3%.
- Successfully launched the Island Pacific Planning product into Australia, and expanded its reach in the US and UK markets
- Exciting customer wins – with both substantial renewals, and new business successes.

Financial Highlights

	2008	2007	Percentage Increase/(Decrease)
Revenue & other income	$20,853,658	$11,268,697	↑ 85%
Gross Profit Percentage	78%	76%	↑ 2%
EBITDA (before options expense)	$4,305,814	$2,686,156	↑ 60%
Net Profit before Income Tax	$2,148,607	$1,938,933	↑ 11%
Earnings per Share	1.0296	1.6907c	↓ 39%
Cash	$6,267,050	$2,155,810	↑ 191%
Trade Receivables	$8,096,837	$3,345,937	↑ 142%
Net Assets	$12,383,603	$10,390,579	↑ 19%
Net Current Assets	($3,787,660)	$2,126,158	↓ 278%
Number of Employees	113	80	↑ 41%

Company Background

The Company is now well established on its long term strategy of sustainable growth. That growth will continue to come from the development of the businesses controlled by the Group, as well as through acquisition.

The Company has now all but completed the integration of the Island Pacific business (acquired from Island Pacific Inc in December 2007, for a total consideration of US$16m). To facilitate the Island Pacific acquisition, the Company secured bank finance across the group of approximately $19.5 million, (approximately $3.9m which was used to payout existing bank debt used to acquire AdvanceRetail.) Under the terms of the bank finance, the Company was obliged to undertake a capital raising by the end of the financial year, and pay down part of the outstanding debt some months following that raising.

Following discussions with the Company's financier and brokers, 3Q undertook a rights issue and subsequent placement review in May 2008, recognising that it would prove challenging to secure new investors in the Company at this time of stress in the public markets.

While the raising was not ultimately successful, we believe that the exercise proved useful as a further opportunity to showcase the Company to critical prospective investors. Indeed, the feedback we received whilst on the road show was consistently positive. Ultimately however we paid down a substantial part of the outstanding debt from existing cash reserves, and we will continue to work with the bank to ensure that we meet their ongoing requirements.

The purchase of Island Pacific was a significant milestone in 3Q Holdings' short history, strengthening the Company and even better allowing it to deliver best in breed products to existing and new clients. The Board is delighted at the further expansion of the Company's US operations and particularly excited by the expansion into the UK.

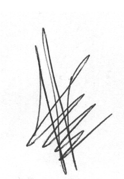
Finally, the Company continues to be active on the sales front, with many new customers over the course of the year representing success in both geographic and product coverage.

Financial Outlook

Although external economic conditions continue to be negative, the Board continues to see excellent consolidation opportunities in the retail software and services industry, both in Australia and overseas.

We look forward to acting on these opportunities in the coming years, where they fall within the capital capacity of the company, and meet the stringent criteria of the Board, which ensure that any acquisition adds substantial value to the existing operations, the shareholders and other stakeholders. We are however cognisant that the retail sector is facing a very tough year ahead and the company will continue to monitor and react to this environment as the circumstances require. The Board continues to expect success from the current business – working with management to achieve consistent operational performance. The Company's strong earnings this year have proven the capabilities of the executive management and we expect this to continue into 2009.

In all, I am pleased to present this report to you – demonstrating another successful milestone in the Company's history, and I look forward to delivering more positive news at the half and full year results for 2009.



Shaun Rosen
Chairman

Income Statement

For the year ending 30 June 2008

	Note	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Revenue	3(a)	20,552,262	11,196,055	3,046,909	1,058,705
Other income	3(b)	301,395	72,642	621,317	561,251
Cost of sales		(4,654,967)	(2,697,690)	(1,124,173)	(572,504)
Depreciation and amortisation expense	3(e)	(1,031,468)	(270,550)	(531,766)	(64,635)
Employee benefits expense (excluding options expense)	3(f)	(8,790,493)	(4,359,697)	(589,103)	(178,044)
Employee benefits expense – shares and options		(167,338)	(359,078)	(167,338)	(359,078)
Finance costs	3(d)	(1,145,779)	(117,595)	(903,829)	(13,251)
Other expenses	3(c)	(2,915,006)	(1,525,154)	(187,907)	(388,379)
PROFIT / (LOSS) BEFORE INCOME TAX		**2,148,606**	**1,938,933**	164,110	**44,065**
Income tax expense / (benefit)		630,995	(138,901)	(55,746)	(700,195)
NET PROFIT AFTER INCOME TAX		**1,517,611**	**2,077,834**	219,856	**744,260**
Earnings per share for net profit after income tax (cents per share)	4				
- Basic earnings per share		1.0296	1.6907	-	-
- Diluted earnings per share		0.9311	1.5715	-	-

The Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2008

	CONSOLIDATED		PARENT	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
ASSETS				
Current assets				
Cash and cash equivalents	6,267,050	2,155,810	2,711,529	464,536
Trade and other receivables	8,096,837	3,345,937	835,019	385,723
Inventories	169,973	124,074	-	-
TOTAL CURRENT ASSETS	**14,533,860**	**5,625,821**	**3,546,548**	**850,259**
Non-current assets				
Plant and equipment	466,090	270,516	12,386	7,796
Intangible assets	28,245,126	9,774,187	8,532,762	4,283,527
Financial assets	-	37,525	24,426,103	23,212,332
Trade and other receivables	-	-	12,490,680	1,773,992
Deferred tax assets	1,420,668	1,253,095	1,069,896	1,014,150
TOTAL NON-CURRENT ASSETS	**30,131,884**	**11,335,323**	**46,531,827**	**30,291,797**
TOTAL ASSETS	**44,665,744**	**16,961,144**	**50,078,375**	**31,142,056**
LIABILITIES				
Current liabilities				
Trade and other payables	8,939,812	1,978,198	316,290	484,150
Financial liabilities	8,353,562	1,167,259	4,516,436	417,950
Provisions	380,026	299,436	6,354	3,369
Current tax liability	648,120	54,770	191,816	-
TOTAL CURRENT LIABILITIES	**18,321,520**	**3,499,663**	**5,030,896**	**905,469**
Non-current liabilities				
Financial liabilities	13,873,817	3,011,602	13,213,247	-
Trade and other payables	-	-	3,154,253	1,943,188
Provisions	86,804	59,300	5,550	19,688
TOTAL NON-CURRENT LIABILITIES	**13,960,621**	**3,070,902**	**16,373,050**	**1,962,876**
TOTAL LIABILITIES	**32,282,141**	**6,570,565**	**21,403,946**	**2,868,345**
NET ASSETS	**12,383,603**	**10,390,579**	**28,674,429**	**28,273,711**
EQUITY				
Issued capital	7,059,243	7,019,719	45,542,945	**45,503,421**
Reserves	737,908	302,019	554,184	412,846
Retained earnings / (accumulated losses)	4,586,452	3,068,841	(17,422,700)	(17,642,556)
TOTAL EQUITY	**12,383,603**	**10,390,579**	**28,674,429**	**28,273,711**

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ending 30 June 2008

CONSOLIDATED	Issued Capital $	Retained Earnings $	Option and Share Reserve $	Foreign Currency Translation Reserve $	Total $
At 1 July 2006	**3,089,200**	**991,007**	**-**	**(7,878)**	**4,072,329**
Profit for the period	-	2,077,834	-	-	**2,077,834**
Adjustment resulting from translating foreign controlled entities	-	-	-	(49,181)	**(49,181)**
Fair value adjustment on conversion of performance shares to ordinary shares.	174,719	-	-	-	**174,719**
Issue of 14,340,000 options during the year	-	-	359,078	-	**359,078**
Shares issued for the acquisition of AdvanceRetail Technology	3,755,800	-	-	-	**3,755,800**
At 30 June 2007	**7,019,719**	**3,068,841**	**359,078**	**(57,059)**	**10,390,579**
At 1 July 2007	**7,019,719**	**3,068,841**	**359,078**	**(57,059)**	**10,390,579**
Profit for the period	-	1,517,611	-	-	**1,517,611**
Adjustment resulting from translating foreign controlled entities	-	-	-	294,551	**294,551**
Issue of 14,340,000 options during the previous year	-	-	141,338	-	**141,338**
Issue of 100,000 shares to Director during the year	26,000	-	-	-	**26,000**
Issue of 56,337 shares during the year as part of Rights issue	13,524	-	-	-	**13,524**
At 30 June 2008	**7,059,243**	**4,586,452**	**500,416**	**237,492**	**12,383,603**

PARENT	Issued Capital $	Retained Earnings $	Option and Share Reserve $	Foreign Currency Translation Reserve $	Total $
At 1 July 2006	**41,572,902**	**(18,386,816)**	**53,768**	**-**	**23,239,854**
Profit for the period	-	744,260	-	-	**744,260**
Adjustment resulting from translating foreign controlled entities	-	-	-	-	**-**
Fair value adjustment on conversion of performance shares to ordinary shares.	174,719	-	-	-	**174,719**
Issue of 14,340,000 options during the year	-	-	359,078	-	**359,078**
Shares issued for the acquisition of AdvanceRetail Technology	3,755,800	-	-	-	**3,755,800**
At 30 June 2007	**45,503,421**	**(17,642,556)**	**412,846**	**-**	**28,273,711**
At 1 July 2007	**45,503,421**	**(17,642,556)**	**412,846**	**-**	**28,273,711**
Profit for the period	-	85,002	-	-	**85,002**
Adjustment resulting from translating loans payable to foreign controlled entities	-	-	-	-	**-**
Issue of 14,340,000 options during the previous year	-	-	141,338	-	**141,338**
Issue of 100,000 shares to Director during the year	26,000	-	-	-	**26,000**
Issue of 56,337 shares during the year as part of Rights issue	13,524				**13,524**
At 30 June 2008	**45,542,945**	**(17,557,554)**	**554,184**	**-**	**28,539,575**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ending 30 June 2008

	Note	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT 2008 $	PARENT 2007 $
Cash flows from operating activities					
Receipts from customers		21,055,631	11,222,398	3,087,764	1,283,134
Payments to suppliers & employees		(16,597,429)	(8,929,487)	(1,478,841)	(831,682)
Interest paid		(1,088,176)	(10,374)	(760,074)	(1,472)
Income tax paid		(185,329)	(1,002,025)	(38,230)	(22,458)
Other income		53,959	9,115	11,176	920
NET CASH PROVIDED BY OPERATING ACTIVITIES	5(a)	**3,238,656**	**1,289,627**	**821,795**	**428,442**
Cash flows from investing activities					
Interest received		160,401	22,034	85,346	3,517
Cash paid for the purchase of AdvanceRetail Technology Limited		-	(3,911,918)	(177,003)	(352,313)
Purchase of plant, equipment and leasehold improvements		(164,075)	(111,141)	(8,665)	(2,475)
Payment for exclusivity deposit in relation to investment in Island Pacific		(120,287)		-	-
Refund of exclusivity deposit in relation to investment in Island Pacific		122,100	-	-	-
Costs incurred on purchase of subsidiary – AdvanceRetail Technology Limited		(164,090)	-	-	-
Cash acquired on purchase of Subsidiary – AdvanceRetail Technology Limited		-	332,160	-	-
Cash paid for the purchase of Island Pacific		(17,006,937)		(12,257,950)	-
Loans to subsidiaries and other entities		(131,823)	(9,500)	(153,373)	(4,952)
Proceeds from disposal of listed investments		26,386	-	26,386	-
NET CASH USED IN INVESTING ACTIVITIES		**(17,278,325)**	**(3,678,365)**	**(12,485,259)**	**(356,223)**
Cash flows from financing activities					
Proceeds from Rights issue		13,524	-	13,254	-
Other			(23,893)		(23,894)
Proceeds from borrowings		22,530,057	4,037,183	17,729,952	407,175
Repayment of borrowings		(4,196,618)	(120,000)	(3,832,749)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**18,346,963**	**3,893,290**	**13,910,457**	**383,281**
Net increase in cash and cash equivalents		4,307,294	1,504,552	2,246,993	455,500
Net foreign exchange differences		(196,054)	(32,843)	-	-
Cash and cash equivalents at beginning of period		2,155,810	684,101	464,536	9,036
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	**6,267,050**	**2,155,810**	**2,711,529**	**464,536**

The Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2008

1 Corporate Information

The Preliminary financial report of 3Q Holdings Limited (the Company) for the year ended 30 June 2008 was authorised for issue by the 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 2007.

2 Summary of Significant Accounting Policies

Basis of preparation

This Preliminary financial report has been prepared in accordance with Australian Accounting Standards, 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 Preliminary 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) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial reporting standards ("AIFRS"). Compliance with AIFRS ensures that the financial report of 3Q Holdings Limited complies with International Financial Reporting standards ("IFRS").
(i) Basis of consolidation

The Preliminary consolidated financial statements comprise the financial statements of 3Q Holdings Limited and its subsidiaries as at 30 June of each year ("the Group").

The financial statements of the 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 Limited would be the acquirer and would fair value all of QQQ 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 included QQQs’ results for the year as well as 3Q’s results from completion (22 December 2005).

(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, Island Pacific Inc., is United States dollars (US$).

The functional currency of the foreign operation, AdvanceRetail Technology Limited, is New Zealand dollars (NZ$).

The functional currency of the foreign operation, Island Pacific (UK) Limited, is Great Britain Pounds.

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

Intellectual property acquired separately is capitalised at cost. Intellectual property acquired from a business combination is 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 15 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 in general are expensed as incurred.
Where there is a major research and development project, the costs relating to such will be capitalised.

Intellectual property with indefinite lives is tested for impairment annually.

Gains or losses arising from derecognition of an intellectual property are 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 fair value plus transaction costs, unless the financial instrument is classified at fair value through the profit and loss in which case these costs are expensed 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. 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 recognised to the extent to which the cost of the stock exceeds its net realisable value.

(x) Trade and other receivables

Trade receivables, which generally have 7 - 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 recognised 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 recognised when the service is provided to the customer.
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) Goods and Services Tax (GST)

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 consideration is given to 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 Profit/(Loss) Before Income Tax

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$	$	$	$
(a) Revenue				
Sales of goods/hardware	1,515,152	1,516,867	7,121	-
Rendering of services	5,137,885	3,546,733	505,746	162,164
Maintenance fees	8,952,603	3,928,266	941,425	678,938
License fees	4,654,603	2,100,383	1,562,863	208,737
Other revenue	292,019	103,806	29,754	8,866
TOTAL REVENUE	**20,552,262**	**11,196,055**	**3,046,909**	**1,058,705**
(b) Other income				
Management fees – intra-group	-	-	307,287	530,151
Interest received	187,378	21,918	313,651	3,517
Other Income	114,017	50,724	379	27,583
TOTAL OTHER INCOME	**301,395**	**72,642**	**621,317**	**561,251**
(c) Other expenses				
Rental expense	718,286	285,284	15,444	5,951
Accounting and audit fees	295,538	232,732	146,225	132,040
Bad and doubtful debts – trade receivables	535	13,652	-	-
Legal fees	135,666	112,539	89,276	83,461
Other expenses	1,764,981	880,947	(63,038)	166,927
TOTAL OTHER EXPENSES	**2,915,006**	**1,525,154**	**187,907**	**388,379**
(d) Finance costs				
Interest on Loans	1,145,779	117,595	903,829	13,251
TOTAL FINANCE COSTS	**1,145,779**	**117,595**	**903,829**	**13,251**
(e) Depreciation and amortisation				
Depreciation	119,928	114,248	4,074	-
Amortisation	911,540	156,302	527,692	64,635
TOTAL DEPRECIATION AND AMORTISATION	**1,031,468**	**270,550**	**531,766**	**64,635**

	CONSOLIDATED		PARENT	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
(f) Employee benefits expense (excluding options)				
Wages and salaries (including Directors' fees)	7,471,265	3,631,538	500,285	156,640
Workers' compensation costs	17,988	12,112	2,653	677
Superannuation expense	329,332	265,638	38,897	9,441
Annual and long service leave provision	132,799	94,878	(734)	3,369
Fringe benefits tax	175,522	54,818	-	-
Life insurance expense	17,732	2,167	17,732	2,167
Payroll tax	379,478	174,112	27,491	5,712
Other payroll related expenses	56,746	77,078	1,206	-
Other staff benefits, including training	209,631	47,356	1,573	38
TOTAL EMPLOYEE BENEFITS EXPENSE (EXCLUDING OPTIONS)	**8,790,493**	**4,359,697**	**589,103**	**178,044**

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	
	2008 **$**	**2007** **$**
Net profit attributable to ordinary equity holders of the parent	1,517,611	2,077,834
Weighted average number of ordinary shares for basic earnings per share	147,400,019	122,894,308
Effect of dilution: Share options	14,940,000	15,590,000
Weighted average number of ordinary shares adjusted for the effect of dilution	162,988,393	132,217,239
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	-

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 Cash and Cash Equivalents

	CONSOLIDATED		PARENT	
	2008 $	2007 $	2008 $	2007 $
Cash at bank and in hand	3,848,959	2,077,399	636,550	502,220
Overdraft	-	(37,684)	-	(37,684)
Short-term deposits	2,418,091	116,095	2,074,979	-
TOTAL CASH & CASH EQUIVALENTS	**6,267,050**	**2,155,810**	**2,711,529**	**464,536**

(a) Cash flow information

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	
	2008 $	2007 $	2008 $	2007 $
Net profit/(loss)	1,517,611	2,077,834	219,856	744,260
Adjustments for:				
Depreciation	118,779	114,248	4,075	-
Amortisation	911,540	156,302	527,692	64,635
Net (profit)/loss on disposal of property, plant and equipment	9,492	-	-	-
Interest received	(160,401)	(21,918)	(85,346)	(3,517)
Net fair value change on investments	-	(26,663)	-	(26,663)
Net exchange differences	(12,920)	-	-	-
Other	-	29,354	-	-
Changes in assets and liabilities:				
(Increase)/decrease in inventories	(47,660)	(28,171)	-	-
(Increase)/decrease in trade and other receivables	1,307,854	(1,054,147)	48,667	(15,108)
(Increase)/decrease in equity	61,338	359,078	(54,031)	359,078
(Increase)/decrease in prepayments	(383,278)	(67,054)	(83,071)	(102,192)
(Increase)/decrease in deferred tax assets	19,259	(678,541)	(55,746)	(700,195)
(Decrease)/increase in current tax liability	683,401	(461,020)	(38,230)	(22,458)
(Decrease)/increase in trade and other payables	(1,023,555)	624,649	(234,358)	(17,366)
(Decrease)/increase in provisions	70,121	105,760	-	3,369
(Decrease)/increase in maintenance in advance	(782,546)	159,916	3,339	144,599
(Decrease)/increase in Loans	949,621	-	568,948	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**3,238,656**	**1,289,627**	**821,795**	**428,442**

6 Issued Capital & Reserves

CONSOLIDATED

Movement During the Year	**2008**	**2007**
Ordinary shares issued and fully paid	7,059,243	7,019,719

Movements in ordinary shares on issue	**Number of shares**	**$**
At 1 July 2007	147,345,460	7,019,719
Issue of 100,000 shares to Director during the year	100,000	26,000
Issue of 56,337 shares during the year as part of Rights issue	56,337	13,524
AT 30 JUNE 2008	**147,501,797**	**7,059,243**

PARENT

Movement During the Year	**2008**	**2007**
Ordinary shares issued and fully paid	45,542,945	45,503,421

Movements in ordinary shares on issue	**Number of shares**	**$**
At 1 July 2007	147,345,460	45,503,421
Issue of 100,000 shares to Director during the year	100,000	26,000
Issue of 56,337 shares during the year as part of Rights issue	56,337	13,524
AT 30 JUNE 2008	**147,501,797**	**45,542,945**

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.

Nature and Purpose of Reserves

Foreign Currency Translation Reserve

Exchange differences arising in translation of the Company's foreign subsidiaries are taken to the foreign currency translation reserve, as described in note 2(a)(ii). The reserve is recognised in profit and loss at such time as the Company disposes of its net investment.

Options reserve

The options reserve records items recognised as expenses on valuation of options over their respective vesting periods.

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures a balanced cost of capital available to the entity.

During 2008, management attempted to do a minimum equity raising of $8 million. This however was not successful due to a number of reasons, the major reason being the state of the economy in Australia and worldwide.

No dividends were paid during the year.

One method that Management monitors capital, is through the gearing ratio (net debt / total capital). The gearing ratio at balance date was higher than anticipated due to the unsuccessful capital raising. Management intend to reduce this ratio during the 2009 year by repaying part of its debt using internally generated funds.

The gearing ratios based on operations at 30 June 2008 and 2007 were as follows:

Consolidated	**2008** **$**	**2007** **$**
Interest Bearing Loans & Borrowings	22,227,379	4,178,861
Cash & Short Term Deposits	(6,267,050)	(2,155,810)
Net Debt	15,960,329	2,023,051
Total Equity	12,291,889	10,390,579
Total Capital Employed	28,252,218	12,413,630
Gearing (%)	56.49%	16.30%

7 Business Combinations

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 $19,451,505.

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	(5,708,998)
Total Fair Value of net assets	**11,934,638**
Goodwill arising on acquisition	7,516,867
Total	**19,451,505**

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

Purchase consideration:	**$**
Cash consideration	18,676,537
Cost of Acquisition	774,968
Total Consideration	**19,451,505**

8 Contingencies

There are no contingencies for the Group or parent company at balance date.

9 Events after balance sheet date

After the Balance sheet date the Group restructured its debt owing to the National Australia Bank by converting part of the debt repayable in Australian dollars, into debt repayable in US dollars. The US dollar loan of US$1,231,642 was increased by US$5,600,000 to a total US$ loan of US$6,831,642. The reasons for doing this were to hedge against currency risks from its US earnings.

The Group also restructured its interest rate swaps, and approximately 81% of the Group's bank borrowings are now at a fixed rate of interest.

10 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, UK and Asia-Pacific.

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

CONSOLIDATED – 2008	**Australia $**	**New Zealand $**	**United Kingdom $**	**United States $**	**TOTAL $**
Year ended 30 June 2008– Revenue:					
Sales to customers	8,244,725	3,296,198	2,027,585	6,983,754	20,552,262
Segment assets *	18,478,120	3,482,991	8,912,228	13,792,404	44,665,743
Acquisition of non current assets **	4,739,495	5,875	5,573,157	9,870,869	20,189,396

* Excludes Intercompany loans and Investments in Subsidiaries
** Includes acquisition of fixed assets and Intangables

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
Segment assets *	12,045,928	4,277,063	638,153	16,961,144
Acquisition of non current assets **	4,579,919	2,351,972	29,038	6,960,929