

**ON Q GROUP LIMITED
(FORMERLY AUSTRALIAN PURE
FRUITS LIMITED)
ACN 009 104 330
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2005

**ON Q GROUP LIMITED
(FORMERLY AUSTRALIAN PURE FRUITS LIMITED)
AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

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**ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS LIMITED)
AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT**

The directors present their report together with the financial report of the consolidated entity consisting of On Q Group Limited and the entities it controlled, for the half-year ended 31 December 2005 and independent review report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

The company changed its name on 7 December 2005 from Australian Pure Fruits Limited to On Q Group Limited.

Directors Names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of directorship
Peter McDougall	Director since 30 July, 1999
Hal Christiansen	Director since 28 February, 2001
Ian Christiansen	Director since 21 March, 2003
Julian Little	Director since 28 February, 2001
Dugal McDougall	Director since 30 July, 1999
Tristan Fischer	Director since 4 June, 2003 resigned 18 th October 2005
Jennifer McDougall (Alternate director for Peter J McDougall)	Director since 30 July, 1999 resigned 18 th October 2005
Lisa Clauss (Alternate director for Dugal McDougall)	Director since 30 July, 1999

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The consolidated loss of the group for the half-year after providing for income tax amounted to \$1.468 million (2004: \$1.684 million profit). After income tax and outside equity interest was a loss of \$3.547 million (2004: \$1.270 million profit).

During the period under review the subsidiary company Bill Express Ltd successfully acquired the Ezipin business and increased its holding in Pod TV by acquiring all the shares in that company. Bill Express Ltd acquired the following entities:

- Pod TV Pty Ltd on 5 July 2005;
- Public Media Pty Ltd on 5 July 2005;
- Bopo Cards (Australia) Pty Ltd was incorporated on 8 July 2005;
- Ezipin Group Limited on 16 September 2005; and
- Ezipin Australia Pty Ltd on 16 September 2005.

During the period under review the company continued to experience strong revenue growth. Details of the growth are provided in the attached Chairman's Report. The company continued to expand its network throughout the period under review.

After announcing the decision to exit the Food & Beverage division and focusing the business on the electronic division, write down of various factory assets and the trading loss for the period has resulted in a combined divisional loss after tax of \$3.056 million.

Auditor's Declaration

A copy of the auditor's declaration in relation to the review for the half-year is provided with this report on page 5.

Rounding of amounts to nearest thousand dollars

The amounts contained in the directors' report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Hal Christiansen', written over a large, faint circular watermark or stamp.

Hal Christiansen
Director


Dated this 16th day of March 2006

AUDITOR'S INDEPENDENCE DECLARATION

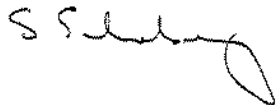
To the Directors of On Q Group Limited (Formerly Australian Pure Fruits Limited).

In relation to the half-year independent review for the six months to 31 December 2005, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (ii) No contraventions of any applicable code of professional conduct.



Pitcher Partners



Stephen Schonberg
Partner

Date 16th March 2006

Melbourne

**ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS LIMITED)
AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Half-year	
	2005	2004
	\$'000	\$'000
Revenue		
Sales revenue	356,171	226,869
Other revenues from continuing activities	139	668
	<u>356,310</u>	<u>227,537</u>
Changes in inventories of finished goods and work in progress	(4,671)	3,568
Raw materials, consumables and other costs of sale	(332,452)	(217,908)
Employee benefits expense	(1,221)	(637)
Depreciation and amortisation expenses	(6,368)	(4,259)
Other expenses from continuing activities	(7,557)	(3,512)
Borrowing costs expense	(2,315)	(1,274)
	<u>(354,584)</u>	<u>(224,022)</u>
Share of net losses of associates and joint ventures accounted for using the equity method	-	(90)
Profit / (Loss) from continuing activities before income tax expense	1,726	3,605
Income tax expense relating to continuing activities	(138)	(923)
Profit / (Loss) from continuing activities after related income tax expense	<u>1,588</u>	<u>2,682</u>
Net loss on discontinued operations after tax	(3,056)	(998)
Net Profit / (Loss) after tax	<u>(1,468)</u>	<u>1,684</u>
Net Profit attributable to outside equity interests	(2,079)	(414)
Net profit / (Loss) attributable to the members of the entity	<u>(3,547)</u>	<u>1,270</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(3,547)</u>	<u>1,270</u>
Basic earnings per share (\$)	-2.52 cents	5.73 cents
Diluted earnings per share (\$)	-2.19 cents	3.57 cents

The accompanying notes form part of these financial statements.

**ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS LIMITED)
AND ITS CONTROLLED ENTITIES CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005**

	31 December 2005 \$'000	30 June 2005 \$'000
CURRENT ASSETS		
Cash assets	18,679	13,127
Receivables	50,471	36,190
Assets held for sale (discontinued operations)	3,350	-
Inventories	8,067	7,528
Investments	14	-
Other	3,192	998
TOTAL CURRENT ASSETS	83,773	57,843
NON-CURRENT ASSETS		
Receivables	31	2,094
Deferred tax assets	3,233	2,032
Investments accounted for using the equity method	-	548
Other financial assets	600	248
Property, plant and equipment	46,007	46,631
Intangible assets	36,348	16,803
Deferred R&D costs	16,084	11,809
TOTAL NON-CURRENT ASSETS	102,303	80,165
TOTAL ASSETS	186,076	138,008
CURRENT LIABILITIES		
Payables	65,979	43,983
Interest-bearing liabilities	12,575	2,223
Current tax liabilities	1,255	3,400
Provisions	522	185
TOTAL CURRENT LIABILITIES	80,331	49,791
NON-CURRENT LIABILITIES		
Payables	-	764
Deferred tax liabilities	3,516	432
Interest-bearing liabilities	28,946	25,834
Provisions	155	36
TOTAL NON-CURRENT LIABILITIES	32,617	27,066
TOTAL LIABILITIES	112,948	76,857
NET ASSETS	73,128	61,151
EQUITY		
Contributed equity	21,754	18,956
Reserves	26	-
Retained profits	(1,025)	2,523
Total parent entity interest in equity	20,755	21,479
Outside Equity Interest	52,373	39,672
TOTAL EQUITY	73,128	61,151

The accompanying notes form part of these financial statements.

**ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS LIMITED)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Half-year	
	2005	2004
	\$'000	\$'000
TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR	61,151	17,948
Employee share options	26	-
Net income recognised directly in equity	26	-
Profit/loss for the year	(1,468)	1,684
Total recognised income and expense for the period	(1,468)	1,684
Transactions with equity holders in their capacity as equity holders:		
Contributions	13,419	32,571
	13,419	32,571
TOTAL EQUITY AT THE END OF THE HALF-YEAR	73,128	52,203

The accompanying notes form part of these financial statements.

**ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS LIMITED)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Half-year to 31 December	
	2005	2004
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	356,790	224,695
Payments to suppliers and employees	(332,817)	(223,231)
Interest received	380	289
Borrowing costs	(2,101)	(1,330)
Income Taxes paid	-	(90)
Net cash provided by operating activities	22,252	333
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	446	1,256
Proceeds from sale of investments	211	-
Payment for property, plant and equipment	(9,830)	(14,043)
Payment for investments	(14,540)	(1,460)
Payments for intellectual property	(5,511)	0
Payment for deferred R & D	(4,890)	(4,867)
Net cash provided by investing activities	(34,114)	(19,114)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	13,594	35,434
Capital raising costs	(394)	(2,923)
Proceeds from borrowings	14,245	2,940
Hire purchase payments	(1,461)	(98)
Advances provided	(8,949)	(2,252)
Advance to research and development provider	-	(4,452)
Net cash provided by financing activities	17,035	28,649
Net increase in cash held	5,174	9,868
Cash at beginning of financial year	13,101	10,164
Cash at end of the reporting period	18,274	20,032

The accompanying notes form part of these financial statements.

ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS LIMITED) AND ITS
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2005 and any public announcements made by On Q Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted by each entity in the consolidated entity are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(a) Basis of preparation of the half-year financial report

This is the first financial report of On Q Group Ltd prepared in accordance with Australian Equivalents of International Financial Reporting Standards (AIFRS). The financial reports of On Q Group Ltd were prepared in accordance with the previous Australian Generally Accepted Accounting Principles (AGAAP) until 30 June 2005. There are certain differences between accounting policies under AIFRS and AGAAP and where applicable the comparative figures have been restated to reflect these adjustments. A summary of the significant accounting policies under AIFRS is provided below. Reconciliations of equity and operating profit/loss between AGAAP and AIFRS are provided under notes 10 and 11.

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

Summary of the significant accounting policies under AIFRS:

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which On Q Group Limited controlled from time to time during the year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue Recognition

Food and Beverage: Revenue is recognized when control of the goods has passed to the buyer.

Electronic Warehousing: Revenue is recognised on the sale of telecommunication products at the value invoiced to retail resellers based upon the substance of the transaction entailing full credit to the entity. Such revenue is recognised at the time the products are sold by the retail reseller,

Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Inventories

Electronic Warehousing Inventories are measured at the lower of cost and net realisable value. Net realisable value is determined on the basis of each inventory line's normal selling pattern.

Food and Beverage Inventories are valued at the lower of cost and net realisable value. Net realisable value is determined on the basis of each inventory line's selling pattern.

Costs incurred in bringing in each product to its present location and conditions are accounted for as follows:

- Raw materials – purchase cost on a first-in-first-out basis; and
- Finished goods and work-in-progress – cost of direct material, labour and a proportion of manufacturing overheads based on normal operating capacity.

f) Property, plant and equipment

Cost and valuation

All classes of plant and equipment are measured at cost.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. Refer to note 1(i).

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:

Buildings:	2.5 – 10%
Leasehold and improvements:	2.5 – 10%
Plant and equipment	8 – 27%
Leased plant and equipment:	8 – 27%
Computer equipment:	20 – 40%
Furniture, fixtures and fittings:	10 – 15%

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the

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economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between interest expense and reduction of the lease liability. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Income Statement.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(h) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. (Refer also to note 9 regarding first-time adoption of AIFRS).

Intangibles

Intangibles are recognised at cost and are amortised over their estimated useful lives, which is 5 years. Intangibles carried at cost less accumulated amortisation and any impairment losses.

Research and Development

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is probable that future benefits will exceed the deferred costs. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost over a period (not exceeding seven years), during which the related benefits are expected to be realised, once commercial production is commenced. Other development expenditure is recognised as an expense when incurred.

(i) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the

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asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Taxes

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has also entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(k) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Share-based payments

The group operates an employee share option plan. The bonus element over the exercise price for the grant of shares and options is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. Under the transitional arrangements for first-time adoption of AIFRS, no expense has been recognised for options granted before 7 November 2002 and/or vested before 1 January 2005. For options granted after 7 November 2002 and vesting after 1 January 2005 the fair value of options at grant date is determined using a Black-Scholes option pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the option.

The market value of shares issued to employees for no cash consideration under the employee

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share scheme is recognised as an expense when the employees become entitled to the shares.

(l) Financial Instruments

Classification

The group classifies its financial instruments depending on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the designation at each reporting date.

Loans and Receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

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

(m) Rounding Amounts

The company is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(n) Segment Reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(o) Change in accounting estimate

The remaining period over which benefits associated with Deferred Research and Development Assets has been re-assessed. This re-assessment has extended the useful life of certain Deferred Research and Development assets by a further two years from five to seven years. The financial affect of changing this change in accounting estimate for the current half-year period is to reduce the amortisation expense from \$1,021,535 to \$583,598. The future affect of this change in accounting estimate will be to reduce the annual amortisation expense from \$2,043,070 to \$1,167,196.

NOTE 2: COMPARATIVE INFORMATION

The Statement of Financial Performance and the Statement of Cash Flows provide comparative information for the half-year ended 31 December 2004. The Statement of Financial Position provides comparative information as at 30 June 2005.

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In accordance with the first-time adoption of AIFRS, comparative information has been reclassified where appropriate through retrospective application of AIFRS to the previous year results so as to achieve consistency with current year disclosures.

NOTE 3: SUBSEQUENT EVENTS

There have been no material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements:

NOTE 4: SIGNIFICANT ITEMS OF REVENUE OR EXPENSE FROM ORDINARY ACTIVITIES

	Half-year	
	2005	2004
	\$	\$
Adjustment to prior accrual estimate	-	1,155,037
	<u>-</u>	<u>1,155,037</u>

NOTE 5: DISCONTINUED OPERATIONS

The following information relates to the consolidated entities food and beverage operations for the 6 month period which are in the process of being disposed of :

	2005	2004
	\$'000	\$'000
Revenue	3,453	3,455
Expenses	(5,431)	(4,453)
Net Profit/(loss) before tax	(1,978)	(998)
Income tax expense	-	-
Net Profit/(loss) after tax	<u>(1,978)</u>	<u>(998)</u>
Write down of non-current assets held for sale	(1,539)	-
Income tax expense	461	-
Net loss on fair value adjustments after tax	<u>(1,078)</u>	<u>-</u>
Aggregate profit/(loss) after tax	<u>(3,056)</u>	<u>(998)</u>

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NOTE 6: SEGMENT INFORMATION

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises of the following main business segments:

- The food and beverage segment is involved in the manufacture and marketing of high quality shelf stable vegetable and fruit products, carbonated beverages, premium fruit juices, and manufactured foods.
- Bill Express operates in the management and development of automated ordering, delivery and inventory control for prepaid mobile, landline and internet services and processing payments for bills that are presented for payment at Bill Express outlets across Australia.
- Pod TV, or point of decision TV, is the developer of narrowcast digital retail television networks in Australia. Pod TV design and install entire TV networks in retail precincts delivering effective and integrated marketing, creative content and media solutions.

Geographical segments

Geographically, the group operates predominately in Australia.

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	Six Months to 31 December 2005 \$	Six Months to 31 December 2004 \$
Segment Revenue		
Food and Beverage	3,453	3,455
Electronic Warehousing	355,389	227,537
Pod TV	921	-
Total Revenue	<u>359,763</u>	<u>230,992</u>
Segment Results		
Food and Beverage	(3,517)	(998)
Electronic Warehousing	5,176	5,507
Pod TV	(1,117)	-
	<u>542</u>	<u>4,509</u>
Income Tax Benefit/(Expense)	323	(923)
Unallocated revenue less unallocated expenses	<u>(2,333)</u>	<u>(1,902)</u>
Profit/(loss) for the period	<u>(1,468)</u>	<u>1,684</u>

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NOTE 7: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the period under review the company acquired the Ezipin Group and the balance of the shares in Pod TV.

Ezipin operates the management and development of automated ordering, delivery and inventory control for prepaid mobile, landline and internet services via outlets across Australia. The contributed profit from the Ezipin transaction can not be determined as the entity was incorporated into the Bill Express operations on the day it was acquired.

The acquisitions included the following transactions:

Acquisitions

Name	Date acquired	Consolidated entity's interest	Consideration \$'000	Contribution to consolidated net profit/(loss) \$'000
Pod TV Pty Ltd	5 July 2005	100%	\$2,000	(\$782)
Public Media Pty Ltd	5 July 2005	100%	-	-
Bopo Cards (Australia) Pty Ltd	8 July 2005	100%	-	*
Ezipin Group Limited and Ezipin Australia Pty Ltd	16 September 2005	100%	\$10,000	**

* This entity was incorporated on 8 July 2005 and did not trade during the half year ended 31 December 2005.

** The contribution from this acquisition cannot be determined as these operations have been fully transferred into Bill Express Limited's operations from the date of acquisition.

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Effect of Acquisitions

The Ezipin acquisition had the following effect on the consolidated entities assets and liabilities:

	Recognised Values \$'000
Property plant & equipment	945
Inventories	1,291
Trade and other receivables	1,563
Cash and cash equivalents	2,735
Trade and other payables	(5,562)
Interest bearing loans and borrowings	(454)
Net identifiable assets and liabilities	<u>518</u>
Goodwill on acquisition	12,156
Consideration paid*	7,674
Shares issued	<u>5,000</u>

* Includes legal fees amounting to \$222k

Goodwill has arisen on the acquisition of Ezipin because of customer relationships that did not meet the criteria for recognition as an intangible asset at the date of acquisition.

The Pod TV acquisition had the following effect on the consolidated entities assets and liabilities:

	Recognised Values \$'000
Property plant & equipment	163
Intangibles	216
Trade and other receivables	184
Cash and cash equivalents	73
Interest bearing loans and borrowings	(84)
Trade and other payables	(544)
Net identifiable assets and liabilities	<u>8</u>
Goodwill on acquisition	2,035
Consideration paid via share issue*	<u>43</u>

* Includes legal fees amounting to \$40k

Goodwill has arisen on the acquisition of Pod TV because of customer relationships that did not meet the criteria for recognition as an intangible asset at the date of acquisition.

Recognised values and the carrying amount of all the assets and liabilities acquired during the period are identical.

Disposals

No entities within the consolidated group were disposed of during the period ended 31 December 2005.

ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS) AND ITS
 CONTROLLED ENTITIES
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 8: ASSOCIATES AND JOINT VENTURE ENTITIES

Investments in associates

Name	Ownership interest (consolidated)		Share of net profits/(losses) (consolidated)	
	31 Dec 2005	30 Jun 2005	31 Dec 2005 ('000's)	30 Jun 2005 ('000's)
POD TV Pty Ltd	100%	49.5%	-	(294)

On 5 July 2005 the company entered into an agreement to acquire the balance of the share capital of Pod TV Pty Ltd. Accordingly Bill Express obtained control of the POD TV on this date.

NOTE 9: CONTINGENT LIABILITIES AND COMMITMENTS

There are no additional contingent liabilities or material commitments other than those disclosed below or in the financial report for the year ended 30 June 2005.

- Guarantee to hire purchase financier for certain equipment and motor vehicle that are utilised by parties related to Peter McDougall and Dugal McDougall, directors of On Q Group Ltd.
- The company is committed to making further instalments in the next 6 months for the acquisition of Research and Development (\$1 million) and technology licenses (\$1 million).

On Q Group Limited will provide appropriate financial support to its wholly owned subsidiaries detailed below to ensure they will continue to meet their financial obligations over the forthcoming 12 months.

Wholly owned subsidiaries:

- Mon Beverages Pty Ltd
- APF SA Pty Ltd
- On Q Tech Pty Ltd
- Motor Link Pty Ltd

NOTE 10: IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The company has evaluated the key differences in accounting policies, identifying the changes to the company's financial reporting systems and evaluated the financial impact arising from key differences in accounting policies that have arisen from adopting Australian equivalents of IFRS.

The transition date for first-time adoption of AIFRS is 1 July 2004. There are no material estimated adjustments to opening balances at 1 July 2004 or to the restated results under AIFRS for the half-year to 31 December 2005.

ON Q GROUP LIMITED (FORMERLY AUSTRALIAN PURE FRUITS) AND ITS
CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

The directors are of the opinion that the key differences in the economic entity's accounting policies will arise from the adoption of IFRS are:

(i) Impairment of Assets

Under AASB 136 Impairment of Assets the recoverable amount of an asset is determined as the higher of net selling price and value in use. This has resulted in a change in the group's previous accounting policy, which determined the recoverable amount of an asset on the basis of undiscounted cash flows that will be received from the assets use and subsequent disposal. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater should there be an impairment of assets. The entity has not required any additional write-downs for impairment of non-current assets on first-time adoption of AIFRSs.

(ii) Share based payments

Under AASB 2 Share-based Payment, the company is required to determine the fair value of equity settled transactions and recognise an expense in the Statement of Financial Performance. Share-based payments to directors and other employees, such as the grant of options under an Employee Share Option Plan, will also be expensed under AIFRS.

On first-time adoption of AIFRSs, retained earnings at 1 July 2004 and reported results for the financial year to 30 June 2005 are required to be adjusted for all share-based payments granted after 7 November 2002, which do not vest prior to 1 January 2005. The affected share based payments are immaterial and accordingly an adjustment is not required.

The adoption of AIFRS has resulted in one adjustment being required to be made to the consolidated entities financial report. This adjustment of \$26,000 is the result of a share based payment during the current period. Accordingly a reserve for this amount has been created in the current financial period. No adjustments were required to be made to the opening balances at 1 July 2004 or 2005 as a result of the adoption of AIFRS.

**NOTE 11: FIRST-ADOPTION OF AIFRS - RECONCILIATION OF CASH FLOW
STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 AS REPORTED UNDER
AGAAP TO CASH FLOWS UNDER AIFRS**

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

**ON Q GROUP LIMITED
(FORMERLY AUSTRALIAN PURE FRUITS LIMITED)
AND ITS CONTROLLED ENTITIES
ACN 009 104 330**

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 21 are in accordance with the Corporations Act 2001, including:

- (a) Comply with Australian Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2005 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that On Q Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Hal Christiansen
Director

Date at Melbourne this 16th day of March 2006

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF ON Q GROUP LIMITED
(FORMERLY AUSTRALIAN PURE FRUITS LIMITED)**

Scope

We have reviewed the financial report of On Q Group Ltd for the half-year ended 31 December 2005 as set out on pages 6 to 21. The directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

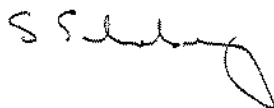
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of On Q Group Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Pitcher Partners



**Mr Stephen Schonberg
Partner
Melbourne
Date: 16th March 2006**