

Data#3 delivers another record interim profit and increases dividend by 27% to 14 cps

Outstanding revenue growth in Software Licensing and Recruitment Solutions underpins expected improvement in performance for the full year



BRISBANE, Monday 26th February 2007. Data#3 Limited (ASX:DTL) today declared another record interim profit with the announcement of results for the half year ending December 2006. Following an increase of 17% in the after tax earnings for the first half over the previous corresponding period, the Board of Directors of Data#3 Limited declared a fully franked interim dividend of 14.0 cents per share to be paid on 30 March 2007.

"We are delighted to continue the run of 'best ever' performances we have delivered over the past four years. The interim dividend of 14 cents per share is a 27% increase on the previous corresponding period and, in a market where the balance between skills and costs continues to remain delicate, we are well placed for another strong year," commented Richard Anderson, Chairman of Data#3. "The company's share price has performed strongly supported by a yield that remains one of the highest of ASX-listed IT companies," he said.

Financial Highlights

	1H 2005/06	1H 2006/07	% Change
	\$'000	\$'000	
Total Revenue	\$112,832	\$135,768	+20%
Product sales	\$88,069	\$102,536	+16%
Services	\$24,361	\$32,959	+35%
Other	\$402	\$273	
Earnings before interest (net), tax, depreciation & amortisation	\$3,657	\$4,356	+19%
NPBT	\$3,825	\$4,328	+13%
NPAT	\$2,598	\$3,037	+17%
Earnings per share	16.85 cents	19.46 cents	+15.5%
Dividend per share	11.0 cents	14.0 cents	+27%

Commentary on Performance

For the company overall:

- Total revenue grew by 20% to \$135.8 million, with service revenue increasing 35% and product revenue increasing 16%
- The total gross margin percentage decreased by approximately 0.4% due to the strong increase in the relatively low margin software licensing and recruitment areas
- Staff and operating expenses as a percentage of gross margin contribution remained unchanged from the previous corresponding period
- Interest bearing debt remained minimal
- Net profit after tax increased by 17% to \$3.0 million
- Basic earnings per share increased 15.5% to 19.46 cents; dividends per share increased 27% to 14.0 cents, representing a 72% payout

For our areas of specialisation:

- Software Licensing and Asset Management maintained market leadership to deliver revenue growth of 24% over the previous corresponding period to \$49.6M
- ICT Services' revenue grew 13% over the previous corresponding period to \$15.3M. Higher staff and administration expenses reduced contribution to group profit
- Enterprise Infrastructure Solutions' revenue was down on the previous corresponding period. However the outlook is improving and progress has been made in introducing annuity oriented support offerings utilising our ICT Services Managed Services Centre
- ICT Products grew revenue 22% over the previous corresponding period to \$39.9M with increases across all product sets
- Recruitment Solutions grew revenue 61% over the previous corresponding period to \$17.6M

"Our performance in this first half has been nothing short of excellent, particularly when compared to the previous corresponding period which was enhanced by one-off licensing revenues," said Data#3's Managing Director John Grant. "However, while the business environment across many sectors in Australia remains as strong as it is, we will increasingly have to deal with the challenge of turning strong revenue growth into equally strong profit growth as both people and operating costs increase in a highly competitive resource market," he said. "In terms of the full year, the strong first half underpins the outlook put forward in the 2006 Annual Report that we are well positioned to improve financial performance for the full year over the record 2006 result and to continue to deliver dividends near the top of the sector."

About Data#3

Data#3 Limited (ASX: DTL) is a significant national Information and Communication Technology (ICT) solutions company.

Customers utilise Data#3's expertise to deliver exceptional value in:

- Software licensing and software asset management
- Application and infrastructure integration, and support through outsourcing and remote management
- Product sourcing and related integration services
- Optimisation of data centre infrastructure
- Contract and permanent recruitment.

Data#3's customers cover a wide range of industries including banking and finance, mining, tourism and leisure, legal, healthcare, manufacturing, distribution, government and utilities and are located throughout Australia and Asia Pacific.

Data#3 reported revenues of \$240 million in 2005/06 and has over 350 employees. The company is headquartered in Brisbane, and it has offices located in Sydney, Melbourne, Canberra, Townsville, Rockhampton, Gladstone and New Caledonia.

More information about the company, its products and services is available at <http://www.data3.com.au>

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