

Data#3 delivers solid first half revenue and profit result

Summary of 1H13 results:

- Revenue and earnings for the six months ended 31 December 2012 (1H13) consistent with guidance provided at 2012 AGM
- Revenue of \$406.2 million for 1H13, down 7% on 1H12
- Challenging market conditions for project investment continued to constrain hardware product and project services revenues
- Continuing investments in people and infrastructure to support new offerings and efficient operations
- NPAT of \$6.8 million for 1H13, down 5% on 1H12
- Interim fully franked dividend of 3.45 cents per share, consistent with 1H12
- Strong balance sheet with no material debt

BRISBANE, Wednesday 20 February 2013: Australian Information and Communications Technology leader Data#3 Limited (ASX: DTL) today announced its 1H13 results.

Group revenue decreased 6.8% to \$406.2 million, reflecting a change in timing of some licensing contract renewals and the continuation of challenging and competitive market conditions.

Product revenue decreased by 9.7% to \$338.6 million and services revenue increased by 12.7% to \$66.6 million.

The uncertain investment environment in Australia and government spending cut-backs contributed to ongoing project delays, which constrained hardware product revenues, project services and contracting revenues. Offsetting this was Data#3's largest ever infrastructure contract for the supply of Cisco networking equipment to Perth's new Fiona Stanley Hospital which positively impacted product and maintenance services revenues.

Total gross profit (excluding other revenue) increased by \$2.3million (or 3.9%) to \$61.6 million, and total gross margin increased from 13.7% to 15.2% reflecting the changed sales mix.

Interest and other revenue decreased by \$0.6 million to \$0.9 million due to short-term funding requirements for the Fiona Stanley Hospital contract which reduced surplus cash balances during the period, and reduced bank deposit rates.

Internal staff costs increased by \$1.0 million (or 2.2%) to \$44.7 million and other operating expenses increased by \$1.3 million (or 19.0%) to \$8.0 million. Additional rent, depreciation and amortisation costs associated with the infrastructure, systems and property investments made to position Data#3 for sustainable long term growth accounted for \$1.0 million of the increase in other operating expenses.

As a result, net profit after tax decreased by 5.1% to \$6.8 million.

Commenting on the company's performance, Data#3 Managing Director, John Grant, said: "The first half result came in slightly ahead of our plan largely due to a solid performance from our Licensing Solutions business and the contribution from the Fiona Stanley Hospital contract. We see the uncertain market conditions in both the

private and public sectors continuing for the remainder of this financial year. Under these circumstances we are not in a position to provide guidance for the full year and we will keep shareholders informed.”

Reflecting the company’s strong cash flow and solid balance sheet, Data#3’s directors declared an interim fully franked dividend of 3.45 cents per share, consistent with 1H12 and representing a payout ratio of 77.9%. The interim dividend will be paid on 29 March 2013.

	1H13 \$'000	1H12 \$'000	% Change
Revenue by segment:			
Product	338,647	375,153	-9.7%
Services	66,629	59,109	+12.7%
Other revenue	937	1,582	-40.8%
Total revenue	406,213	435,844	-6.8%
Revenue by area of specialisation:			
Software Licensing	228,863	273,882	-16.4%
Infrastructure Solutions (project services, hardware product and managed services)	157,639	139,135	+13.3%
People Solutions	18,773	21,245	-11.6%
Total gross profit	61,646	59,359	+3.9%
Total gross margin %	15.2%	13.7%	
Total expenses	52,763	50,527	+4.4%
EBITDA	9,917	9,528	+4.1%
EBIT	9,046	9,164	-1.3%
EBIT margin %	2.2%	2.1%	
NPBT	9,820	10,414	-5.7%
NPAT	6,819	7,188	-5.1%
	1H13	1H12	% Change
Earnings per share	4.4 cents	4.7 cents	-5.1%
Dividend per share	3.45 cents	3.45 cents	0%
Return on equity %	20.1%	22.9%	

ENDS

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About Data#3

Data#3 Limited (ASX: DTL) provides market leading technology solutions across a wide range of industries throughout Australia and Asia Pacific.

We consult with our customers to help them design, deploy and manage technology solutions through our five specialist businesses:

- Licensing Solutions: for software licensing, asset management and business productivity
- Product Solutions: for hardware procurement, warehousing, configuration, deployment and disposal
- Integrated Solutions: for strategic consulting, and the design and deployment of the datacentre, network and desktop infrastructure
- Managed Services: for essential support and hardware maintenance, selective outsourcing, and cloud-based infrastructure and software as a service
- People Solutions: for contractor and permanent recruitment, and human capital performance management

Data#3 reported revenues of \$811 million in the 2011/12 financial year, and has approximately 1,000 permanent and contracted employees. The company is headquartered in Brisbane and has offices across Australia.

More information about Data#3 and its solution offerings is available at <http://www.data3.com.au>