

Data#3 grows first half revenue and delivers profit ahead of long term trend

Summary of 1H12 results:

- Group revenue for the six months ended 31 December 2011 (1H12) up 15% to \$435.8 million driven by strong growth in software products, managed services and recruitment and contracting revenues
- Challenging market conditions for project investment saw revenues in hardware product and project services decline
- Continuing investments in people and infrastructure
- 1H12 NPAT down 9.5% on an exceptionally high 1H11, but well ahead of the long term trend
- Interim fully franked dividend of 3.45 cents per share, a payout ratio of 73.9% consistent with pcp
- Strong cashflow and balance sheet with no material debt

BRISBANE, Monday 20 February 2012: Australian Information and Communications Technology leader Data#3 Limited (ASX: DTL) today announced its 1H12 results.

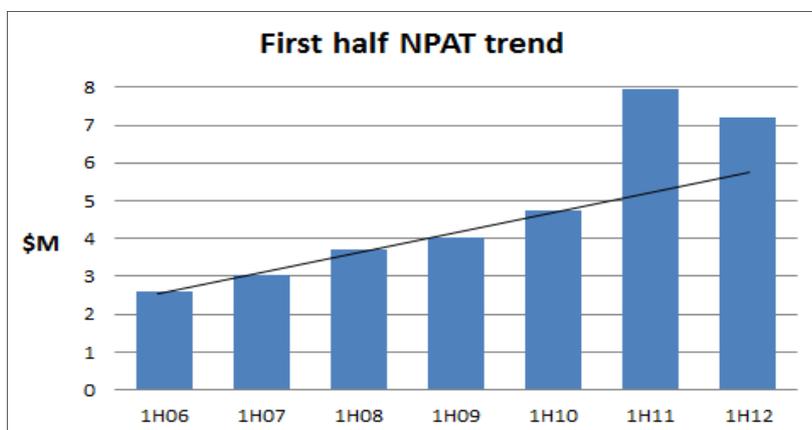
Group revenue increased 15% to \$435.8 million, well ahead of overall industry growth. This performance was driven by solid growth in software licensing (up 24%), managed services (up 33%) and recruitment and contracting (up 15%).

An increasingly uncertain market saw customer investment in technology projects to drive transformational change decline sharply in the second quarter. This stalled growth in the company’s project services and hardware product businesses with revenue declining approximately 3% over 1H11, and 18% over 2H11.

As a consequence of this change in revenue mix, group sales margins declined 0.9%.

Expenses increased by 13.3% over 1H11 reflecting the continuing programme of investment in operational efficiencies and increasing capacity to support long term growth.

1H12 net profit after tax was \$7.2 million, 9.5% below the exceptionally high 1H11 result, but well ahead of the long term trend.



“In a period of challenging industry dynamics, this was a very solid first half result headlined by strong revenue growth and profit ahead of the trend of recent years,” commented Data#3 Managing Director, John Grant.

“Contracted revenues from software licensing, managed services and recruitment and contracting grew strongly, but this was offset by delay or deferral of projects requiring significant capital expenditure. This flowed through to our first half with project related hardware and services revenues and contribution to profit declining.”

Commenting on the current environment, Mr Grant said “We see the uncertain conditions that marked the first half continuing at least 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 cashflow and solid balance sheet, Data#3’s directors declared an interim fully franked dividend of 3.45 cents per share representing a payout ratio of 73.9%, consistent with 1H11. The interim dividend will be paid on 30 March 2012.

	1H12 \$'000	1H11 \$'000	% Change
Revenue by segment:			
Product	375,153	324,762	+15.5%
Services	59,109	51,644	+14.5%
Other revenue	1,582	1,361	
Total Revenue	435,844	377,767	+15.4%
Revenue by area of specialisation:			
Software Licensing	273,882	219,925	+24.5%
Infrastructure Solutions (project services, hardware product and managed services)	139,135	138,046	+0.8%
People Solutions	21,245	18,435	+15.2%
Total gross profit	59,359	54,859	+8.2%
Total gross margin %	13.7%	14.6%	
Total expenses	50,527	44,597	+13.3%
EBITDA	9,528	10,668	-10.7%
EBIT	9,164	10,323	-11.2%
EBIT margin %	2.1%	2.7%	
NPBT	10,414	11,664	-10.7%
NPAT	7,188	7,940	-9.5%
	1H12	1H11	% Change
Earnings per share	4.7 cents	5.2 cents	-9.5%
Dividend per share	3.45 cents	3.8 cents	-9.2%
Return on equity %	22.9%	27.4%	

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About Data#3

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

Data#3 provides market leading expertise in:

- Software licensing, software asset management and workforce productivity solutions to optimise and manage the acquisition and use of software licensed in volume from global manufacturers;
- Integrated solutions to design and deploy hardware and software infrastructure across the desktop, network and data centre;
- Product solutions for procuring, configuring, rolling-out and disposing of technology cost effectively;
- Managed services to provide outsourced solutions for infrastructure operations, support and maintenance;
- People solutions to provide contract and permanent recruitment and human capital performance management.

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 located throughout Australia and Asia Pacific.

Data#3 reported revenues of \$697 million in the 2010/11 financial year and has approximately 1,000 permanent and contracted employees. The company is headquartered in Brisbane, and has offices located in Sydney, Melbourne, Canberra, Adelaide and Perth.

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