

Data#3 achieves a record interim profit and increases dividend by 65%

BRISBANE, Australia – 21 February 2011 - Data#3 Limited [ASX:DTL] today announced a record interim profit for the half year ended 31 December 2010 (1H 2011). Key highlights included:

- Revenue increased 23% to \$377.8 million, with growth in all areas of specialisation and in all geographies
- Solid growth in higher margin services and improving productivity across the business contributed to significant increases in profit margins and earnings:
 - EBITDA up 57% to \$10.7 million
 - EBIT up 62% to \$10.3 million
 - NPAT up 68% to \$7.9 million
 - Earnings per share up 68% to 51.6 cents per share
- Strong balance sheet with no borrowings
- Fully franked interim dividend up 65% to 38 cents per share.

Richard Anderson, Chairman of Data#3, said that the record result reflected the strong market position Data#3 had achieved in recent years and management's focused strategy.

"These are another excellent set of results and continue Data#3's track record of year on year growth over the past eight years.

"The fully franked interim dividend of 38 cents per share is a 65% increase on the 23 cents paid for the previous corresponding period. In an environment that retains some uncertainty, the board's decision to increase the dividend demonstrates the solid market positioning and inherent resilience of our business and confidence in its growth opportunities," said Mr Anderson.

Operational performance

Managing Director, John Grant, said the results were well ahead of the sector and reflected the continued success of Data#3's organic growth strategy.

"In a market which, while improving, remains very competitive and price-led, it has been very pleasing to see growth in all geographic regions, in all areas of specialisation and in both our products and services segments.

This has come as a direct result of the market position we have earned with customers and our partners, a continued focus on winning market share, and the dedication and hard work of all the people within our organisation," said Mr Grant.

Hardware and software product revenues grew by 22% to \$324.8 million. This strong growth reflected the diminishing number of resellers in this segment and the investments Data#3 continues to make in developing the expertise of its team of product specialists and in the supply chain systems supporting them.

Services revenues grew very strongly to \$51.6 million, up 31%. 58% growth in project related professional services reflected the momentum that has been building around new application technologies from Microsoft, Symantec, VMWare and Cisco and in a more positive view by customers to investing to grow their businesses. 21% growth in managed services reflected the shift to outsourcing operational IT and continues the solid growth trajectory of this business which was only formed as a discrete unit in July 2009.

In terms of revenue growth in Data^{#3}'s areas of specialisation:

- Infrastructure Solutions grew 24% to \$138.0 million due to the strong growth in project-based Integrated Solutions and the solid growth in Managed Services
- Licensing Solutions maintained market leadership, with revenue growing by 22% to \$219.9 million reflecting outstanding success in new customer acquisition
- People Solutions revenue grew by 21% to \$18.4 million reflecting a return to more normal recruitment market conditions and outstanding performance of the Queensland operation.

The total gross margin increased by 26% to \$54.9 million and, as a percentage of total revenue, increased from 14.2% to 14.6%, reflecting the increase in higher margin services.

Commenting on the outlook for the second half of the 2011 financial year, Mr Grant said that the company's financial objective was to at least equal the performance of the previous corresponding period, noting that this would mean solid underlying growth given some shift in revenue and interest income to the first half and increases in internal investment in the second half, particularly in new premises and systems. He also noted some lag in short term investment in Queensland is evident following the recent flooding and cyclone Yasi.

"With such an outstanding first half, Data^{#3} is clearly well placed to grow year on year. Our organic growth strategy has proven to be the right strategy, but with a strong balance sheet with no borrowings, we are in a good position to consider parallel opportunities that can further increase shareholder value."

	1H 2011 (\$'000)	1H 2010 (\$'000)	% Change
Revenue by segment:			
Product	\$324,762	\$266,753	+22%
Services	\$51,644	\$39,416	+31%
Other revenue	\$1,361	\$500	
Total Revenue	\$377,767	\$306,669	+23%
Revenue by area of specialisation:			
Infrastructure Solutions	\$138,046	\$111,028	+24%
Licensing Solutions	\$219,925	\$179,859	+22%
People Solutions	\$18,435	\$15,282	+21%
Total gross margin \$	\$54,859	\$43,413	+26%
Total gross margin %	14.6%	14.2%	
EBITDA	\$10,668	\$6,803	+57%
EBIT	\$10,323	\$6,358	+62%
NPBT	\$11,664	\$6,822	+71%
NPAT	\$7,940	\$4,726	+68%
Earnings per share	51.6 cents	30.7 cents	+68%
Dividend per share	38.0 cents	23.0 cents	+65%

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About Data#3 Limited

Data#3 is a national Information and Communication Technology (ICT) solutions company that provides market leading expertise in:

- Software licensing and software asset management solutions to optimise and manage the acquisition of software licensed in volume from global manufacturers;
- Integrated solutions to design and deploy hardware and software infrastructure integrating the desktop, network and data centre;
- Product solutions for procuring, configuring and rolling-out technology cost effectively;
- Managed services to provide outsourced solutions for infrastructure operations, support and maintenance; and
- 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 \$599 million in the 2009/10 financial year, and has approximately 600 employees. The company is headquartered in Brisbane, and has offices located in Sydney, Melbourne, Canberra, Adelaide, Perth, Townsville, Rockhampton and Gladstone.

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