

Appendix 4D

ASX Half-Year Report

Name of entity: **Data^{#3} Limited**
ABN: 31 010 545 267

Reporting period: **Half-year ended 31 December 2006**

Previous corresponding period: Half-year ended 31 December 2005

Results for announcement to the market

Results			
Revenue from ordinary activities	up	20 %	to \$135,768,000
Profit from ordinary activities after tax attributable to members	up	17 %	to \$3,037,000
Net profit for the period attributable to members	up	17 %	to \$3,037,000

Dividends	Amount per security	Franked amount per security
Current period		
Ordinary dividend	14.0 cents	14.0 cents
Previous corresponding period		
Ordinary dividend	11.0 cents	11.0 cents
The record date for determining entitlements to the dividend is 16 March 2007.		

Brief explanation of the figures reported above:

Refer to the attached Half-Year Report (Directors' Report – Review of operations section) for commentary on the half-year results.

Data#3 Limited and Controlled Entities

Notes to Appendix 4D

For the half-year ended 31 December 2006

Net tangible assets per security

	Current period	Previous period
Net tangible asset backing per ordinary security	\$0.80	\$0.67

Control gained over entities having a material effect

Name of entity (or group of entities)	Not applicable
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Loss of control of entities having a material effect

Name of entity (or group of entities)	Not applicable
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Additional Dividend Information

Details of dividends declared or paid during or subsequent to the current period or the previous corresponding period are as follows:

Record date	Payment date	Type	Amount per security	Franked amount per security	Total dividend
16 September 2005	30 September 2005	Ordinary	11.5 cents	11.5 cents	\$1,766,000
17 March 2006	31 March 2006	Ordinary	11.0 cents	11.0 cents	\$1,704,000
15 September 2006	29 September 2006	Ordinary	17.0 cents	17.0 cents	\$2,658,000
16 March 2007	30 March 2007	Ordinary	14.0 cents	14.0 cents	\$2,183,000

Data#3 Limited and Controlled Entities

Notes to Appendix 4D

For the half-year ended 31 December 2006

Dividend Reinvestment Plan

Data#3 Limited Dividend Reinvestment Plan

The Data#3 Dividend Reinvestment Plan has been suspended from 1 September 2006 until further notice from the Board.

Details of associates and joint venture entities

Name of entities	Not applicable	
	Current period	Previous period
Consolidated entity's percentage holding in each of these entities	-	-
Aggregate share of profits after tax of these entities.	-	-
QDS contribution to net profit after tax	-	-
QSS contribution to net profit after tax	-	-

Compliance Statement

This report is based on financial statements reviewed by the auditor, copies of which are attached.

Signed:



John Grant
Managing Director

Date: 26 February 2007

Data[#]3 Limited
ABN 31 010 545 267

Half-Year Report
31 December 2006

Data^{#3} Limited and Subsidiaries

Directors' Report

Your directors present their report on the group consisting of Data^{#3} Limited and its subsidiaries for the half-year ended 31 December 2006.

Directors

The following persons were directors of Data^{#3} Limited during the whole of the half-year and up to the date of this report:

Mr R A Anderson
Mr J E Grant
Mr W T Powell.

Mr G R Clark was a director from the beginning of the half-year until 8 November 2006, the date of his retirement.

Review of operations

Total revenue of the group for the half-year was \$135,768,000 (2005: \$112,832,000), an increase of 20%. Product revenue increased 16% from \$88,069,000 to \$102,536,000, and services revenue increased 35% from \$24,361,000 to \$32,959,000.

The first half product revenue consisted of the following elements:

- ICT Products \$39.9 million (2005: \$32.6 million)
- Software Licensing \$49.6 million (2005: \$39.9 million)
- Enterprise Infrastructure \$13.0 million (2005: \$15.6 million)

The increase in total product revenue reflected very strong growth in ICT product and software licensing revenues compared to the corresponding previous half.

The first half services revenue consisted of the following elements:

- ICT Services \$15.3 million (2005: \$13.5 million)
- Recruitment \$17.6 million (2005: \$10.9 million)

The increase in services revenue was due to increases in project-oriented ICT integration services, and very strong growth in recruitment services.

As reported previously, contribution at the gross margin level and the relativity of expenses to this are our measures of growth and performance. The overall gross margin percentage decreased by approximately 0.4% compared to the previous corresponding period, primarily due to the strong increases in the relatively low margin software licensing and recruitment areas. This growth contributed significantly to an increase over the previous corresponding period of approximately 18% in total gross margin generated. Staff and operating expenses as a percentage of gross margin contribution remained unchanged from the previous corresponding period.

Net profit before tax (NPBT) was \$4,328,000, which is slightly ahead of the profit guidance provided at the Annual General Meeting in November 2006. This represents an increase of 13% on the previous corresponding half-year NPBT of \$3,825,000.

Net profit after tax (NPAT) was \$3,037,000, an increase of 17% based on the previous corresponding half-year NPAT of \$2,598,000. This represented basic earnings per share (EPS) of 19.46 cents, an increase of 15.5% based on the previous corresponding half-year EPS of 16.85 cents.

The net cash flow from operating activities is typically an outflow in the first half, however the current period reflects a higher than usual outflow due to collection delays with a small number of major customers and the payment of the associated suppliers. We do not see this as any significant collection risk. The debtors' days sales outstanding remained on target, and interest-bearing debt remained minimal.

The group continued its focus on internal systems efficiency and cost control, and the logistics and warehousing function continued to reduce transaction costs through more cost-effective operations.

Data#3 Limited and Subsidiaries

Directors' Report (continued)

Dividends

The directors have declared a fully franked dividend of 14.0 cents per share payable on 30 March 2007.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

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



R A Anderson
Director

Brisbane

Dated this 26th day of February 2007

Chartered Accountants

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The Directors
Data#3 Limited
Level 2, Data#3 Centre
80 Jephson Street
TOOWONG QLD 4066

Dear Sirs

Auditor's Independence Declaration

As lead engagement partner for the review of the financial report of Data#3 Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

JOHNSTON RORKE
Chartered Accountants



J J Evans
Partner

Brisbane, Queensland
26 February 2007

Data#3 Limited and Subsidiaries

Consolidated Income Statement For the half-year ended 31 December 2006

	Half-year	
	2006	2005
	\$'000	\$'000
Revenues		
Sale of goods	102,536	88,069
Services	32,959	24,361
Other (note 2)	273	402
Total	<u>135,768</u>	<u>112,832</u>
Expenses		
Changes in inventories of finished goods	101	1,116
Purchase of goods	(89,766)	(78,018)
Employee and contractor costs directly on-charged (cost of sales on services)	(15,822)	(9,989)
Other cost of sales on services	(2,509)	(2,311)
Other employee and contractor costs	(18,805)	(15,774)
Telecommunications	(450)	(386)
Rent	(1,320)	(1,173)
Travel	(796)	(603)
Depreciation and amortisation	(295)	(229)
Finance costs	(6)	(2)
Other	(1,772)	(1,638)
Total	<u>(131,440)</u>	<u>(109,007)</u>
Profit before income tax expense	4,328	3,825
Income tax expense	<u>(1,291)</u>	<u>(1,227)</u>
Net profit	<u>3,037</u>	<u>2,598</u>
Basic earnings per share	<u>19.46c</u>	<u>16.85c</u>
Diluted earnings per share	<u>19.46c</u>	<u>16.85c</u>

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Data#3 Limited and Subsidiaries

Consolidated Balance Sheet As at 31 December 2006

	31 December 2006 \$'000	30 June 2006 \$'000
Current assets		
Cash and cash equivalents	2,934	13,997
Trade and other receivables	35,632	34,553
Inventories	3,364	3,263
Other	1,668	1,259
	<hr/>	<hr/>
Total current assets	43,598	53,072
Non-current assets		
Available-for-sale financial assets	5	5
Property and equipment	1,255	1,352
Deferred tax assets	1,067	912
Intangible assets	4,553	4,626
	<hr/>	<hr/>
Total non-current assets	6,880	6,895
Total assets	<hr/>	<hr/>
	50,478	59,967
Current liabilities		
Trade and other payables	28,398	37,275
Current tax liabilities	795	1,454
Provisions	631	584
Other	2,651	2,806
	<hr/>	<hr/>
Total current liabilities	32,475	42,119
Non-current liabilities		
Provisions	474	424
Other	429	527
	<hr/>	<hr/>
Total non-current liabilities	903	951
Total liabilities	<hr/>	<hr/>
	33,378	43,070
Net assets	<hr/>	<hr/>
	17,100	16,897
Equity		
Contributed equity	9,387	9,563
Retained profits	7,713	7,334
	<hr/>	<hr/>
Total equity	<hr/>	<hr/>
	17,100	16,897

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Data#3 Limited and Subsidiaries

Consolidated Statement of Changes in Equity For the half-year ended 31 December 2006

	Number of Ordinary Shares '000	Contributed Equity \$'000	Retained Profits \$'000	Total Shareholders' Equity \$'000
2006				
Balance at 30 June 2006	15,635	9,563	7,334	16,897
Net profit	-	-	3,037	3,037
Buyback of ordinary shares	(44)	(176)	-	(176)
Payment of dividends	-	-	(2,658)	(2,658)
Balance at 31 December 2006	<u>15,591</u>	<u>9,387</u>	<u>7,713</u>	<u>17,100</u>
2005				
Balance at 30 June 2005	15,350	8,706	5,091	13,797
Net profit	-	-	2,598	2,598
Issuance of ordinary shares	145	389	-	389
Payment of dividends	-	-	(1,766)	(1,766)
Balance at 31 December 2005	<u>15,495</u>	<u>9,095</u>	<u>5,923</u>	<u>15,018</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Data#3 Limited and Subsidiaries

Consolidated Cash Flow Statement For the half-year ended 31 December 2006

	Half-year	
	2006	2005
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	146,678	128,401
Payments to suppliers and employees	(153,535)	(129,560)
Interest received	303	371
Finance costs	(6)	(2)
Income taxes paid	(2,070)	(1,140)
	<hr/>	<hr/>
Net cash (outflow) from operating activities	(8,630)	(1,930)
Cash flows from investing activities		
Payments for plant and equipment	(123)	(39)
Payments for software assets	(2)	(214)
Proceeds received from former joint venture partner	526	-
Other	-	2
	<hr/>	<hr/>
Net cash inflow (outflow) from investing activities	401	(251)
Cash flows from financing activities		
Proceeds from issues of shares	-	18
Payments for buyback of shares	(176)	-
Dividends paid	(2,658)	(1,395)
	<hr/>	<hr/>
Net cash (outflow) from financing activities	(2,834)	(1,377)
Net (decrease) in cash and cash equivalents held	(11,063)	(3,558)
Cash and cash equivalents at the beginning of the reporting period	<hr/>	<hr/>
	13,997	9,173
Cash and cash equivalents at the end of the reporting period	<hr/>	<hr/>
	2,934	5,615

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Data^{#3} Limited and Subsidiaries

Notes to the Consolidated Financial Statements For the half-year ended 31 December 2006

Note 1. Significant accounting policies

Statement of compliance

This general purpose financial report for the half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Basis of preparation

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Data^{#3} Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted in this interim financial report are the same as those applied in the 2006 annual report.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

	Half-year	
	2006 \$'000	2005 \$'000
Note 2. Other revenue		
Interest	273	399
Other	-	3
	<u>273</u>	<u>402</u>

Note 3. Segment information

Business Segment

The group predominantly operates in one business segment. Its activities include the procurement of information and communication technology (ICT) products; the design, implementation and support of ICT infrastructure and application solutions; and the provision of ICT recruitment services.

The products and services offered by the group are similar with respect to nature, distribution methods, risks and returns, and customer bases. Revenue is generated by providing customer solutions that draw on all or several areas of specialisation, resulting in strong interdependency among our product and service offerings.

Geographical Segment

The group's operations are based predominantly in Australia.

	Half-year	
	2006 \$'000	2005 \$'000
Note 4: Dividends		
Dividends paid on ordinary shares during the half-year		
Final fully franked dividend for 2006: 17.0c (2005: 11.5c)	2,658	1,766
Dividends not recognised at the end of the half-year		
Since the end of the half-year, the directors have recommended the payment of an interim dividend of 14.0 cents (2005: 11.0 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed interim dividend expected to be paid on 30 March 2007 out of retained profits at the end of the half-year, but not recognised as a liability at the end of the half-year, is	2,183	1,704

Data#3 Limited and Subsidiaries

Notes to the Consolidated Financial Statements (continued) For the half-year ended 31 December 2006

Note 5. Equity securities issued

	Half-year		Half-year	
	2006	2005	2006	2005
	Shares	Shares	\$'000	\$'000
Issues of ordinary shares during the half-year				
Exercise of options under the Data#3 Employee Option Plan	-	20,000	-	18
Issuance of shares for no cash consideration:				
Dividend reinvestment plan	-	125,211	-	371
	<u>-</u>	<u>145,211</u>	<u>-</u>	<u>389</u>

Note 6. Equity securities repurchased

	Half-year		Half-year	
	2006	2005	2006	2005
	Shares	Shares	\$'000	\$'000
Repurchase of ordinary shares during the half-year				
On-market buyback of shares	44,115	-	176	-

Equity securities repurchased have been cancelled by the company.

Note 7. Subsequent events

No material and unusual events have occurred after the end of the half-year that could affect the financial position and performance of Data#3 Limited or any of its subsidiaries.

Note 8. Contingent liabilities

There have been no material changes in contingent liabilities from those disclosed in the June 2006 annual report.

Data#3 Limited and Subsidiaries

Directors' Declaration

In the directors' opinion the attached financial statements and notes:

- (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the group's financial position as at 31 December 2006 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:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Data#3 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.



R A Anderson
Director

Brisbane

Dated this 26th day of February 2007

Independent Auditor's Review Report

To the Members of Data^{#3} Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Data^{#3} Limited, which comprises the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Data^{#3} Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Data^{#3} Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 Data^{#3} Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants



J J Evans
Partner

Brisbane, Queensland
26 February 2007