News Release

Datacraft posts two-fold jump in full year profit for second successive year

Board proposes 4.71 US cents after-tax dividend per share

Singapore, 15 November 2006 – Datacraft Asia, the region's leading independent IT solutions and services company, closed the company's FY2006 on a strong note with Q4 delivering the best top line and bottom line results in 16 quarters, contributing to a two-fold increase in after-tax profit for the full year.

Datacraft doubled its profit once again in FY2006 with profit after-tax rising 107% to US$21.2 million, excluding the one-time gain of US$5.2 million insurance settlement. Continuing the strong sequential growth trend, Q4 reported the best results in 16 quarters with a 109% increase in profit after-tax to US$6.5 million, while revenue grew 6% year-over-year to US$130.9 million. The Group generated record operating cash flow of US$60.3 million, including the US$5.2 million insurance settlement. The balance sheet remains strong with US$151.5 million net cash.

In line with its commitment to enhance shareholder value, the Group purchased approximately 17.1 million of its shares at the average price of US$1.03 per share during the year, and the Board is proposing a total after-tax dividend of 4.71 US cents per share (comprising a final dividend of 2.96 US cents and a special dividend of 1.75 US cents).

Financial Highlights

Fourth Quarter ended 30 Sept	**2006 US$ million**	**2005 US$ million**	**y-o-y % improvement**
Revenue	130.9	123.0	6%
Pre-tax Profit *	9.0	5.2	71%
Profit attributable to shareholders *	6.5	3.1	109%
12 Months ended 30 Sept	**2006 US$ million**	**2005 US$ million**	**y-o-y % improvement**
Revenue	482.2	456.0	6%
Pre-tax Profit *	30.1	18.0	67%
Profit attributable to shareholders *	21.2	10.2	107%
<u>Including US$5.2m insurance settlement</u>			
Pre-tax Profit *	35.3	18.0	96%
Profit attributable to shareholders *	26.3	10.2	158%

* FY2005 comparatives have been adjusted to include the impact of share options expense

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Results for Q4 ended 30 September 2006

For Q4 FY2006, the Group achieved the highest revenue and profit after-tax in 16 quarters. Revenue grew 6% year-over-year to US$130.9 million, while after-tax operating profit increased 109% year-over-year to US$6.5 million. On a sequential basis, both revenue and after-tax profit improved over the prior quarter, by 15% and 21% respectively.

The strong operating results can be attributed to strong margin improvements, financial discipline and the benefits of a lower effective tax rate. Gross margin improved from 17.2% in the fourth quarter last year to 18.7% this quarter, driven by stronger margins from both services and hardware sales. The Group's effective tax rate continued to decline from 41.3% in Q4 last year to 28.5% for this quarter attributed mainly to a turnaround in China's operations.

"We are extremely pleased to have doubled profit once again this year, and be able to return cash to shareholders through a cash dividend, in addition to our ongoing share buyback program," said Bill Padfield, CEO of Datacraft Asia.

"It is also pleasing to note that we have achieved a number of key objectives that we have set for ourselves. We improved our gross margins significantly and grew our revenue as we focused intensely on increasing our service attach rates by incorporating services as part of our everyday offering to our clients. The focus on selling multi-year annuity service contracts has also strengthened our service contribution and created predictable revenue streams."

"We also improved our ability to communicate the six lines of business to our clients. This will continue to drive the revenue mix the right way and help differentiate ourselves from our competitors. Once again we improved our client satisfaction rating over the great result last year. The challenge now is to maintain the high levels of client satisfaction and further enhance the way we engage and manage our clients. We added some very key talent during the year and were also able to promote a number of individuals from within the company to larger roles."

Results for the 12 months ended 30 September 2006

The Group benefited from an insurance settlement in Q2 FY2006 amounting to US$5.2 million. The following commentary illustrates the Group's performance excluding the effect of this one-time gain.

Reflecting the Group's focus on services and margins, services revenue grew by 8% year-over-year to US$172.1 million, outpacing hardware revenue growth which increased 5% to US$310.0 million. Consequently overall Group revenue grew 6% over last year to US$482.2 million.

For the year, gross margin was 18.8%, representing a significant increase of 1.7 percentage points over last year's 17.1%. This was achieved by consistent improvement in the margins of all three service business units as well as hardware sales. The results demonstrate the benefits of the Group's focus on more profitable, high value business and continued emphasis on productivity.

The Group's operating profit before tax rose 67% to US$30.1 million, driven by higher gross margin and contained SG&A. At the after tax and minority interests' level, profit jumped 107% to US$21.2 million aided by the lower effective tax rate.

On a geographic basis, good performance was registered in Greater China, Asean, India and New Zealand. China achieved a turnaround in the second half of FY2006, mainly due to the continued focus on margins and service business from the multinational clients. East Asia, comprising Korea and Japan, reported lower revenue compared to last year. Korea's performance was impacted by the decision to forego lower margin business from some clients. The business performance in Japan was not satisfactory.

The Group generated record levels of cash for the year. Cash flow from operations amounted to US$60.3 million, including the insurance settlement of US$5.2 million. Consequently, the Group's ending net cash balance increased 33% year-over-year to US$151.5 million, after factoring in US$17.7 million utilised on share buyback during the year.

In view of the Group's strong cash balance and reflecting confidence in the long-term growth opportunities and financial strength of the Group, the Board is recommending a total after-tax dividend of 4.71 US cents per share, comprising a final dividend of 2.96 US cents per share and a special dividend of 1.75 US cents per share. With the proposed dividend payout of approximately US$21.2 million, the Group anticipates it will maintain adequate resources for working capital and the ability to pursue future growth opportunities.

"Looking ahead, we remain optimistic as we start the year with a healthy order backlog valued at approximately US$143 million, a well-defined strategy and an organisation that is aligned with some of the strongest and fastest growing market opportunities. We see continued strength and growth in the markets we operate in and expect the momentum to remain strong," said Padfield.

"The convergence of networks and client devices based around the Internet Protocol, and the emerging trend of multisourcing present new services opportunities. Having further strengthened the foundation of the business in FY2006, the Group's priority in FY2007 is to build on this solid foundation, focus on revenue growth while continuing to drive margin improvement."

Significant contracts secured by Datacraft during the fourth quarter of FY2006 included:

- Major financial institution in China – US$3.9m IP convergence and security systems
- hanarotelecom – US$3.3m Next Generation IP core network expansion
- Global investment banking corporation – US$3.1m network and branch office expansion
- Leading international service provider, India – US$3.1m IP VPN network expansion
- Leading service provider in Malaysia – US$2.9m traffic performance management system and services contract renewal
- Leading gaming corporation in Malaysia – US$2.4m IP infrastructure for gaming network
- Leading financial management and advisory corporation – US$1.55m datacentre consolidation and IP convergence office deployment
- Major service provider in South Asia – US$1.5m IP backbone expansion
- Major banking corporation in Thailand – US$1.2m IP convergence systems
- Major service provider in Indonesia – US$1m IP backbone expansion

On 30 October 2006, Datacraft implemented the Cisco Global Services Alliance across Asia Pacific as part of a worldwide services agreement with Cisco. As the first collaboration to be implemented globally, the Services Alliance breaks new ground for both organisations, reinforcing the partnership and synergies that have developed over 15 years. The agreement builds upon Datacraft's legacy as the first and only Cisco Gold Certified channel partner in all the 13 countries it operates.

The alliance integrates both the companies' people and processes to deliver a co-branded support maintenance service known as Uptime powered by Cisco Services.

The joint service offering draws on the best of Datacraft and Cisco expertise and resources to support clients' IT infrastructures and assure business continuity, by providing Datacraft as the single point of accountability and Cisco expertise as additional assurance. Clients will benefit from the global coverage, better planning, and a more effective and consistent level of IT infrastructure support across the network's lifecycle.

About Datacraft
Datacraft is the leading independent IT services and solutions company in Asia Pacific. The company helps clients plan, build and support their IT infrastructures. Datacraft combines an expertise in networking, security, operating environments, storage and contact centre technologies, with advanced skills in consulting, integration and managed services, to craft IT solutions for businesses.

A member of the Dimension Data Group, Datacraft is listed on the main board of the Singapore Exchange and is a component company of the Straits Times Index. Headquartered in Singapore, Datacraft spans more than 50 major offices and has over 1,200 employees across 13 Asia Pacific markets. More information can be found at www.datacraft-asia.com

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