

## News Release

### **Datacraft posts robust Q3FY07 results with a 30% revenue growth and a 38% profit increase**

*Backlog reaches record high of US\$178m*

**Singapore, 01 August 2007** – Datacraft, the region's leading independent IT solutions and services company, has reported robust earnings for the third quarter of FY2007, with a 30% increase in revenue to US\$147.3 million together with a 38% improvement in profit after-tax to US\$7.3 million.

For the nine months to June 2007, total revenue grew by 20% to US\$419.8 million, while the bottom line profit increased 44% to US\$21.2 million, excluding the one-time insurance gain in the corresponding period last year. Business momentum remains strong as reflected in a growing backlog which ended on a new record high of US\$178 million, boosted by continued success in winning additional annuity service contracts.

#### **Financial Highlights**

| <b>Third Quarter ended 30 June</b> | <b>2007<br/>US\$ million</b> | <b>2006<br/>US\$ million</b> | <b>y-o-y %<br/>improvement</b> |
|------------------------------------|------------------------------|------------------------------|--------------------------------|
| Revenue                            | 147.3                        | 113.5                        | 30%                            |
| Pre-tax Profit                     | 10.1                         | 7.6                          | 33%                            |
| Profit after-tax                   | 7.3                          | 5.3                          | 38%                            |
| <b>Nine Months ended 30 June</b>   | <b>2007<br/>US\$ million</b> | <b>2006<br/>US\$ million</b> | <b>y-o-y %<br/>improvement</b> |
| Revenue                            | 419.8                        | 351.2                        | 20%                            |
| Pre-tax Profit                     | 29.1                         | 21.2*                        | 38%                            |
| Profit after-tax                   | 21.2                         | 14.7*                        | 44%                            |

\* Excluding one-time insurance settlement gain of US\$5.15 million in Q2 FY2006

“An intense focus on our FY2007 mandate to “hold margin and grow revenue” has yielded strong financial results. Profit is up substantially for the nine months as is

**Datacraft posts robust Q3FY07 results**

Page 2 of 5

revenue, with our backlog hitting a new high of US\$178 million on the back of continued growth in annuity service contracts,” said Bill Padfield, CEO of Datacraft.

“Geographically, the strong revenue performance was supported by double-digit revenue growth from all our four geographical regions, with particularly robust year-on-year revenue growth reported by India, Hong Kong, China, New Zealand and Indonesia. It is also pleasing to note that East Asia has rebounded with strong year-on-year revenue growth.

“Looking ahead, Datacraft remains well-positioned to benefit from the favourable prevailing market trends. Near-term outlook is positive underpinned by the healthy backlog. Going forward, we will be focusing on broadening and deepening our vertical market focus by aligning our solutions, sales and marketing with four key markets, namely financial services, media & communications, manufacturing and travel & transportation. This vertical industry go-to-market strategy will be fully implemented in all countries by beginning of FY2008 and will be the key driver in growing our market share and strengthening our client engagement and traction,” added Padfield.

**Results for the third quarter ended 30 June 2007**

The 30% year-over-year revenue growth in Q3 FY2007 was driven by strong growth in both hardware and services. Hardware revenue grew 36% year-over-year to US\$97.2 million, while services grew 19% to US\$50.1 million.

The overall blended gross margin for the quarter was 18.8%, reflecting stable margins for hardware and services. Compared with the same quarter last year, the lower margin reported was due to the change in the hardware and services revenue mix. For Q3 FY2007, hardware sales, which have lower margins than services, accounted for 66% of revenue as compared to 63% in the same period last year.

On the back of revenue growth, stable margins and continued productivity gains, the Group achieved strong profit growth. Profit before tax rose 33% year-over-year to US\$10.1 million and correspondingly, profit after-tax grew 38% to US\$7.3 million.

**Datacraft posts robust Q3FY07 results**

Page 3 of 5

**Results for the nine months ended 30 June 2007**

From a nine-month perspective, the Group achieved revenue of US\$419.8 million, representing a 20% year-over-year growth. Profit after-tax was US\$21.2 million, a 44% year-over-year growth (excluding the one-time US\$5.15 million insurance settlement gain which occurred in Q2 last year).

Gross margin for the 9-month period was 18.9%, similar to the 18.8% achieved for the same period last year. These results reflect management's focus on driving revenue while maintaining margins.

From a balance sheet perspective, the Group's financials remain strong. The Group generated US\$4.1 million cash flow from operations in Q3, and a total of US\$11.2 million over the 9-month period. The Group's net cash and investments as at end of June 2007 was US\$134.1 million.

Significant contracts announced by Datacraft during Q3 FY2007 included:

- Diethelm Keller Siber-Hegner Holding Ltd (DKSH), Malaysia - a three-year managed services contract to maintain and manage the company's IT infrastructure.
- Global pharmaceutical company, Korea - design and implement a next generation, converged voice, video and data network for its Korean headquarters.
- Fortune 500 global IT services company - US\$2.6 million contract to provide Uptime maintenance services for its clients' networks in 10 Asian markets.
- Federal Bank, India - US\$900,000 contract to upgrade and support its Wide Area Network as well as deliver Uptime support services for 300 branches.
- Microchip Technology, Thailand – Uptime support contract to keep its network for its Asian production lines running smoothly.

**Datacraft posts robust Q3FY07 results**

Page 4 of 5

- Gamania, Taiwan – Uptime deal to maintain the networks of the number one online gaming services company in Taiwan which publishes and co-publishes games exclusively in Asia.
- Samil PricewaterhouseCoopers, Korea – implement an integrated communications infrastructure to support a connected, dispersed workforce in Seoul
- Innodata Isogen Inc - implements and maintains a brand new IP-based network that links its 11 offices in the Philippines, India, Sri Lanka and the United States.
- Airport Authority Hong Kong - US\$1.2 million two-year maintenance services contract to maintain critical IT infrastructure at Hong Kong International Airport.

During the quarter, Datacraft and Sumisho Computer Systems Corporation (“SCS”), a listed subsidiary of Sumitomo Corporation, announced their intention to form a 50:50 joint venture (“JV”) in Japan. The JV agreement was finalised on 25 July 2007 and a new company named Sumisho Joho Datacraft Corporation had been set up. The strategic partnership stands to derive synergies through the combination of Datacraft’s expertise in IT infrastructure integration and managed services and SCS’s extensive client base of blue-chip Japanese corporations.

**About Datacraft**

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



**Datacraft posts robust Q3FY07 results**

Page 5 of 5

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 operates in more than 50 major offices and has over 1,350 employees across 13 Asia Pacific markets. More information can be found at [www.datacraft-asia.com](http://www.datacraft-asia.com).

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