

DATA CRAFT ASIA LTD

(Registration no: 199301842Z)

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31 December 2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	3 months to 31/12/06 US\$'000	3 months to 31/12/05 US\$'000	Change %
Revenue	128,682	120,820	6.5
Cost of sales	(104,029)	(99,051)	5.0
Gross margin	24,653	21,769	13.2
<i>Gross margin %</i>	<i>19.2%</i>	<i>18.0%</i>	
Add: Other operating income (Note 1(a)(i))	1,081	562	92.3
Less: Other expenses			
Distribution and sales	(10,752)	(10,218)	5.2
Administrative	(6,068)	(5,487)	10.6
Share options expense	(387)	(470)	(17.7)
Finance costs	(17)	(23)	(26.1)
Profit before tax (Note 1(a)(ii))	8,510	6,133	38.8
<i>Profit before tax %</i>	<i>6.6%</i>	<i>5.1%</i>	
Income tax expense	(2,303)	(1,928)	19.5
<i>Effective tax rate %</i>	<i>27.1%</i>	<i>31.4%</i>	
Profit after tax	6,207	4,205	47.6
<i>Profit after tax margin %</i>	<i>4.8%</i>	<i>3.5%</i>	
Attributable to:			
Shareholders of the Company	6,216	4,236	46.7
Minority interests	(9)	(31)	(71.0)
	6,207	4,205	47.6

1(a)(i) Other operating income comprises of :

	Group	
	3 months to 31/12/06 US\$'000	3 months to 31/12/05 US\$'000
Interest income	1,117	541
Investment income	144	103
Foreign exchange loss	(180)	(82)
	1,081	562

1(a)(ii) Profit before tax includes :

	Group	
	3 months to 31/12/06 US\$'000	3 months to 31/12/05 US\$'000
Disclosure of expenses included in the Profit before tax :		
Interest expense	(17)	(23)
Depreciation of plant and equipment	(1,893)	(1,891)
Allowance for doubtful trade receivables	-	(50)
Allowance for inventory obsolescence	-	(112)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		
	<u>31/12/06</u> (US\$ million)	Note 1 <u>31/12/05</u> (US\$ million)	Note 2 <u>30/09/06</u> (US\$ million)
<u>Current assets</u>			
Cash and short term investments	147.95	127.74	151.36
Receivables from external clients	101.57	85.76	96.34
Advanced billings receivables	13.80	10.18	15.81
Inventories	11.87	8.13	9.52
Other current assets	32.31	32.23	29.85
Total current assets	<u>307.50</u> =====	<u>264.04</u> =====	<u>302.88</u> =====
<u>Non-current assets</u>			
Plant and equipment	12.92	13.72	12.93
Goodwill	0.65	0.65	0.65
Available-for-sale investments	1.14	1.12	1.16
Deferred tax assets	2.42	2.50	2.59
Total non-current assets	<u>17.13</u> =====	<u>17.99</u> =====	<u>17.33</u> =====
<u>Current liabilities</u>			
Trade creditors	59.70	44.78	62.01
Other current liabilities	63.72	53.84	65.75
Total current liabilities	<u>123.42</u> =====	<u>98.62</u> =====	<u>127.76</u> =====
<u>Non-current liabilities</u>			
Deferred tax liabilities	0.66	1.17	0.80
Net assets	<u>200.55</u> =====	<u>182.24</u> =====	<u>191.65</u> =====
Shareholders' funds	199.60	181.28	190.82
Minority interests	0.95	0.96	0.83
	<u>200.55</u> =====	<u>182.24</u> =====	<u>191.65</u> =====

Note 1 : Balance sheet as at 31 December 2005 is used for comparison.

Note 2 : Balance sheet as at 30 September 2006 is included being the latest audited balance sheet.

1(b)(i) Balance sheet (Cont'd)

Holding Company

	<u>31/12/06</u> (US\$ million)	<u>30/09/06</u> (US\$ million)
<u>Current assets</u>		
Cash and bank balances	4.66	8.27
Receivables from subsidiaries	75.83	73.15
Other current assets	2.27	1.92
Total current assets	82.76	83.34
	=====	=====
<u>Non-current assets</u>		
Subsidiaries	103.63	102.11
Plant and equipment	2.39	2.32
Total non-current assets	106.02	104.43
	=====	=====
<u>Current liabilities</u>		
Other creditors	31.15	32.13
Other current liabilities	3.57	3.29
Total current liabilities	34.72	35.42
	=====	=====
<u>Non-current liability</u>		
Deferred tax liabilities	0.27	0.34
Net assets	153.79	152.01
	=====	=====
Shareholders' funds	153.79	152.01
	=====	=====

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2006		As at 30/09/2006	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2006		As at 30/09/2006	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	3 months to 31/12/06 US\$'000	3 months to 31/12/05 US\$'000
Cashflows from operating activities :		
Profit before tax	8,510	6,133
Adjustments for		
Depreciation of plant and equipment	1,893	1,891
Allowance for doubtful trade receivables	-	50
Allowance for inventory obsolescence	-	112
Share options expense	387	470
Interest income	(1,117)	(541)
Interest expense	17	23
Operating cash flows before movements in working capital	<u>9,690</u>	<u>8,138</u>
Inventories	(2,228)	7,568
Trade and other receivables	(3,072)	9,517
Trade and other creditors	(7,015)	(9,729)
Cash (used in)/generated from operations	<u>(2,625)</u>	<u>15,494</u>
Interest paid	(17)	(23)
Interest received	1,117	541
Income tax paid	(1,687)	(1,038)
Net cash (used in)/from operating activities	<u>(3,212)</u>	<u>14,974</u>
Investing activities :		
Purchase of plant and equipment	(1,721)	(962)
Net cash used in investing activities	<u>(1,721)</u>	<u>(962)</u>
Financing activities :		
Net proceeds from issue of shares	107	516
Purchase of treasury shares	(527)	-
Repayment of finance leases	(42)	(5)
Net cash (used in)/from financing activities	<u>(462)</u>	<u>511</u>
Net effect of exchange rate changes in consolidating subsidiaries	1,979	(422)
Net (decrease)/increase in cash and short term investments	(3,416)	14,101
Cash and short term investments at beginning of period	151,364	113,635
Cash and short term investments at end of period	<u>147,948</u> =====	<u>127,736</u> =====

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group (US\$'000)	Attributable to shareholders of the Company								Minority interests	Total equity	
	Issued capital	Treasury shares	Share options settlement reserve @	Share options reserve	Statutory reserve	Exchange difference reserve	Goodwill on consolidation	Accumulated profits			Total
Q1 2007 movement											
Balance at 1 October 2006	139,999	(17,462)	(28)	4,258	405	(1,776)	(149,751)	215,172	190,817	833	191,650
Exchange differences arising during the period	-	-	-	-	85	2,511	-	-	2,596	127	2,723
Cost of share-based payment	-	-	-	387	-	-	-	-	387	-	387
Net profit for the period	-	-	-	-	-	-	-	6,216	6,216	(9)	6,207
Repurchase of shares and held as treasury shares	-	(527)	-	-	-	-	-	-	(527)	-	(527)
Re-issue of treasury shares upon options exercise	-	156	(4)	(45)	-	-	-	-	107	-	107
Balance at 31 December 2006	139,999	(17,833)	(32)	4,600	490	735	(149,751)	221,388	199,596	951	200,547

@ Share options settlement reserve relates to adjustments arising from the exercise of share options via cash settlement and/or transfer from treasury shares.

1(d)(i) A statement of equity changes (Cont'd)

Group (Cont'd) (US\$'000)	Attributable to shareholders of the Company							Minority	Total	
	<u>Issued capital</u>	<u>Share premium</u>	<u>Share options reserve</u>	<u>Statutory reserve</u>	<u>Exchange difference reserve</u>	<u>Goodwill on consolidation</u>	<u>Accumulated profits</u>	<u>interests</u>	<u>equity</u>	
Q1 2006 movement										
Balance at 1 October 2005	14,080	205,652	3,085	309	(5,975)	(151,746)	110,501	175,906	965	176,871
Exchange differences arising during the period	-	-	-	14	142	-	-	156	26	182
Cost of share-based payment	-	-	470	-	-	-	-	470	-	470
Net profit for the period	-	-	-	-	-	-	4,236	4,236	(31)	4,205
Issue of shares	216	496	(196)	-	-	-	-	516	-	516
Balance at 31 December 2005	14,296	206,148	3,359	323	(5,833)	(151,746)	114,737	181,284	960	182,244

1(d)(i) A statement of equity changes (Cont'd)

<u>Holding Company</u> (US\$'000)	<u>Issued capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Share options settlement reserve @</u>	<u>Share options reserve</u>	<u>Accumulated profits</u>	<u>Total</u>
Q1 2007 movement							
Balance at 1 October 2006	139,999	-	(17,462)	(28)	4,258	25,239	152,006
Cost of share-based payment	-	-	-	-	387	-	387
Net profit for the period	-	-	-	-	-	1,816	1,816
Repurchase of shares and held as treasury shares	-	-	(527)	-	-	-	(527)
Re-issue of treasury shares upon options exercise	-	-	156	(4)	(45)	-	107
Balance at 31 December 2006	139,999	-	(17,833)	(32)	4,600	27,055	153,789
Q1 2006 movement							
Balance at 1 October 2005	14,080	205,652	-	-	3,085	(79,230)	143,587
Cost of share-based payment	-	-	-	-	470	-	470
Net loss for the period	-	-	-	-	-	(587)	(587)
Arising from the exercise of share options via issue of new shares	216	496	-	-	(196)	-	516
Balance at 31 December 2005	14,296	206,148	-	-	3,359	(79,817)	143,986

@ Share options settlement reserve relates to adjustments arising from the exercise of share options via cash settlement and/or transfer from treasury shares.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the quarter ended 31 December 2006, the Company acquired 450,000 of its own shares through on-market purchases on the Singapore Exchange Securities Trading Limited. Such shares are held as treasury shares. The total amount paid to acquire the shares was US\$527,000 and this was deducted against shareholders' equity.

The Company transferred 137,000 shares from treasury shares to employees who exercised their share options during the quarter ended 31 December 2006:

- a) 77,000 shares at US\$0.725 each for cash under the Datacraft Asia Share Option Scheme;
- b) 58,000 shares at US\$0.835 each for cash under the Datacraft Asia Share Option Scheme 2003; and
- c) 2,000 shares at US\$1.147 each for cash under the Datacraft Asia Share Option Scheme 2003.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 30 September 2006.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	3 months to 31/12/06	3 months to 31/12/05
Earnings per ordinary share for the period:		
(i) Based on the weighted average number of ordinary shares in issue	1.38 US cents	0.91 US cents
(ii) On a fully diluted basis	1.37 US cents	0.90 US cents

Note to item 6(i):

The weighted average number of ordinary shares in issue for the financial period is 450,948,976 (31 December 2005: 467,420,292).

Note to item 6(ii):

The earnings per share on a fully diluted basis is calculated on the adjusted weighted average number of ordinary shares of 453,414,962 in issue during the period reported on. (31 December 2005: 469,448,951)

There are no preference shares in the Company.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Holding Company	
	31/12/06	30/09/06	31/12/06	30/09/06
Net asset value per ordinary share based on issued share capital	44.13 US cents	42.16 US cents	34.12 US cents	33.70 US cents

The net asset value per ordinary share is computed based on 450,778,683 (30 September 2006: 451,091,683) ordinary shares.

Note: Net asset value herein refers to net tangible assets.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Datacraft started off FY2007 with Q1 delivering a 47% year-over-year increase in profit after-tax and minority interests to US\$6.2 million on a 7% growth in revenue to US\$128.7 million. The good performance was led by strong results from the services business. Reflecting positive momentum in the business and healthy bookings, the Group's Q1 ending order backlog stood at US\$156 million, the highest in five years.

Revenue for Q1 FY2007 grew 7% year-over-year to US\$128.7 million. This can be attributed to a 13% increase in services revenue to US\$48.1 million and a 3% increase in hardware revenue to US\$80.6 million. Compared to the prior quarter Q4 FY2006, which is traditionally a strong quarter for the Group, revenue declined US\$2.2 million or 2%.

In Q1 FY2007, the Group achieved a gross margin of 19.2% compared with 18.0% registered for Q1 FY2006 and 18.7% in Q4 FY2006. The positive trend in margins was largely due to an improvement in services margin, led by the managed services business unit, demonstrating continued success in focusing on more profitable, high value business together with improvements in productivity. The revenue mix in favour of services also helped lift overall gross margin.

The Group's selling, general and administration (SG&A) expenses totalled US\$16.8 million in Q1 FY2007 which represents 13.1% of revenue for the quarter. In comparison, the SG&A expense-to-revenue ratio for Q1 FY2006 was 13.0% while that for Q4 FY2006 was 12.4%. SG&A expenses rose 7.1% year-over-year and 3.3% sequentially, primarily due to the increase in headcount and the annual salary increase.

On the back of higher revenue and improved margins, profit before-tax increased 39% year-over-year to US\$8.5 million while profit after-tax and minority interests rose 47% to US\$6.2 million. Compared to the prior quarter Q4 FY2006, profit before-tax and profit after-tax and minority interests were lower by 5% and 4% respectively.

The Group's effective tax rate for the quarter reduced to 27.1% compared to approximately 30% prevailing in the prior quarters. The decline in effective tax rate was mainly due to the favourable resolution of a prior tax issue.

From a geographic perspective, positive revenue growth was achieved in India and New Zealand, Greater China and ASEAN. East Asia saw a decline in revenue compared to the same period last year which was primarily due to Japan's performance. Compared with Q4 FY2006, Japan saw an improvement in revenue.

The Group continued to maintain a healthy balance sheet and cash position. As at 31 December 2006, the Group had net cash and short term investments of US\$147.9 million, compared with US\$127.7 million a year ago and US\$151.4 million in the prior quarter. In terms of cash flow from operations, there was a net cash outflow of US\$3.2 million during the quarter due to the increase in working capital: inventory, trade receivables and trade creditors, as well as the payment of year-end bonuses.

During Q1 FY2007, the Group bought back 450,000 shares at a cost of US\$527,000. The cumulative total of shares purchased since the inception of the share buy-back programme from January 2006 amounted to 17.6 million shares at a cost of US\$18.2 million.

Subsequent to the close of Q1 FY2007, at the Annual General Meeting held on 30 January 2007, the renewal of the share buy-back mandate was approved by the shareholders.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was made previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Looking ahead, outlook remains positive underpinned by a healthy backlog. Backlog is at its highest in five years, having increased from US\$142 million in the prior quarter to US\$156 million, boosted by growth in annuity service contracts as well as hardware orders. While Q2 is traditionally a slower quarter, revenue outlook is supported by the increase in hardware backlog which may moderate the overall blended gross margin in the short term.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13. Interested Person Transactions (“IPTs”)

In US\$'000

Q1 FY2007		
Name of interested person	Aggregate value of all IPTs during Q1 FY2007 (excluding transactions less than S\$100,000 and excluding transactions conducted under the shareholders' mandate on 20 January 2006)	Aggregate value of all IPTs during Q1 FY2007 conducted under the shareholders' mandate on 20 January 2006 (excluding transactions less than S\$100,000)
Transactions > S\$100,000	Yes	Yes
Defined by shareholders' mandate on 20 January 2006 +	Not applicable	Yes
Dimension Data Commerce Centre Ltd	450	1,314
Dimension Data North America Inc	118	-

+ The renewal of shareholders' approval was obtained on 30 January 2007 for purchases from Dimension Data Commerce Centre for servicing certain global clients, mainly HSBC.

BY ORDER OF THE BOARD

Patrick Quarmby
Chairman

Confirmation by the Board

We, William Bruce Grahame Padfield and Philip Chu Yan-Jy, being two directors of Datacraft Asia Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarterly results of the Company for the three months ended 31 December 2006 to be false or misleading.

On behalf of the Board of Directors

William Bruce Grahame Padfield
Director

Philip Chu Yan-Jy
Director

2 February 2007