

## News Release

### **Datacraft wraps up FY2005 with an excellent quarter**

*Best performance in 12 quarters delivers strong revenue and profit growth*

**Singapore, 16 November 2005** – Datacraft Asia, the region's leading independent IT solutions and services company, closes the company's FY2005 on a high note with an excellent set of results for the quarter ended 30 September. Group revenues for the fourth quarter grew 29% year-over-year to US\$123.0 million and operating profit after tax increased by 93% to US\$3.6 million – the best set of results in 12 quarters. Results for the full year also show a similar level of improvement over FY2004.

Datacraft's strong Q4 performance is the result of broad-based growth across most geographic regions as the Group leveraged positive market momentum and strong reception for its solution lines of business.

During the financial year, the Group returned US\$14.0 million of cash to shareholders.

### **Financial Highlights**

<b>Fourth Quarter ended 30 Sept</b>	<b>2005</b>	<b>2004</b>	<b>y-o-y %</b>
	<b>US\$ million</b>	<b>US\$ million</b>	<b>improvement</b>
Revenue	123.0	95.6	29%
Pre-tax Profit *	5.7	3.0	88%
Profit attributable to shareholders *	3.6	1.8	93%
<b>12 Months ended 30 Sept</b>	<b>2005</b>	<b>2004</b>	<b>y-o-y %</b>
	<b>US\$ million</b>	<b>US\$ million</b>	<b>improvement</b>
Revenue	456.0	362.3	26%
Pre-tax Profit *	19.9	9.0	122%
Profit attributable to shareholders *	12.2	5.2	133%

\* the FY04 comparatives exclude goodwill amortisation and an exceptional charge pertaining to impairment in goodwill.

## Results for Q4 ended 30 September 2005

On a sequential basis, Datacraft's Q4 revenues were up 2% and after-tax profit improved by another 6% on Q3 FY2005, which was also a strong quarter.

Gross margin continued to benefit from stronger services margin that more than offset margin pressure on hardware. All three services business units – Managed, Professional and Training – continued to improve their respective margins through higher utilisation and productivity gains. Overall gross margin for Q4 FY2005 was 17.2%, an improvement over the 16.9% in the fourth quarter last year and 17.1% in the prior quarter.

Distribution, selling and administrative expenses for Q4 totalled US\$16.2 million, or 13.2% of revenue. This compares well with the 14.3% ratio registered in the same quarter last year; and is up slightly from 12.9% in the prior quarter.

The strong operating performance resulted in an 88% year-over-year increase in pre-tax operating profit to US\$5.7 million and an increase in pre-tax profit margin from 3.2% to 4.7%. On a sequential basis, pre-tax operating profit increased 5% from the prior quarter while pre-tax profit margin also improved on the 4.5% achieved in Q3.

"We were able to execute very well again during Q4, which enabled us to top what was an unusually strong Q3 result with a satisfying year end," said Bill Padfield, CEO of Datacraft Asia. "Our absolute focus on employees, clients and productivity has yielded 9 quarters of progressive improvement in revenue, profitability and balance sheet strength, along with significant improvement in client and employee satisfaction. These positive results clearly reaffirms that our strategy is sound and our business model is executing well."

"Datacraft's fundamentals are probably at their strongest ever with a promising outlook underpinned by market growth, the Group's strong financials and clear support from clients and employees. I am delighted that our client satisfaction survey showed that clients are again voting positively about the way we are treating them and the survey results improved considerably over FY2004 and exceeded our target for 2005. Our employee satisfaction survey also shows that our employees are increasingly pleased with the company.

"Going forward into FY2006, we will continue to develop our people and skill sets while enhancing clients' experience. On the financial front, the Group remains relentlessly focused on execution and further performance improvements to raise margins and drive profitable growth."

### **Results for the 12 months ended 30 Sept 2005**

Reflecting four quarters of strong performance, the Group's results for the 12 months to September 2005 showed a robust 26% growth in revenue to US\$456.0 million and a 133% increase in profit after tax to US\$12.2 million. This performance was underpinned by healthy demand from both enterprise and service provider clients as they invested to refresh technology, and the Group's success in its solution lines of business. Solutions revenue more than doubled during the year, accounting for one third of Group revenue, as compared to one fifth in FY2004.

Gross margin improved to 17.1% compared with 16.2% last year, due to better margins from services. On the back of higher revenue and margins, operating profit before tax increased 122% to US\$19.9 million. Correspondingly, net operating profit after tax and minority interests rose 133% to US\$12.2 million.

The Group's balance sheet and cash continued to strengthen, driven by improvements in working capital. Days Sales Outstanding improved further to 70 days compared with 79 days at the start of the year while inventory was reduced from US\$16.3 million to US\$15.7 million, despite the strong growth in revenue.

For the 12 month period, net cash generated by operating activities amounted to US\$19.0 million. Consequently, even after factoring in the US\$14.0 million cash return to shareholders in July 2005, the Group closed FY2005 with net cash and investments of US\$113.7 million, up from US\$112.3 million at the start of the year. The Group continues to have no debt.

In FY2006, the Group is adopting several new financial standards, one of which is Financial Reporting Standard 102 on Share-based Payment. This relates to the expensing of employee share options and is estimated to result in an expense charge of approximately US\$2.1 million for the Group in FY2006.

On a geographic basis, almost every country improved its performance over the prior year. ASEAN had an outstanding year that accelerated FY2004's strong performance with revenues up 37% and operating profit before interest and tax increasing by 86%, thanks to broad-based growth across all countries.

Performance in Greater China also improved. The improvement in profitability was due to a combination of reduced losses from China and better results from Hong Kong and Taiwan.

East Asia also improved its results from the prior year. While Japan's performance was hurt by difficult market conditions, this was offset by the strong turnaround in Korea which made a profit for the year.

India and New Zealand continued to do well, with good revenue growth and a 28% increase in operating profit before interest and tax.

Significant contracts secured by Datacraft during the fourth quarter of FY2005 included:

- Global investment bank, Japan – US\$6m network infrastructure for customer's relocation project in Tokyo
- Leading directory enquiry services provider in the US & UK – US\$4.4m call centre infrastructure supporting over 600 agents in SE Asia
- US MNC in India – US\$2m call centre infrastructure
- Stock Exchange of Thailand – US\$1.4m data centre network
- Thailand new airport logistics infrastructure – US\$1.2m IP network
- Global logistics company, Malaysia – US\$1.6m IP solution for call centre
- hanarotelecom, Korea – US\$4.5m IP MPLS broadband enhancement
- KT, Korea – US\$3.4m IP traffic monitoring and analysis system
- Major mobile service provider in SE Asia – US\$600k IP convergence network supporting SS7 traffic over IP MPLS
- Major mobile service provider in SE Asia – US\$1.9m multi-services content provisioning system for mobile users.

FY2005 saw a renewed emphasis on good corporate citizenship within the organisation, and the launch of a new social responsibility initiative – Carecraft. This initiative seeks to reinforce good corporate character by helping disadvantaged individuals and communities in Asia Pacific. As a start, Datacraft is participating in World Vision's child sponsorship program by sponsoring over 70 underprivileged children. In time, the Carecraft initiative will grow to comprise a range of fundraising activities and other forms of charitable giving in each country. Where possible, Datacraft will utilise its IT expertise in ways that enable communications, promote education and connect communities in challenging locations.

## **About Datacraft**

*"Best Asian Systems Integrator" for fifth consecutive year - Telecom Asia*

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](http://www.datacraft-asia.com)

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