Appendix 4D

Name of entity	**Data#3 Limited**
ABN	31 010 545 267
Reporting period	**Half-year ended 31 December 2012**
Previous corresponding period	Half-year ended 31 December 2011

Results for announcement to the market

Results				**$'000**
Revenues from ordinary activities	down	6.8%	to	406,213
Profit from ordinary activities after tax attributable to members	down	5.1%	to	6,819
Net profit for the period attributable to members	down	5.1%	to	6,819

Dividends	**Amount per security**	**Franked amount per security**
Current period		
Interim dividend	3.45 cents	100%
Previous corresponding period		
Interim dividend	3.45 cents	100%

The record date for determining entitlements to the dividend is 15 March 2013. The dividend is payable on 29 March 2013.

Brief explanation of the figures reported above

The total revenue in the first half was $406.2 million, 6.8% lower than the $435.8 million in the previous corresponding period (pcp), with a decrease in product revenues and increase in services revenues.

Total gross profit (excluding other revenue) increased by $2.3 million (or 3.9%) to $61.6 million, and total gross margin increased from 13.7% to 15.2% reflecting the increased proportion of services.

Net profit before tax decreased by 5.7% to $9.8 million (pcp: $10.4 million). This reflected the lower profit contribution from the products business and lower interest income.

Net profit after tax decreased by 5.1% to $6.8 million (pcp: $7.2 million). This represented basic earnings per share of 4.4 cents, a decrease of 5.1% (pcp: 4.7 cents).

Brief explanation of the figures reported above (continued)

Product revenue and gross profit

Product revenue decreased by 9.7% to $338.6 million (pcp: $375.2 million), reflecting the continuation of challenging and highly competitive market conditions and a change in timing of some licensing contract renewals. The uncertain investment environment in Australia and government spending cut-backs contributed to ongoing project delays, which constrained hardware product revenues. Offsetting this was our largest ever infrastructure contract, for the supply of Cisco networking equipment to Perth's new Fiona Stanley Hospital.

Product gross profit increased by $2.0 million (or 6.4%) to $33.8 million reflecting the change in sales mix and increased licensing margins.

Services revenue and gross profit

Services revenue increased by 12.7% to $66.6 million (pcp: $59.1 million). The uncertain investment environment constrained project services revenues and also hampered the anticipated growth in outsourcing and as-a-service revenue, however we experienced strong growth in maintenance reselling revenues as customers elected to extend the life of existing equipment in preference to replacement. Our recruitment and contracting revenues decreased slightly in a difficult market, particularly given spending cut-backs by the Queensland Government.

Services gross profit increased by $0.3 million (or 1.0%) to $27.8 million reflecting the increased proportion of reseller maintenance revenue at lower margins.

Interest revenue

Interest and other revenue decreased by $0.6 million to $0.9 million due to short-term funding requirements for the infrastructure contract referred to previously which reduced surplus cash balances during the period, and reduced bank deposit rates.

Operating expenses

Internal staff costs increased by $1.0 million (or 2.2%) to $44.7 million and other operating expenses increased by $1.3 million (or 19.0%) to $8.0 million. Additional rent, depreciation and amortisation costs associated with our internal infrastructure, systems and premises accounted for $1.0 million of the increase in other operating expenses.

Cash flow

The net cash flow from operating activities is typically an outflow in the first half due to the timing of receipts and payments around 30 June. The traditional May/June sales peak produces higher than normal collections pre-30 June that generate temporary cash surpluses which subsequently reverse post-30 June when the associated supplier payments occur. In addition to this normal 'seasonality' the first half net cash outflow from operating activities of $58.9 million was higher than the $37.1 million outflow in the previous corresponding period due to the timing of payments and receipts associated with the Fiona Stanley Hospital infrastructure contract and the gradual shift in billing for enterprise licensing agreements from annual in advance to monthly in arrears.

Due to the cash flow seasonality it is more meaningful to compare the average daily cash balance throughout the period which was $50.4 million, down from $55.3 million in the previous corresponding period due to short-term funding requirements for the Fiona Stanley Hospital infrastructure contract.

The key trade receivables indicator of average days' sales outstanding remained ahead of target and better than the previous corresponding period which demonstrates our focus on collections and credit management.

Net tangible assets per security

	Current period	Previous period
Net tangible asset backing per ordinary security	$0.18	$0.17

Data#3 Limited

ABN 31 010 545 267

Interim financial report

Half-year ended 31 December 2012

Contents **Page**

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 2012.

1. Directors

The following persons were directors of Data#3 Limited for the entire half-year and up to the date of this report:

Richard Anderson
Glen Boreham
John Grant
Ian Johnston
Terry Powell.

2. Review of operations

The total revenue in the first half was $406.2 million, 6.8% lower than the $435.8 million in the previous corresponding period (pcp), with a decrease in product revenues and increase in services revenues.

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Internal staff costs increased by $1.0 million (or 2.2%) to $44.7 million and other operating expenses increased by $1.3 million (or 19.0%) to $8.0 million. Additional rent, depreciation and amortisation costs associated with our internal infrastructure, systems and premises accounted for $1.0 million of the increase in other operating expenses.

Directors' report (continued)

2. Review of operations (continued)

Cash flow

The net cash flow from operating activities is typically an outflow in the first half due to the timing of receipts and payments around 30 June. The traditional May/June sales peak produces higher than normal collections pre-30 June that generate temporary cash surpluses which subsequently reverse post-30 June when the associated supplier payments occur. In addition to this normal 'seasonality' the first half net cash outflow from operating activities of $58.9 million was higher than the $37.1 million outflow in the previous corresponding period due to the timing of payments and receipts associated with the Fiona Stanley Hospital infrastructure contract and the gradual shift in billing for enterprise licensing agreements from annual in advance to monthly in arrears.

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The key trade receivables indicator of average days' sales outstanding remained ahead of target and better than the previous corresponding period which demonstrates our focus on collections and credit management.

3. Dividends

The directors have declared a fully franked dividend of 3.45 cents per share (pcp 3.45 cents) payable on 29 March 2013, representing a payout ratio of 77.9% (pcp 73.9%).

4. 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 3.

5. 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
20 February 2013

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Auditor's independence declaration

As lead auditor for the review of the financial report of Data#3 Limited for the financial half-year ended 31 December 2012, 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.

This declaration is in respect of Data#3 Limited and the entities it controlled during the period.

PITCHER PARTNERS
Chartered Accountants

R C N Walker
Partner

Brisbane, Queensland
20 February 2013

Consolidated statement of comprehensive income

for the half-year ended 31 December 2012

	Half-year	
	December 2012 $'000	December 2011 $'000
Revenue		
Sale of goods	338,647	375,153
Services	66,629	59,109
Other	937	1,582
	406,213	435,844
Expenses		
Changes in inventories of finished goods	1,143	447
Purchase of goods	(305,979)	(343,815)
Employee and contractor costs directly on-charged (cost of sales on services)	(19,401)	(22,126)
Other cost of sales on services	(19,393)	(9,409)
Other employee and contractor costs	(44,720)	(43,768)
Telecommunications	(765)	(720)
Rent	(2,843)	(2,301)
Travel	(1,259)	(1,120)
Professional fees	(273)	(423)
Depreciation and amortisation	(871)	(364)
Finance costs	(163)	(130)
Other	(1,869)	(1,701)
	(396,393)	(425,430)
Profit before income tax expense	9,820	10,414
Income tax expense	(3,001)	(3,226)
Profit for the half year	6,819	7,188
Other comprehensive income for the half year, net of tax	-	-
Total comprehensive income for the half year	6,819	7,188
Basic earnings per share	4.4c	4.7c
Diluted earnings per share	4.4c	4.7c

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

as at 31 December 2012

	31 December 2012	30 June 2012
	$'000	$'000
Current assets		
Cash and cash equivalents	3,633	70,820
Trade and other receivables	78,692	135,883
Inventories	5,454	4,239
Other	3,580	2,222
Total current assets	91,359	213,164
Non-current assets		
Property and equipment	6,403	6,196
Deferred tax assets	2,840	2,573
Intangible assets	6,136	4,723
Total non-current assets	15,379	13,492
Total assets	106,738	226,656
Current liabilities		
Trade and other payables	55,314	165,602
Borrowings	667	639
Current tax liabilities	798	1,899
Provisions	1,627	1,433
Other	10,608	20,701
Total current liabilities	69,014	190,274
Non-current liabilities		
Borrowings	1,512	1,853
Provisions	1,616	1,344
Other	729	671
Total non-current liabilities	3,857	3,868
Total liabilities	72,871	194,142
Net assets	33,867	32,514
Equity		
Contributed equity	8,278	8,278
Retained earnings	25,589	24,236
Total equity	33,867	32,514

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the half-year ended 31 December 2012

	Number of Ordinary Shares	Contributed Equity	Retained Earnings	Total Shareholders' Equity
	'000	$'000	$'000	$'000
2012				
Balance at 30 June 2012	153,975	8,278	24,236	32,514
Net profit for the half year	-	-	6,819	6,819
Other comprehensive income for the half year, net of tax	-	-	-	-
Total comprehensive income for the half year	-	-	6,819	6,819
Payment of dividends	-	-	(5,466)	(5,466)
Balance at 31 December 2012	153,975	8,278	25,589	33,867
2011				
Balance at 30 June 2011	153,975	8,278	21,875	30,153
Net profit for the half year	-	-	7,188	7,188
Other comprehensive income for the half year, net of tax	-	-	-	-
Total comprehensive income for the half year	-	-	7,188	7,188
Payment of dividends	-	-	(6,005)	(6,005)
Balance at 31 December 2011	153,975	8,278	23,058	31,336

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated cash flow statement
for the half-year ended 31 December 2012

	Half-year	
	December 2012 $'000	December 2011 $'000
Cash flows from operating activities		
Net profit after income tax	6,819	7,188
Depreciation and amortisation	871	364
Provision for doubtful debts	98	132
Loss on disposal of property and equipment	-	22
Other	-	(32)
Changes in operating assets and liabilities:		
Decrease in trade receivables	57,013	13,232
Increase in inventories	(1,215)	(447)
(Increase)/decrease in other operating assets	(1,278)	424
Increase in net deferred tax assets	(267)	(902)
Decrease in trade payables	(101,246)	(39,657)
Decrease in unearned income	(10,122)	(14,188)
Decrease in other operating liabilities	(8,975)	(2,753)
Decrease in current tax liabilities	(1,101)	(825)
Increase in liability for employee benefits	486	308
Net cash outflow from operating activities	(58,917)	(37,134)
Cash flows from investing activities		
Payments for plant and equipment	(949)	(1,359)
Payments for software assets	(1,542)	(227)
Net cash outflow from investing activities	(2,491)	(1,586)
Cash flows from financing activities		
Payment of dividends	(5,466)	(6,005)
Finance lease payments	(313)	(288)
Net cash outflow from financing activities	(5,779)	(6,293)
Net decrease in cash and cash equivalents held	(67,187)	(45,013)
Cash and cash equivalents at the beginning of the reporting period	70,820	56,956
Cash and cash equivalents at the end of the reporting period	3,633	11,943

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the half-year ended 31 December 2012

Note 1. Significant accounting policies

Basis of preparation of interim financial report

This general purpose interim financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all of the notes of the type normally included in an annual financial report and accordingly should be read in conjunction with the annual report for the year ended 30 June 2012 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 previous financial year and the corresponding interim reporting period. The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period. This adoption has not resulted in any changes to the group's accounting policies and has no effect on the amounts reported in the current and prior periods.

Note 2. Dividends

Details of dividends paid during 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 $'000
16/9/2011	30/9/2011	Final	3.9 cents	3.9 cents	6,006
16/3/2012	30/3/2012	Interim	3.45 cents	3.45 cents	5,312
14/9/2012	28/9/2012	Final	3.55 cents	3.55 cents	5,466

Dividends not recognised at the end of the half-year

Since the end of the half-year, the directors have declared an interim dividend of 3.45 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the interim dividend to be paid on 29 March 2013 out of retained earnings at the end of the half-year, but not recognised as a liability at the end of the half-year, is $5,312,000.

Note 3. Segment information

The group's business is conducted primarily in Australia. The group's management makes financial decisions and allocates resources based on the information it receives from its internal management system. Sales are attributed to an operating segment based on the type of product or service provided to the customer. Revenue from customers domiciled in Australia comprised 98% of external sales for the half-year ended 31 December 2012 (2011: 99%).

The company has identified two reportable segments, as follows:

- Product - providing hardware and software for our customers' desktop, network and data centre hardware and software infrastructure; and
- Services - providing consulting, professional, managed and workforce recruitment and contracting services in relation to the design, implementation, operation and support of ICT solutions.

Summarised financial information by segment for the half-years ended 31 December 2012 and 2011 is set out in the following table.

Notes to the consolidated financial statements (continued)
for the half-year ended 31 December 2012

Note 3. Segment information (continued)

	Product		Services		Total	
	Half-year to December		Half-year to December		Half-year to December	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Revenue						
Total revenue	338,647	375,325	71,359	64,819	410,006	440,144
Inter-segment revenue	-	(172)	(4,730)	(5,710)	(4,730)	(5,882)
External revenue	338,647	375,153	66,629	59,109	405,276	434,262
Costs of sale						
Cost of goods sold	(304,836)	(343,368)	-	-	(304,836)	(343,368)
Employee and contractor costs directly on-charged	-	-	(19,401)	(22,126)	(19,401)	(22,126)
Other cost of sales on services	-	-	(19,393)	(9,409)	(19,393)	(9,409)
Gross profit	33,811	31,785	27,835	27,574	61,646	59,359
Other expenses	(22,165)	(19,685)	(24,180)	(23,887)	(46,345)	(43,572)
Segment profit	11,646	12,100	3,655	3,687	15,301	15,787
Unallocated items						
Interest and other revenue					937	1,582
Other employee and contractor costs					(3,867)	(4,627)
Rent					(739)	(729)
Depreciation and amortisation					(760)	(319)
Other					(1,052)	(1,280)
					(5,481)	(5,373)
Profit before income tax					9,820	10,414
Reconciliation of revenue:						
External revenue					405,276	434,262
Unallocated corporate revenue						
Interest and other revenue					937	1,582
Total revenue					406,213	435,844

Note 4. 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 5. Contingent liabilities

There have been no material changes in contingent liabilities from those disclosed in the June 2012 annual report.

Directors' declaration

In the opinion of the directors:

(a) the financial statements and notes set out on pages 4 to 9 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; 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
20 February 2013

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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 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year 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 2012 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*.

Independent auditor's review report (continued)

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 2012 and of their performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PITCHER PARTNERS
Chartered Accountants

R C N Walker
Partner

Brisbane, Queensland
20 February 2013