

News Release

Datacraft achieves strong revenue and earnings growth in Q2 FY2008

Singapore, 14 May 2008 - Datacraft, the region's leading independent IT solutions and services company, has reported another set of strong results in Q2 FY2008. Group revenue grew 26% year-over-year to US\$180.6 million while after-tax profit attributable to shareholders increased 25% to US\$9.5 million.

Financial Highlights

Second Quarter ended 31 Mar	2008 US\$ million	2007 US\$ million	y-o-y % change
Revenue	180.6	143.8	+26
Gross Profit	32.9	27.0	+22
Pre-tax Profit	13.0	10.5	+24
Profit attributable to shareholders	9.5	7.6	+25
First Half ended 31 Mar	2008 US\$ million	2007 US\$ million	y-o-y % change
Revenue	353.8	272.5	+30
Gross Profit	65.6	51.6	+27
Pre-tax Profit	25.9	19.0	+36
Profit attributable to shareholders	18.9	13.8	+37

The strong revenue growth was driven by solid growth from both hardware and services. The services business grew 36% year-over-year to US\$67.2 million propelled by double-digit revenue growth from all three service business units – Managed, Professional and Training services. Hardware revenue grew 20% year-over-year to US\$113.4 million.

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Gross profit for Q2 FY2008 increased 22% to US\$32.9 million while the corresponding gross margin was 18.2%, compared to 18.7% for the same quarter last year. Gross margin was impacted by pricing pressure on the hardware and services businesses amidst a more challenging economic environment. Given this, the migration to a new Managed Services programme in Q2 which entailed a higher cost structure also had a dilutive impact on gross margin.

“The fact that we have continued to achieve robust results and even gain market share in this challenging economic environment is a tribute to the efforts of our team in remaining focused on executing our strategy,” said Datacraft’s CEO, Bill Padfield. “The services business remains promising with strong market demand and we will continue to drive services opportunities to improve margins and build our annuity revenue. I must also add that our solution lines of business have continued to show strong growth and has made a significant contribution to the bottom line.”

The company’s order backlog expanded from US\$202 million in the previous quarter to US\$206 million. This comprised US\$92 million orders for hardware and short term services, which are typically delivered in the next 90 days, and US\$114 million orders for annuity service, typically delivered over a longer period of time.

The three regions of Asean, India & New Zealand, and Greater China were responsible for the Group’s 26% revenue growth during the quarter, a performance that was partially offset by a decline in revenue from East Asia. East Asia’s revenue performance for the quarter was impacted by a lower contribution from Korea, whose revenue stream is uneven due to a high proportion of business from the media and communications sector. Nevertheless, over the six month period to March 2008, East Asia achieved a 7% growth in revenue. Country revenue growth in India, Singapore, Hong Kong and Indonesia was particularly strong.

“Our extensive geographic reach has once again proved to be a key strength, as the fast growing regions of Asean, India & New Zealand and Greater China have enabled us to experience continued revenue growth and increased market share,” added Padfield.

The Group’s balance sheet continues to be strong. This was driven by earnings growth and an ongoing focus on working capital management. The Group generated US\$9.4 million cash flow from operations in Q2, and a total of US\$28.4 million for the 6 months to March 2008. The Group’s ending cash balance for Q2 was US\$162.7 million as compared to US\$165.3 million at the start of the quarter, notwithstanding US\$9.3 million utilised on dividend payment and US\$0.8 million outlay on share buyback during the quarter.

While uncertainties in the macroeconomic environment remain, demand for solutions and services offered by the Group has so far stayed firm, as revenue in the near term is underlined by a US\$92 million backlog of orders for hardware and short term services.

“Asia continues to be a growth market. Client interest in solutions that address specific needs such as security and cost reduction continues to be strong,” observed Padfield. “However, pricing pressure is likely to persist in the current environment and we will remain vigilant on cost/expenses control, while selectively investing to develop our sales and solutions capabilities in the four vertical markets we are targeting.”

New awards

ISO 20000 certification

Datacraft’s Global Service Centres (GSCs) in Bangalore, India and in Singapore were recently awarded the prestigious ISO/IEC 20000-1:2005 (ISO 20K) standard certification. ISO/IEC 20000-1:2005 is a highly respected international IT Service Management standard that enables IT organisations to ensure that their IT service management processes are aligned both with the needs of the business and with IT Infrastructure Library (ITIL) best practices.

Cisco Awards

At the Cisco Summit held in March 2008, Datacraft was named 2007 Cisco Theatre Partner of the Year, Asia Pacific. Datacraft was among the 17 global honourees selected from more than 3,000 Cisco channel partners worldwide for their outstanding performance in 2007.

Key Business Wins

Significant contracts announced during Q2 FY2008 included

- Shizuoka Broadcasting Systems (SBS), Japan - an earthquake-proof High Availability Network (HAN) equipped with Network Admission Control (NAC) for its headquarters
- PT Excelcomindo Pratama, Indonesia – Upgrade operation to build enhanced 3G data center and intelligent network for the mobile operator
- Hanarotelecom, Korea – Two-year, US\$5.5 million contract to maintain and provide on-site technical support for the telco's backbone network
- Thai Bank – MPLS VPN network upgrade implemented at leading financial institution
- Luxury hotel, Malaysia –underwent LAN network with Power over Ethernet (PoE) switches to facilitate innovative new client services
- SPARXS, Japan – Dynamic Desktop Deployment (DDD) rollout decreased response times to changing business needs, whilst maintaining highly managed desktop environment at independent asset management company
- Global wireless service provider - TelePresence meeting solution for its office in India
- C&M Communications, Korea – Underwent major overhaul and expansion of the digital video on demand (VOD) infrastructure for the premier integrated multimedia provider
- Fuhsing Private School, Taiwan - Rolled out a multi-media video-on-demand (VOD) service to provide Internet access to video footage for lessons, teaching materials, speeches and other school activities for students, teachers and parents

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 solutions, storage and contact centre technologies, with advanced skills in consulting and integration, as well as training 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. Headquartered in Singapore, Datacraft operates in more than 50 major offices and has over 1,450 employees across 13 Asia Pacific markets. More information can be found at www.datacraft-asia.com.

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