

DATACRAFT ASIA LTD

(Registration no: 199301842Z)

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31 December 2007

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 31/12/07 US\$'000	3 months to 31/12/06 US\$'000	Change %
Revenue	173,208	128,682	34.6
Cost of sales	(140,446)	(104,029)	35.0
Gross margin	32,762	24,653	32.9
<i>Gross margin %</i>	18.9%	19.2%	
Add: Other operating income (Note 1(a)(i))	1,470	1,081	36.0
Less: Other expenses			
Distribution and sales	(14,059)	(10,752)	30.8
Administrative	(6,887)	(6,068)	13.5
Share options expense	(405)	(387)	4.7
Finance costs	(1)	(17)	(94.1)
Profit before tax (Note 1(a)(ii))	12,880	8,510	51.4
<i>Profit before tax %</i>	7.4%	6.6%	
Income tax expense	(3,479)	(2,303)	51.1
<i>Effective tax rate %</i>	27.0%	27.1%	
Profit after tax	9,401	6,207	51.5
<i>Profit after tax margin %</i>	5.4%	4.8%	
Attributable to:			
Shareholders of the Company	9,412	6,216	51.4
Minority interests	(11)	(9)	22.2
	9,401	6,207	51.5

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

	Group	
	3 months to 31/12/07 US\$'000	3 months to 31/12/06 US\$'000
Interest income	999	1,117
Investment income	215	144
Foreign exchange gain/(loss)	256	(180)
	1,470	1,081

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

	Group	
	3 months to 31/12/07 US\$'000	3 months to 31/12/06 US\$'000
Disclosure of expenses included in Profit before tax :		
Interest expense	(1)	(17)
Depreciation of plant and equipment	(2,090)	(1,893)
Allowance for doubtful trade receivables	(50)	-
Allowance for inventory obsolescence	(100)	-

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>31/12/07</u> (US\$ million)	Note 1 <u>31/12/06</u> (US\$ million)	Note 2 <u>30/09/07</u> (US\$ million)
<u>Current assets</u>			
Cash and short term investments	165.34	147.95	150.49
Receivables from external clients	121.43	101.57	120.68
Advanced billings receivables	13.52	13.80	13.82
Inventories	12.49	11.87	10.16
Other current assets	32.88	32.31	35.82
Total current assets	<u>345.66</u> =====	<u>307.50</u> =====	<u>330.97</u> =====
<u>Non-current assets</u>			
Plant and equipment	13.43	12.92	14.34
Intangibles	4.35	0.65	0.65
Available-for-sale investments	1.22	1.14	1.21
Deferred tax assets	1.60	2.42	1.53
Total non-current assets	<u>20.60</u> =====	<u>17.13</u> =====	<u>17.73</u> =====
<u>Current liabilities</u>			
Trade creditors	85.83	59.70	76.43
Other current liabilities	65.56	63.72	68.15
Total current liabilities	<u>151.39</u> =====	<u>123.42</u> =====	<u>144.58</u> =====
<u>Non-current liabilities</u>			
Deferred tax liabilities	0.52	0.66	0.63
Net assets	<u>214.35</u> =====	<u>200.55</u> =====	<u>203.49</u> =====
Shareholders' funds	213.41	199.60	202.54
Minority interests	0.94	0.95	0.95
	<u>214.35</u> =====	<u>200.55</u> =====	<u>203.49</u> =====

Note 1 : Balance sheet as at 31 December 2006 is used for comparison.

Note 2 : Balance sheet as at 30 September 2007 is included being the latest audited balance sheet.

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

	Holding Company	
	<u>31/12/07</u> (US\$ million)	<u>30/09/07</u> (US\$ million)
<u>Current assets</u>		
Cash and bank balances	8.73	10.79
Receivables from subsidiaries	46.54	45.57
Other current assets	3.35	2.90
	-----	-----
Total current assets	58.62	59.26
	=====	=====
<u>Non-current assets</u>		
Subsidiaries	118.44	117.69
Joint venture	0.41	0.41
Plant and equipment	2.40	2.36
	-----	-----
Total non-current assets	121.25	120.46
	=====	=====
<u>Current liabilities</u>		
Creditors	21.36	23.10
Other current liabilities	3.60	3.32
	-----	-----
Total current liabilities	24.96	26.42
	=====	=====
<u>Non-current liability</u>		
Deferred tax liabilities	0.24	0.27
	-----	-----
Net assets	154.67	153.03
	=====	=====
Shareholders' funds	154.67	153.03
	=====	=====

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

Amount repayable in one year or less, or on demand

As at 31/12/2007		As at 30/09/2007	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2007		As at 30/09/2007	
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 31/12/07 US\$'000	3 months to 31/12/06 US\$'000
Cashflows from operating activities :		
Profit before tax	12,880	8,510
Adjustments for		
Depreciation of plant and equipment	2,090	1,893
Allowance for doubtful trade receivables	50	-
Allowance for inventory obsolescence	100	-
Share options expense	405	387
Interest income	(999)	(1,117)
Interest expense	1	17
Operating cash flows before movements in working capital	<u>14,527</u>	<u>9,690</u>
Inventories	(2,374)	(2,228)
Trade and other receivables	260	(3,072)
Trade and other creditors	7,167	(7,015)
Cash generated/(used in) from operations	<u>19,580</u>	<u>(2,625)</u>
Interest paid	(1)	(17)
Interest received	999	1,117
Income tax paid	(1,527)	(1,687)
Net cash from/(used in) operating activities	<u>19,051</u>	<u>(3,212)</u>
Investing activities :		
Purchase of plant and equipment	(1,298)	(1,721)
Cash outflow on acquisition of new business (Note A)	(3,700)	-
Net cash used in investing activities	<u>(4,998)</u>	<u>(1,721)</u>
Financing activities :		
Net proceeds from issue of shares	115	107
Purchase of treasury shares	(333)	(527)
Repayment of finance leases	-	(42)
Net cash used in financing activities	<u>(218)</u>	<u>(462)</u>
Net effect of exchange rate changes in consolidating subsidiaries	1,016	1,979
Net increase/(decrease) in cash and short term investments	14,851	(3,416)
Cash and short term investments at beginning of period	150,491	151,364
Cash and short term investments at end of period	<u>165,342</u> =====	<u>147,948</u> =====

Note (A) Acquisition of new business

The assets acquired comprise principally goodwill and is subject to change, pending the finalisation of the purchase price.

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 2008 movement											
Balance at 1 October 2007	139,999	(23,697)	(37)	4,596	500	6,696	(130,415)	204,894	202,536	952	203,488
Exchange differences arising during the period	-	-	-	-	8	1,267	-	-	1,275	-	1,275
Recognition of share-based payment	-	-	-	405	-	-	-	-	405	-	405
Net profit for the period	-	-	-	-	-	-	-	9,412	9,412	(11)	9,401
Repurchase of shares and held as treasury shares	-	(333)	-	-	-	-	-	-	(333)	-	(333)
Re-issue of treasury shares upon exercise of share options	-	162	7	(54)	-	-	-	-	115	-	115
Balance at 31 December 2007	139,999	(23,868)	(30)	4,947	508	7,963	(130,415)	214,306	213,410	941	214,351

@ 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 (US\$'000)	Attributable to shareholders of the Company								Minority <u>interests</u>	Total <u>equity</u>	
	<u>Issued capital</u>	<u>Treasury shares</u>	Share options settlement <u>reserve @</u>	Share options <u>reserve</u>	Statutory <u>reserve</u>	Exchange difference <u>reserve</u>	Goodwill on <u>consolidation</u>	Accumulated <u>profits</u>			<u>Total</u>
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)

Holding Company

(US\$'000)

	Issued <u>capital</u>	Treasury <u>shares</u>	Share options settlement <u>reserve</u> @	Share options <u>reserve</u>	Accumulated <u>profits</u>	<u>Total</u>
Q1 2008 movement						
Balance at 1 October 2007	139,999	(23,697)	(37)	4,596	32,165	153,026
Net profit for the period	-	-	-	-	1,460	1,460
Recognition of share-based payment	-	-	-	405	-	405
Repurchase of shares and held as treasury shares	-	(333)	-	-	-	(333)
Re-issue of treasury shares upon exercise of share options	-	162	7	(54)	-	115
Balance at 31 December 2007	139,999	(23,868)	(30)	4,947	33,625	154,673

Q1 2007 movement

Balance at 1 October 2006	139,999	(17,462)	(28)	4,258	25,239	152,006
Net profit for the period	-	-	-	-	1,816	1,816
Recognition of share-based payment	-	-	-	387	-	387
Repurchase of shares and held as treasury shares	-	(527)	-	-	-	(527)
Re-issue of treasury shares upon exercise of share options	-	156	(4)	(45)	-	107
Balance at 31 December 2006	139,999	(17,833)	(32)	4,600	27,055	153,789

@ 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 2007, the Company acquired 300,000 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\$333,000 and this was deducted against shareholders' equity.

The Company transferred 153,000 shares from treasury shares to employees who exercised their share options during the quarter ended 31 December 2007:

- a) 115,000 shares at US\$0.725 each for cash under the Datacraft Asia Share Option Scheme; and
- b) 38,000 shares at US\$0.835 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 2007.

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 31/12/07 US\$'000	3 months to 31/12/06 US\$'000
Earnings per ordinary share for the period:		
(i) Based on the weighted average number of ordinary shares in issue (excluding treasury shares)	2.11 US cents	1.38 US cents
(ii) On a fully diluted basis	2.10 US cents	1.37 US cents

Note to item 6(i):

The weighted average number of ordinary shares in issue (excluding treasury shares) for the financial period is 445,596,107 (31 December 2006: 450,948,976).

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 448,058,996 in issue (excluding treasury shares) during the period reported on. (31 December 2006: 453,414,962)

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	
	31/12/07	30/09/07	31/12/07	30/09/07
Net asset value per ordinary share based on issued share capital	46.92 US cents	45.30 US cents	34.72 US cents	34.33 US cents

The net asset value per ordinary share is computed based on 445,540,683 (30 September 2007: 445,687,683) 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 FY2008 with a strong set of results for Q1 - a 51% increase in profit after-tax and minority interests to US\$9.4 million on the back of a 35% growth in revenue to US\$173.2 million compared to the same quarter in the previous year. The robust results were driven by strong double-digit revenue growth from all four geographic regions. Reflecting the positive momentum in the business, the Group's Q1 ending order backlog stood at a record high of US\$202 million.

Services and hardware revenue both contributed to the strong revenue momentum. Services revenue grew 26% to US\$60.8 million while hardware revenue grew 40% to US\$112.4 million. Compared to the prior quarter Q4 FY2007, revenue increased 8%.

The stronger than expected revenue performance was driven by strong orders from the financial services and manufacturing sectors.

The overall blended gross margin for the quarter was 18.9%, underpinned by healthy margins from both services and hardware. Compared with 19.2% in Q1 last year, and 19.6% in the prior quarter, the slightly lower margin this quarter is a reflection of the change in revenue mix where a higher proportion of revenue was derived from the lower margin hardware business.

The Group's selling, general and administration (SG&A) expenses totalled US\$20.9 million and the corresponding SG&A expense-to-revenue ratio improved to 12.1%. In comparison, the expense-to-revenue ratio for Q1 FY2007 was 13.1% and 12.6% for Q4 FY2007. In terms of dollar value, SG&A expenses increased US\$4.1 million from Q1 last year (+25%) and US\$0.7 million sequentially (+3%). This was primarily due to the increase in sales headcount as well as higher sales and marketing expenses consistent with the strong revenue growth.

On the back of strong revenue growth and healthy margins, the Group's profit before-tax increased 51% year-over-year to US\$12.9 million while profit after-tax and minority interests rose 51% to US\$9.4 million. Compared to the prior quarter Q4 FY2007, profit before-tax grew 7% and profit after-tax increased by 3%.

The Group's effective tax rate for the quarter was 27.0%, compared to 27.1% in Q1 last year and 24.2% in the prior quarter.

From a geographic perspective, there was strong double-digit revenue growth from all four geographic regions, as all but one country achieved solid year-over-year growth during the quarter. Performance was especially strong in India, Hong Kong, Singapore and Indonesia.

During the quarter, the Group acquired the business of Security-Assessment.com, a high-end IT security consulting firm based in New Zealand, for NZ\$5 million (approximately US\$3.7 million). The business is complementary to Datacraft's existing security practice and will help enhance its ability to provide the highest level of security advisory and assessment services to clients regionally and globally. The acquisition has no material financial impact on the current financial year.

The Group continued to maintain a healthy balance sheet and cash position. As at 31 December 2007, the Group had net cash and short term investments of US\$165.3 million, which represents an increase of US\$14.9 million from the prior quarter including the US\$3.7 million paid for the acquisition of Security-Assessment.com. The strong cash performance was largely due to the US\$19.1 million cash flow generated from operations driven by growth in operating profit and improved working capital. Days sales outstanding improved to 58 days, the best performance in Datacraft history, compared to 61 days in the prior quarter and 68 days a year ago.

During Q1 FY2008, the Group acquired 300,000 of its own shares at a cost of US\$333,000. The cumulative total of shares purchased since the inception of the share buy-back programme from January 2006 amounts to 23.4 million shares at a total cost of US\$24.9 million.

Subsequent to the close of Q1 FY2008, at the Annual General Meeting held on 29 January 2008, 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.

The Group began Q2 with a strong backlog and, based on bookings and pipeline, strong demand from the financial services sector. However, the prevailing turbulence and uncertainties in the global financial markets, in particular the global financial services sector, will be closely monitored and reacted to if necessary.

Looking ahead, while the exceptional growth rate seen in Q1 may not repeat in Q2, which is a seasonally slower quarter, current outlook for Q2 remains positive supported by the strong order backlog of US\$202 million.

Going forward, the Group will continue to invest cautiously in growing its share of business from the target verticals - financial services, media and communications, manufacturing, and travel & transportation.

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

Name of interested person	Q1 FY2008	
	Aggregate value of all IPTs during Q1 FY2008 (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 FY2008 conducted under the shareholders’ mandate on 20 January 2006 (excluding transactions less than S\$100,000)
Transactions > S\$100,000	Yes	Yes
Defined by IPT Mandate approved on 29 January 2008 +	Not applicable	Yes
Dimension Data Commerce Centre Ltd	668	997
Dimension Data Management Services (Pty) Ltd	353	-
Dimension Data North America Inc	118	-
Dimension Data Nederland BV	83	-

+ Shareholders’ approval for the renewal of the IPT Mandate was obtained on 29 January 2008 for purchases from Dimension Data Commerce Centre Ltd 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 Frank Yung-Cheng Yung, 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 2007 to be false or misleading.

On behalf of the Board of Directors

William Bruce Grahame Padfield
Director

Frank Yung-Cheng Yung
Director

1 February 2008