ANNUAL REPORT 2008

Data#3

Contents

Pictures throughout capture some of the Data#3 team at work throughout Australia.

annual general meeting

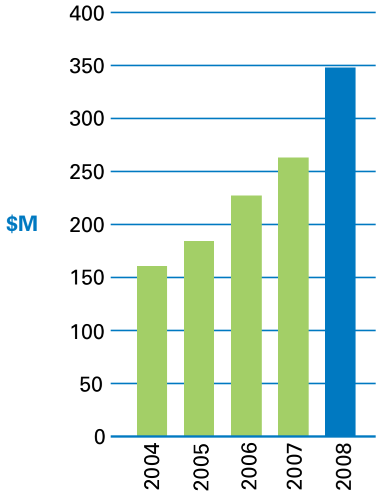
The Annual General Meeting of Data#3 Limited will be held at 10.30am on Wednesday 12th November 2008 in Data#3's corporate head office, Level 2, Data#3 Centre, 80 Jephson Street, Toowong, Queensland.

"Our strategy for organic growth was once again well executed by the management team. At the highest level, our offerings continued to position us competitively to win. We recruited and trained the right people in the team, we maintained value in our offerings to customers and we operated as cost effectively as possible. In addition, opportunities for accelerated growth through partnerships, joint ventures and acquisition were capitalised on with the recruitment of 48 people ex Commander in February and the acquisition of Fingerprint Consulting Services, both contributing to profit in the second half."

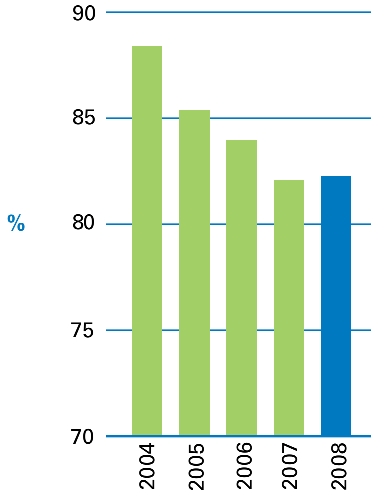
Richard Anderson - Chairman

Financial highlights

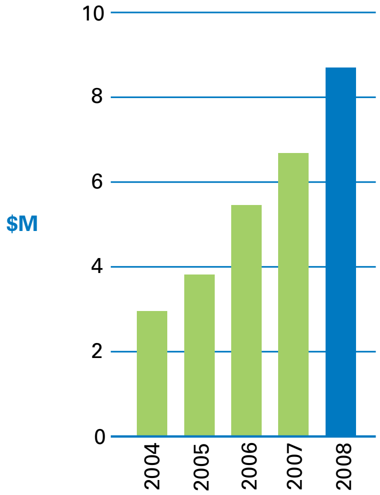
Total revenue grew by 27.6% to $363.7 million



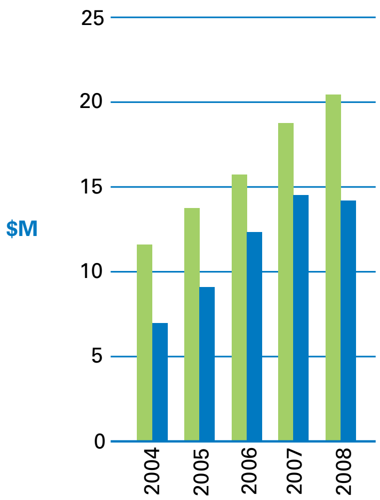
Internal expense as % of gross margin held steady



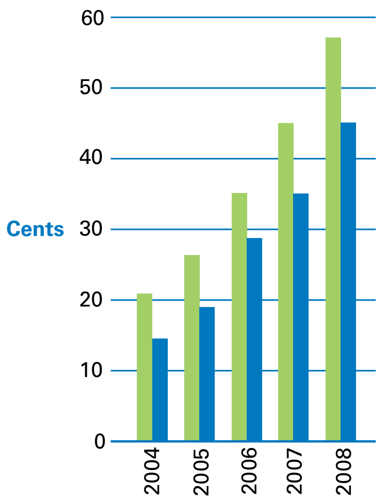
Net profit after tax increased by 26.0% to $9.1 million



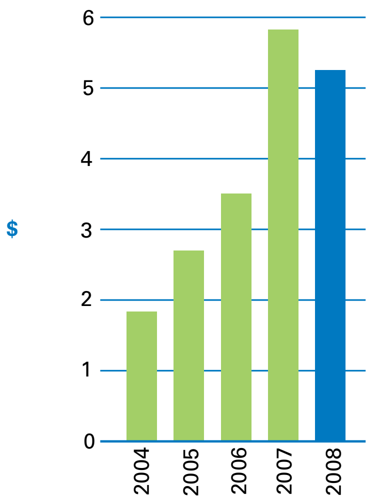
Net assets increased by 11.4%, however net tangible assets decreased by 1.8% due to acquisition



Earnings per share up 26.9% to 58.5 cents. Dividends per share up 27.8% to 46.0 cents, representing a 78.6% payout



Share price decreased by 6.7% to $5.60 at 30 June 2008



Operational highlights

Measure	Performance
Outstanding Solutions	■ We significantly advanced the task of rolling out our Solutions Framework and Solution Lifecycle methodology, (pdo)[2] and released a new internal sales and marketing portal to support it. Completion of the roll-out will occur in the 2009 year but its adoption will be an ongoing process ■ We developed a clear view as to how our solution sets should develop to accommodate the changing ways our customers will acquire and adopt technology ■ We met all key partner sales objectives achieving both local and global recognition ■ We enhanced our sales processes and capability with a sales excellence training program and widespread adoption of our sales methodology (DSM) ■ Our tender win rates exceeded 50%
Remarkable People	■ We achieved our target increasing the % of our people indicating Data#3 is an excellent company to work for and one that they would recommend to others in the industry to 95.9% up from the 93.6% achieved last year ■ We significantly expanded the learning environment for our people ■ Staff retention rates remained challenging and lower than we had targeted in a difficult market ■ We retained or improved expertise and certification levels across all key and aligned vendors ■ We introduced a number of new self development programs including Work-Health-Life Balance, mentoring and sales and services excellence
Operational excellence	■ Our internal cost ratio (being internal expenses expressed as a % of gross margin in $ terms) remained essentially unchanged at 83% ■ We completed 7 office relocations or expansions in 7 months to support a large increase in people numbers including a best in class configuration and integration centre in Brisbane ■ We made significant changes to the way we communicate both internally and externally to our stakeholders ■ We completed the first of a two year plan to significantly enhance the applications and infrastructure that support our business operations ■ We complied with established policies and procedures to minimise risk ■ We met our cash management, asset and inventory targets ■ We formalised risk management processes and are now positioned to identify and address risk proactively
Customer Success	■ We achieved our target to improve customer satisfaction over the previous year doing so in all areas ■ We improved the cross sell index over the previous year ■ We increased revenue under contract from 55.4% to 57.0%

Chairman's report

On behalf of the board and the employees of Data#3 I am pleased to report that in the 2008 financial year the company again produced a record result extending the trend of year on year increases in profitability to five years.

In line also with the previous year, this overall excellent result was achieved through strong performance across all the company's areas of specialisation however special acknowledgement of the outstanding growth recorded by our Licensing Solutions business must be noted. Further examination of the 2008 performance and a review of our expectations for the 2009 financial year are contained in the Managing Director's review and in the Review of operations from page 10 onwards.

While ASX market conditions were less than optimal, the financial performance of the company delivered overall returns to shareholders ahead of the market. This is reflected in dividends for the second half of 28 cents per share payable on 30 September 2008 adding to the first half's 18 cents for a total of 46 cents per share for the full year. Our aim remains to continue to increase these returns over time. The company experienced a moderate 7% reduction in the company's ASX traded share price over the year compared to a 21% reduction in the IT index.

At the start of the financial year, the board reaffirmed its three prime objectives for the business:

1. operational efficiencies that deliver NPAT growth rates higher than growth in gross margin in $ terms
2. earnings growth as the measure for shareholder value to be ahead of market growth, and
3. capital management strategies that create value for shareholders.

Progress on these was mixed and reflected the changing market conditions in which the company operated.

In terms of the objectives for NPAT and earnings growth, with revenues up 27%, gross margin up 24% and internal staff and operating expenses up by 24%, NPAT grew 26%, ahead of our objective. Earnings per share increased 27% on the previous year well ahead of market growth which has been assessed by independent analysts in the range 5 – 7%.

In terms of capital management, under the on-market share buy-back which was extended for another 12 months from 1 September 2007, we bought back and cancelled 112,606 shares at a total cost of $692,636. As has occurred in the past, this served to reduce volatility in the share price.

Control of cash flow and other balance sheet items continues to be maintained through a strong focus by the company's Corporate Services team. The company remains debt free.

This performance places your company as a top performer but also indicates the increased cost pressures that have come to bear over the last year with the cost ratio (total expenses as a percentage of gross margin in $ terms) essentially unchanged at 83%.

Our strategy for organic growth was once again well executed by the management team. At the highest level, our offerings continued to position us competitively to win. We recruited and trained the right people in the team, we maintained value in our offerings to customers and we operated as cost effectively as possible. In addition, opportunities for accelerated growth through partnerships, joint ventures and acquisition were capitalised on with the recruitment of 48 people ex Commander in February and the acquisition of Fingerprint Consulting Services both contributing to profit in the second half.

This strategy has been further refined through the 2009 planning process and is discussed further in the Managing Director's review.

The 2009 business plans recently approved by the board forecast a tighter investment environment for ICT. In response they focus on growth ahead of the market through market share gains, a plausible position given the significant enhancement in our sales capacity and in our geographic reach in the second half of last year. Accordingly they incorporate a number of structural and operational changes aimed at increasing sales engagement and effectiveness and they lay a foundation for adapting to the changes in IT adoption in the years ahead.

Subsequent to the AGM on 2 November 2007, Mr Ian Johnston, executive director of ABN AMRO Morgans accepted an invitation to join the board. All other current members of the board remain in office. The board continues to seek one additional director who may provide additional perspectives on industry trends and geographical issues but does not feel under pressure to make a quick appointment.

While we expect global economic and local market conditions to further tighten in the current financial year, we believe we are well positioned to improve performance over the 2008 result.

Our performance objectives define the critical success factors for 2009. We aim to:

1. Gain the right return from the additional staff and locations,
2. Grow revenue under contract to provide an increasingly solid base,
3. At least maintain the current cost ratio,
4. Further develop our offerings in line with the changing patterns of IT adoption by our customers,
5. Ensure we successfully implement new business systems,
6. Continue the implementation of processes for risk assessment and management and
7. Develop our program for corporate and social responsibility.

The company's management team and staff have steered our way very successfully to date and we expect this to continue. The board very much acknowledges their contribution on behalf of all shareholders.

I trust that shareholders share the confidence of management and the board in the company's future success.

R A Anderson

Richard Anderson
Chairman

Managing Director's review

2008 was a year of accelerated growth for Data#3 and one in which we were again recognised as leaders in our industry. We achieved much through the commitment and capability of our people, the trust of our customers and the support of our partners.

2008 In Review

2008 was a very busy and productive year.

Considerable energy was focused on integrating a net 110 additional people into our business. Experience has taught us that it is vital to quickly and effectively incorporate new team members to ensure their early productivity and long term commitment to the company. This growth in employee numbers saw us expand geographically into Perth and Adelaide, take additional office space in Melbourne, open a new CBD based office in Sydney and move parts of our business in Queensland into two additional locations including a new best in class configuration and integration centre. In all we completed 7 relocations in 7 months - a considerable achievement given that little of this was planned as we entered the year.

We also significantly expanded the learning environment for our people with further investment in our online training and development systems and a much broader range of instructor led courses with the singular objective of making our people as expert as they can be.

We completed the first year of a two year program to significantly improve the application software systems and associated infrastructure that support our operations. At the end of the 2009 financial year we plan to have implemented new sales order and purchasing systems, new financial systems, a new customer relationship and marketing system, new workflow systems, Microsoft Office 2007 at the desktop, a new services management system and updated systems for our People Solutions business. This refresh is aimed at improving the efficiency and productivity of our people and enhancing the customer online experience.

We made significant changes to the way we communicate both internally and externally to our stakeholders. We launched our new web site www.data3.com.au and a new customer newsletter, Synch. We also refreshed all our customer solution collateral including brochures, case studies and white papers and substantially increased the number of customer participation events. Understanding the challenges with a much more geographically distributed organisation, we broadened the channels of communication with our people to include a refreshed intranet with dedicated People and Sales and Marketing portals and launched D3TV, a series of video channels able to personalise a lot of the internal messaging over the web. Shareholder access and the scope of information available online was also considerably expanded - see **http://www.data3.com.au/investors/Pages/investors.aspx**

These efforts received acknowledgement from all stakeholders in 2008.

Responses from our people in our internal survey showed improvement in almost all areas from already high results achieved in the previous year. Up from 93.6% in the previous year, 95.9% of respondents indicated they would recommend Data#3 as an employer to others in the industry.

Our customers similarly recorded increased levels of overall satisfaction with Data#3 with 96% indicating their expectations were either met or exceeded and 78% indicating their expectations were exceeded. An increase in the Cross Sell Index (CSI) indicated improvement in the level of engagement we have with them.

The surveys also show areas where we can continue to improve and we have implemented programs to achieve this.

Our vendor partners also indicated their support with awards received during the year including Microsoft's Partner of the Year for Software Licensing – License delivery, Software Asset Management and Security; IBM's X-series Partner of the Year; and Sophos Australia Partner of the Year.

Our peers voted us Integrator of the Year in the Australian Reseller News awards and shareholders indicated their support with share price performance near the top of the sector and ahead of the ASX 200 for the year.

Overall we completed an excellent year as leaders in the industry.

Outlook For 2009

In 2009 we expect overall market conditions to decline from that experienced in recent years.

Specifically our planning assumptions include:

- Tighter investment in ICT by our customers as their attention turns to driving greater returns from their existing systems at lower cost and seeking more from their suppliers in the projects aimed at making their own organisations more competitive or efficient. In our view this does not mean that levels of investment will decline. Rather we believe it will translate to pressure on pricing
- A more stable labour market than we have experienced in previous years but with significant competition for the best skills. We believe this will translate as an overall increase in costs per person ahead of CPI growth
- The data centre as the most influential technology, with acceleration in the number of customers looking to consolidate and virtualise their mission critical equipment and accommodate the need for environmental sustainability through ‘green IT’. We believe this will translate as higher demand for virtualisation and new server technologies and opportunities for ‘new age’ data centres that meet the cooling and energy requirements demanded by the higher ‘chip’ densities of modern equipment
- A very competitive market driven by customer demands but exacerbated by increased competition on the supply side. This will demand aggressive competition and we believe will translate as considerable pressure on pricing and margins. We believe we will also see new online business models emerge aimed at lowering the cost of sale and operations
- With this pressure on profitability we believe there will continue to be consolidation within the sector that will translate as opportunities for well funded and managed businesses
- A continuing unpredictable and unforgiving investor environment which will translate into little tolerance for slippage in financial performance.

To accommodate this environment we believe the foundations we put in place in 2008 stand us in good stead.

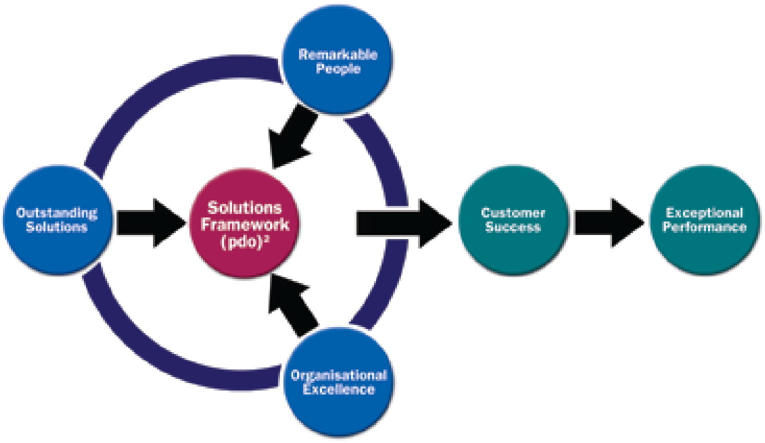
Our vision remains to be an exceptional company - one that unites to enable our customers’ success through technology; inspires our people to do their best every day; and rewards investors’ confidence and support.

Our core values remain and define our culture – uniting for success; taking responsibility, both individually and as a corporation; exceed expectations; strive for excellence and innovation; be flexible and adaptable; and show mutual respect.

Our strategy remains to focus on three areas in which we need to be successful:

- **Remarkable people** - inspired and supported in their passion for excellence and to do their best everyday; meeting the challenge of work life balance; empowered to contribute to positive change; and rewarded and celebrated as members of the team and as individuals
- **Outstanding solutions** - that embody market-leading expertise in technologies from vendors that are driving the industry globally and that quickly adapt to changes in the environment
- **Organisational excellence** - continuous review and improvement in of the effectiveness of our business operations to ensure we remain a leader in our industry.

Our strategy unites remarkable people, outstanding solutions and organisational excellence through our Solutions Framework to deliver success to our customers and exceptional performance with the appropriate returns for all shareholders.



This strategy is implemented by identifying specific outcomes overall and in each area of specialisation, setting targets, ensuring the organisation structure and the people are in place to take responsibility, defining specific actions and continuously reviewing progress and changing where necessary.

In terms of remarkable people our focus will be on:

- Implementing the full range of benefit programs launched in our People Plan in 2008
- Providing a more effective system for performance and career planning using new software specifically designed to do this
- Aligning individual and organisational cultures
- Expanding our leadership development program, and
- Providing the learning and training environment that substantially increases individual expertise.

In terms of outstanding solutions our focus will be on:

- Further embedding the Solutions Framework within the sales process and its solution lifecycle methodology $(pdo)^2$ as our exclusive customer engagement process
- Further developing our solutions to ensure they remain relevant to our customers as they change the ways in which they acquire and adopt technology from product → expertise → on premises solution → outsourced solution → access solution
- Increasing annuity revenues as we extend our offerings to outsourced and access versions
- Fully implementing our trademarked project management methodology Predictor across all delivery teams
- Sharply focusing on each competitive situation through our sales methodology DSM to maximise win rates, and
- Leveraging the influence we have with our vendors to get outcomes for our customers.

And in terms of organisational excellence our focus will be on:

- Increasing business efficiency and individual productivity primarily through new application systems and their implicit processes
- Ensuring best customer experience both through improved online systems and through the strong customer focus of our people
- Minimising risk through extension of our risk management identification and management processes, and
- Enhancing our program for corporate and social responsibility.

Customer success will be measured by:

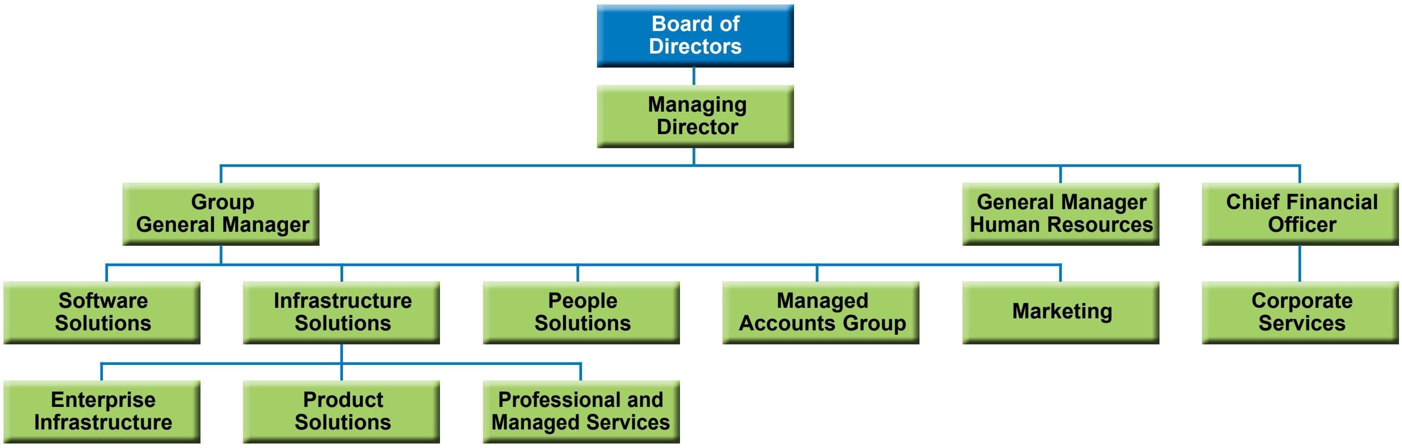
- Their satisfaction with our solutions and our relationship
- The breadth and depth of their engagement with us, and
- The value they demonstrate we provide for them,

Exceptional performance will be measured by:

- The satisfaction of our people
- Achievement of our vendor partners' objectives
- Our financial performance, and
- Investor support.

Our overall financial objective is to improve on the performance of 2008.

The structure by which we implement strategy is relatively simple and essentially unchanged at the highest level from that of the previous year.



The three areas of specialisation – Software Solutions, Infrastructure Solutions and People Solutions and their business units are supported by the Managed Accounts Group, Marketing, Corporate Services and Organisational Development and Human Resources.

Conclusion

With another 'best ever' performance in 2008, we believe we are as well positioned as we can be to handle and find opportunity in a difficult environment. With the increased access to the market that came with our geographic expansion in 2008, we are targeting to gain market share to deliver organic growth in all areas of the business. In addition we will remain watchful for partnering and acquisition opportunities mindful of the cultural and financial issues that accompany them.

My thanks once again go to all our stakeholders - to the people who make up the Data#3 team who have applied their expertise diligently and consistently to deliver results to our customers throughout the past year and who we would hope find passion and purpose in a career at Data#3; to our customers who continue to put their faith in us to deliver ICT solutions that allow them to meet their business goals; to our suppliers whose support has shown the true value of our partnership and whose technical excellence is the solid base on which our solutions are built; and to our shareholders whose continued support is being rewarded with the appropriate returns.

John Grant
Managing Director

Software Solutions

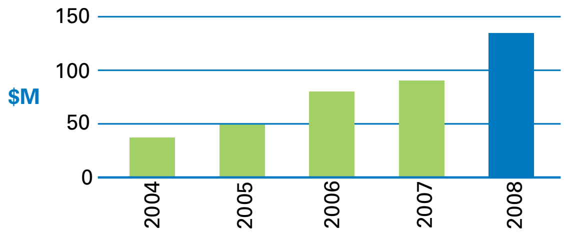
This specialisation is centred on providing software licensing and asset management services to answer our customers' need to optimise and manage the acquisition of software in volume. We also have the capacity to develop software applications that enhance business productivity and knowledge management. It operates in all our locations and is responsible for the following solution sets:

- Software licensing
- Software asset management
- Business productivity & knowledge management.

These solution sets are currently provided primarily as an 'on premises' solution but as customers increasingly look to source and use software as an outsourced or online service, the offerings will be enhanced to provide sourcing and licensing accordingly.

Growth of 46% in revenue was absolutely outstanding due in no small part to a market leading and expert team, sophisticated online systems and significantly expanded geographic reach and is the unquestioned leader in its field in Australia and the Pacific.

Software solutions total revenue



Aspects of its performance include:

- Very strong growth in Software Licensing with revenue increasing 46% to $143 million and revenue under contract increasing to $107.5 million
- Strong growth in revenues from Software Asset Management services through a continuing contract with the Queensland Government and contracts in local government and in many commercial entities that will underpin its performance in 2009
- Geographic expansion into South Australia and Western Australia
- Expansion of the team from 43 to 65 over the year
- Retention of the practice's leading position globally with a second nomination as one of three finalists in Microsoft's global partner awards
- Recognition by Microsoft as Partner of the Year for Australia and New Zealand for Licensing Solutions – License delivery and for Software Asset Management
- Recognition by Sophos as its Australian Partner of the Year
- Enhancements to Data#3's unique Licensing Online internet site to allow customers to better access details of their software licensing
- Attraction of a number of licensing specialists from competitors that should see it well positioned for continued market share gain in 2009
- Reiteration of this business's ability to lead organic growth with the introduction of 145 new customers to Data#3.

We see the licensing and software asset businesses maintaining market leadership and driving solid revenue growth, albeit less than last year. We expect margins to come under competitive pressure as new entrants seek to secure a foothold and existing players look to bundling and discounting.

Key initiatives that are intended to underpin growth and address these market conditions include:

- Continued investment in developing the expertise and capability of the licensing team members such that they remain industry leaders
- Maturing the current offerings in line with anticipated technology trends and adoption of (pdo)[2] as the default delivery methodology across all offerings
- Continued investment in the systems that underpin increasing effectiveness in business operations
- An enhanced focus on mid-market customers (< 2,000 seats).

General Manager – Licensing Solutions: Brad Colledge

Infrastructure Solutions

This specialisation aligns with our customers' need to cost effectively design, deploy and operate their desktop, network and data centre hardware and software infrastructure. It operates in all locations other than Western Australia and includes the following business units:

- Enterprise Infrastructure Solutions – design and deployment of infrastructure for the data centre
- Product Solutions – cost effective technology procurement, and supply chain and roll-out solutions
- Professional Services – design and deployment of infrastructure for the desktop and network
- Managed Services – outsourced solutions for infrastructure support and operations.

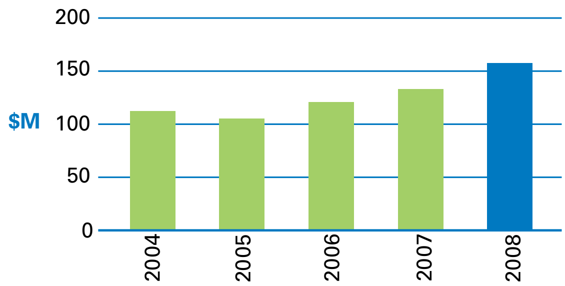
This area of specialisation is responsible for the following solution sets:

- Business analysis and strategic ICT architecture
- Unified communications and collaboration
- Identity management
- Consolidation and virtualisation
- Connectivity
- Data lifecycle management
- ICT product procurement
- Managed operating environment
- Systems management
- Disaster recovery
- Outsourcing solutions
- Maintenance services.

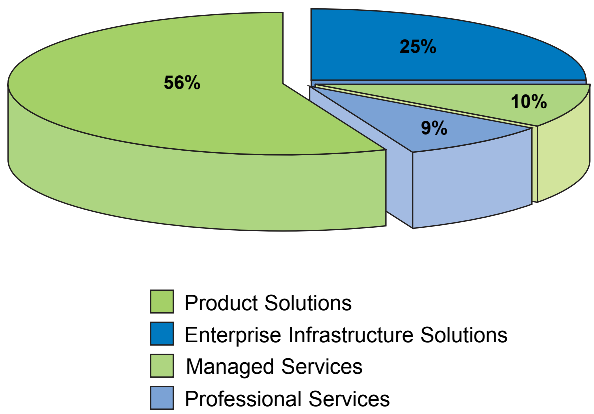
Most of these solution sets are currently provided as 'on premises' solutions. However some are provided as 'outsourced' solutions and this will be an increasing trend as customers look to source and use technology as a service.

Strong growth of 18% is an indication of the relevance of our offerings to our customers' needs, the increasingly strong relationships we have with the leading global technology vendors and the expertise of our team.

Infrastructure solutions total revenue



2008 revenue by business unit



Aspects of this area's performance include:

- Very strong growth in Enterprise Infrastructure Solutions fuelled by a strong market for consolidation and virtualisation resulting in revenue increasing from $28 million to over $46 million
- Solid growth in professional services (+16% to $18 million) and managed services (+ 7% to $17 million) revenues
- Growth in Product Solutions revenue from $89 million to $98 million was lower than expected due in part to delays with the whole of Queensland Government contract coming on line and to a lack of success with the new business in Managed Print Solutions
- Solid growth in revenue under contract from $51.9 million to $61.7 million
- Geographic expansion into South Australia
- Expansion of the team from 256 to 327 over the year
- A second successive nomination as one of three global finalists in Microsoft's global partner awards and recognition by Microsoft as Partner of the Year for Australia and New Zealand for Security Solutions and as a finalist for Advanced Infrastructure Solutions
- Retention of all key vendor certifications
- Key wins with solutions that integrate a number of our infrastructure offerings.

We expect revenue to increase in 2009.

Enterprise Infrastructure Solutions revenues are predominantly based on a relatively limited number of large transactions with potential for sizeable swings from year to year. Following the strong growth resulting from significant refresh of data centre infrastructure for a number of its customers in 2008, we see moderate organic growth in 2009.

In a tight and price sensitive market but with a significantly expanded geographic footprint, we see an opportunity for Product Solutions revenues to grow strongly albeit at slightly lower margins as volumes under contract increase as a percentage of the mix. In particular we are looking to grow revenues from HP product particularly outside Queensland.

Professional Services is a key part of the mix of businesses in Data#3 given it houses the technical skills that underpin many of our vendors' certifications and that enable the integrated multi-technology solution. Given the scarcity of these skills, it is also subject to greater pressure on costs. We expect some revenue growth in 2009 and will look to maintain current margins.

Managed Services offers an opportunity for us to build on the solid foundation we have in Queensland in other regions. In 2009 we intend to increase management and sales focus on these solutions to drive moderate growth in revenue and to position it for strong growth in 2010.

Key initiatives that are intended to underpin performance in the infrastructure specialisation include:

- Formation of one Managed Services business unit incorporating the previously dispersed three business units covering outsourcing, remote managed services and vendor maintenance contracts, and appointment of an experienced sales oriented manager to lead the business
- Expansion of the offerings for the data centre to include recently announced Cisco technologies
- Significant investment in and focus on consolidation and virtualisation solutions
- Continuing to build sales skills via training and a new CRM system and building repetitive sales processes through telesales and solution bundling.

General Manager – Enterprise Infrastructure Solutions: Bruce Crouch
General Manager – Product Solutions: Mark Esler
General Manager – ICT Services: Patrick Murphy

People Solutions

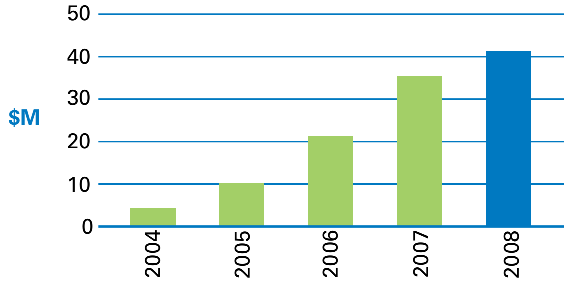
This specialisation aligns with our customers' need to recruit and/or contract people with the appropriate expertise for their internal IT function. It operates down the east coast and in the ACT and is responsible for the following solution sets:

- Contract and permanent recruitment
- Performance management.

These solution sets are currently provided primarily as an 'on premises' solution and it is not envisaged they will alter significantly going forward.

Growth of 17% in revenue was below our target and that of previous years and was a consequence of a significant slowdown from its major customer, generally flat revenues from outside Queensland and a lack of success in completing and taking to market its proprietary performance management system PerForm. The acquisition of Fingerprint in New South Wales in the second half strengthened full year performance. Growth did however continue to benefit from its close alignment with customers of our infrastructure specialisation.

People solutions total revenue



Highlights of this area's performance include:

- A placement success rate of 48% (of roles received)
- Further investment in our proprietary performance management system PerForm with release expected during the current financial year
- Investment in back office systems to improve operational efficiency.

We expect the labour market to stabilise in the weaker economic environment and the opportunities for this business to ease. However we are targeting stronger growth than the sector anticipates and have taken the following initiatives to underpin this:

- Appointment of an experienced General Manager
- Appointment of two new and very experienced State managers in Queensland and Victoria
- Appointment of additional consultants to the New South Wales based Fingerprint People Solutions (a division of the Data#3 Group)
- Further enhancement of current operational systems particularly in the candidate management area
- Limited release of our performance management system PerForm as a 'value add' and differentiator for preferred supplier agreements
- Sharpening the focus on areas in demand particularly software development skills
- Broadening our activities beyond IT recruitment initially in New South Wales and subsequently in other States.

General Manager – People Solutions: Lindy MacPherson

Managed Accounts Group

The Managed Accounts Group is a cross area of specialisation sales team servicing our major customers and run in each of Queensland, New South Wales and Victoria by the state General Manager. This team has responsibility for those customers that engage multiple areas of specialisation and/or represent significant actual or potential revenue. While this function represents an overlay on the sales teams in the 'revenue business units', it contributes strategically to customer retention, satisfaction and revenue growth.

It is our intention to increase the level of investment in this team in 2009 and to target it with new customer acquisition in the enterprise and mid market territories as well as its managed account responsibilities.

General Manager – Queensland: Michael Bowser
General Manager – NSW/ACT: Paul Crouch
General Manager – Victoria: Jon Rackham

Marketing

The Marketing team provides marketing communications, demand generation, vendor alliances and product management services to the 'revenue business units'. Our intention is to increase investment in this area in 2009 in line with business growth to ensure our sales team is optimally equipped to execute their responsibilities and to leverage our vendor partners' capability and resources to generate and identify demand.

National Manager – Marketing and Alliances: Mark Philips

Corporate Services

Corporate Services provides finance and accounting and commercial advisory services, internal ICT systems and investor relations. 2008 was the first year in a two year plan to significantly refresh the majority of our internal application and infrastructure systems. Progress on this project was hampered by our unplanned geographic expansion and the need to extend existing systems to facilitate this. 2009 will see focus come back onto the plan and a number of new systems covering sales orders and purchasing, finance, customer relationship and marketing, workflow, Microsoft Office 2007, services management and updated candidate management for our People Solutions business implemented. This will necessitate an increased investment to support the new systems.

Chief Financial Officer and Company Secretary: Brem Hill

Organisational Development and Human Resources

Organisational Development and Human Resources provides payroll, recruitment and retention, training and development and quality management across the whole business. Our intention is to increase expenditure in 2009 in line with business growth to deliver on our objectives within the 'remarkable people' and 'organisational excellence' elements of our strategy.

General Manager – Organisational Development & Human Resources: Lindy MacPherson

Financial review

The following table sets out our performance in 2008 compared with previous years.

	2004* $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000
Software Licensing Solutions revenue		60,500	81,600	98,200	143,300
% growth					46%
Infrastructure Solutions revenue		122,200	132,700	148,300	174,900
% growth					18%
People Solutions revenue		13,800	24,600	38,200	44,700
% growth					17%
Total revenue	176,195	197,129	239,612	285,117	363,707
% growth					28%
% Revenue under contract	48.5%	51.4%	53.5%	55.4%	57.0%
Total gross margin (GM$)	38,369	40,976	49,626	57,742	71,599
% growth					24%
Gross margin %	21.9%	20.9%	20.8%	20.3%	19.7%
Internal staff costs	26,308	27,877	33,776	38,970	49,360
% growth					27%
Operating expenses	7,900	7,634	8,292	8,952	10,257
% growth					15%
Internal staff & operating expense as % of GM$	89.2%	86.7%	84.8%	83.0%	83.3%
Net profit after tax	3,393	4,177	5,713	7,197	9,070
% growth					26%
Net profit margin %	1.9%	2.1%	2.4%	2.5%	2.5%
Basic earnings per share	22.8 cents	27.4 cents	36.9 cents	46.1 cents	58.5 cents
% growth					27%
Dividends per share	15.5 cents	19.0 cents	28.0 cents	36.0 cents	46.0 cents
% growth					28%
Payout ratio	68%	69%	76%	78%	79%
Share price at 30 June	$2.05	$3.00	$3.70	$6.00	$5.60
% decrease					(7%)
Net Assets	11,932	13,797	16,897	19,077	21,259
% growth					11%
Net Tangible Assets	6,947	9,215	12,271	14,607	14,340
% decrease					(2%)

* The 2004 results have not been restated for AIFRS.

Revenue and gross margin

Revenue growth of 28% to $363.7 million exceeded our expectations and was fuelled by marketshare gains that followed the recruitment of 48 additional people ex Commander in February. Our Software area of specialisation incorporating Software Licensing and Software Asset Management contributed significantly to this growth with revenues increasing 46% to $143.3 million and saw this business positioned as the national leader. The Infrastructure Solutions area of specialisation provides a range of offerings aimed at design, procurement, implementation, support and management for the data centre, network and desktop environments. Its revenues increased 18% to $174.9 million and awards from IBM and Microsoft saw it positioned amongst the leaders in advanced infrastructure, security and virtualisation nationally. The People Solutions area while increasing revenues 17% to $44.7 million was impacted by declining margins and a significant reduction in business from its major customer. The acquisition of Fingerprint People Solutions in February bolstered revenue and strengthened our position in New South Wales.

Revenue under contract increased from $158.1 million to $207.1 million and represented 57% of total revenue, an increase of 1.6% over 2007.

The overall gross margin increased by 24% in dollar terms and as a percentage of total revenue decreased marginally from 20.3% to 19.7%. Pleasingly, product gross margin % improved slightly on the previous year however services margin declined, reflecting slightly lower utilisation due to the significant absorption of additional services people in the second half.

Expenses and net profit

To meet our growth targets for 2008 our financial plan assumed we would increase investment to recruit and train the appropriately skilled people and to provide the associated infrastructure, management and human resources support. The plan also proposed a levelling of the downward trend experienced in previous years of our internal cost ratio (being internal expenses expressed as a % of gross margin in $ terms) given what we saw as significant pressure on both people and operating expense both in our sector and the market generally.

Total internal staff expenses increased 27% over 2007 to $49.4 million and operating expenses rose 15% to $10.3M. The resulting cost ratio remained essentially unchanged at 83%. This was a particularly pleasing result considering the additional investment in the second half as we implemented an accelerated organic growth strategy, which required increased costs to be incurred in advance of the associated revenue and gross margin gains.

Net profit after tax increased by 26% to $9.1 million, and earnings per share increased by 27% to 58.5 cents. We declared a record dividend for the full year of 46 cents per share, up 28% on 2007.

Cash flow

Cash flows from operating activities remained strong with a total net inflow of $8.4 million, to some degree as in previous years reflecting the timing benefit of receipts from customers in advance of payments to suppliers.

Cash flows from investing activities were a net outflow of $1.8 million, reflecting additional payments for equipment and property fit-outs required to support the accelerated organic growth strategy and the acquisition of the Fingerprint People Solutions recruitment business.

Cash flows from financing activities were a net outflow of $6.9 million, reflecting dividend payments of $6.2 million and $0.7 million spent on buying back shares.

Balance sheet

The combined effect of the above cash flows was a slight reduction in the year-end cash balance from $17.4 million to $17.0 million.

Trade receivables and payables were higher than usual at year-end due to particularly high sales in June. Our key trade receivables indicator of average days' sales outstanding (DSOS) was ahead of target at 36 days, and ahead of the 37.5 days DSOS achieved in the previous year.

Inventory held on behalf of customers increased over the year from $5.0 million to $6.6 million as we buffered the unpredictability of our vendors' supply chain to meet delivery targets for our customers. This strategy, while not without some additional costs which we choose to absorb, has seen us repositioned as a major product supplier nationally.

Over the year total net assets increased by 11%, however total net tangible assets decreased by 2% reflecting the increase in intangible assets following the acquisition of the Fingerprint People Solutions recruitment business. Our balance sheet remains conservative with no debt.

Returns to shareholders

In a very unpredictable and unforgiving investment market, our share price held up better than most in the sector finishing at $5.60, 7% down from the $6.00 at the end of 2007.

This capital loss was offset by a strong increase in dividends to 46 cents per share fully franked, up 28% from the previous year. Total investor returns for the year were 1%.

Brem Hill
Chief Financial Officer and Company Secretary

Director's profiles

Richard Anderson OAM

Non-executive Chairman

Richard joined the board of Data#3 Limited in 1997 and was appointed Chairman in September 2000. He is a member of the board of Namoi Cotton Cooperative Limited and Lindsay Australia Limited, Chairman of GEO Property Group, President of the Guide Dogs for the Blind Association of Queensland and a member of the Council of the Queensland Art Gallery Foundation. Formerly a partner of PricewaterhouseCoopers, he was the firm's managing partner in Queensland and a member of the firm's National Committee. He previously has been a member of the Capital Markets board of Queensland Treasury Corporation and President of CPA Australia in Queensland.

John Grant

Executive director

John was a director of Data#3 from its foundation in 1984 and then Managing director from 1996. He stepped down from the board as a director in November 2000 along with all other executive directors and took the position of Chief Executive Officer. He was reappointed as Managing director in July 2004. From 1980 until he joined Data#3 in 1982, John worked with IBM in sales. John has a degree in Engineering with Honours from the University of Queensland and worked as a civil engineer with the Brisbane City Council from 1970 until 1980. John is Chairman of the Australian Information Industry Association, the ICT industry's peak representative body; a member of the Queensland Government's Ministerial Advisory Group whose charter is to provide advice to the Minister for Tourism, Regional Development & Industry on Queensland ICT industry development policy; a member of the Queensland Government's Smart State Council and a member of Hewlett Packard's Asia Pacific Partner Advisory board whose charter is to provide advice and input to HP on its relationship with its distribution and reseller partners in Asia Pacific.

Terry Powell

Non-executive director

Terry was executive Chairman of Data#3 from its foundation in 1984 and then Managing director from 1989 to June 1996. Prior to 1984, Terry was Managing director of Powell Clark & Associates, formed in 1977 with Graham Clark. As part of Data#3 Limited's listing on the Australian Stock Exchange, he resigned as Chairman in October 1997 to allow for the appointment of a non-executive Chairman. Terry re-joined the Data#3 Limited board in February 2002. Prior to retirement from Data#3 in 2001, Terry was General Manager Group Operations with responsibility for Data#3's Year 2000 and eBusiness strategy development. In that position Terry had responsibility for the group's systems and processes, operations and logistics, business improvement and human resources. Terry's career in IT began at IBM's Data Processing Division in 1966. He continued with IBM until 1976, enjoying considerable success in systems engineering and sales roles.

Ian Johnston

Non-executive director

Ian joined the board of Data#3 Limited in November 2007. He is executive Chairman, Corporate Finance at ABN AMRO Morgans and a member of its advisory board. He is a member of the board of Cardno Limited, The Rock Building Society Limited and Symbiosis Group Limited. He has extensive experience in the banking industry including experience in treasury and corporate banking, and has been involved in a significant number of initial public offerings, capital raisings and corporate transactions during his career.

Senior leadership team profiles

Bremner Hill

Brem is the Chief Financial Officer and Company Secretary and is responsible for the corporate services functions (finance & accounting, commercial advisory services, internal systems and corporate marketing). He joined Data#3 in 1991 following positions at Defiance Milling, Royal Bank Leasing (London) and IBM Australia. Brem holds a Bachelor of Business, is a member of CPA Australia and a fellow of Chartered Secretaries Australia.

Laurence Baynham

Laurence Baynham is the Group General Manager. He is an ICT professional with 25 years industry experience spanning hardware vendors, software vendors and system integrators. Laurence joined Data#3 in 1994, has a Bachelor of Business (Hons) from East London University, is a graduate of the INSEAD Business School (Singapore) Strategic Management Academy, member of the Faculty of IT Advisory board for Queensland University of Technology, member of the IBM Business Partner Advisory Council for Asia Pacific, member of the Cisco Advisory board for Asia Pacific and member of the Australian Computer Society (MACS) since 1992.

Brad Colledge

Brad is General Manager - Licensing Solutions and holds a degree in Business Management from Queensland University of Technology. He has 19 years experience in the ICT industry and started with NCR Australia as a graduate prior to joining Data#3 in 1995. Brad started the Licensing Solutions business and is a Microsoft Certified Professional in Licensing Delivery and Software Asset Management. He has been instrumental in the establishment of Data#3's offices in Perth and Adelaide.

Bruce Crouch

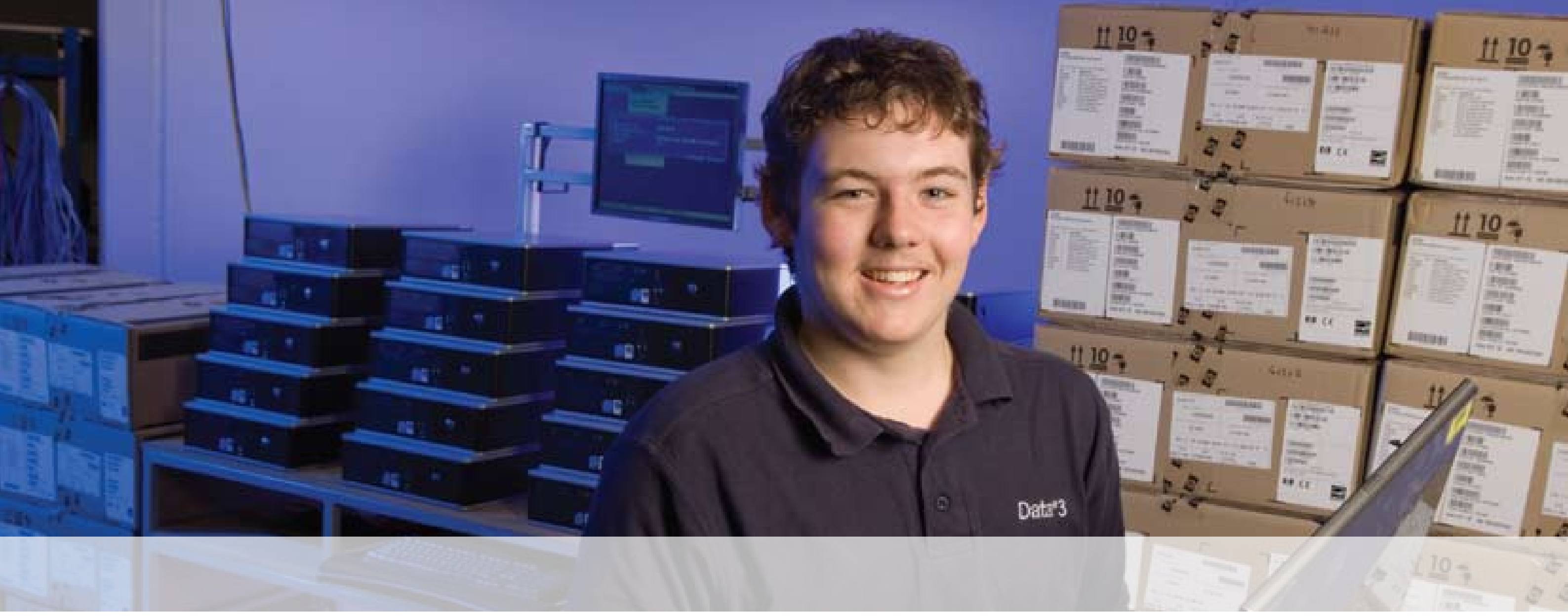
Bruce is General Manager - Enterprise Infrastructure Solutions within Infrastructure Solutions and holds a Bachelor of Applied Science degree from Queensland University of Technology. He has 21 years experience in the ICT industry holding roles in systems engineering with IBM and in ERP sales prior to joining Data#3 in 1995. He started the Enterprise Infrastructure Solutions business and has held leadership responsibility for the last 7 years.

Mark Esler

Mark Esler is General Manager – Product Solutions within Infrastructure Solutions and was a founding director of Data#3 in 1984. He has been involved in the ICT industry since 1976, having formerly worked at IBM in Australia and has played a key role in many areas within Data#3. Mark is a member of the Australian Computer Society and fellow of the Australian Institute of Company Directors. He is actively involved in many ICT related forums.

Patrick Murphy

Patrick is General Manager - ICT Services within Infrastructure Solutions and holds a Bachelor of Business (Commerce - Computing and Accounting) from Bond University. He has 17 years experience in the ICT industry holding roles spanning from field support to sales and IT Management, infrastructure management, commercial real estate and stockbroking. He joined Data#3 in 1999 in the Outsourcing business. Patrick currently sits on the IT Advisory board for Griffith University.



Lindy MacPherson

Lindy is General Manager – People Solutions and Organisational Development & Human Resources (OD&HR). Lindy has held sales and operational management roles for over twenty years with experience working in small business through to large multinational corporations in the leisure, philanthropic, transport, recruitment and ICT sectors. She joined Data#3 in 2001 running the recruitment business in Queensland before taking over the OD&HR role in 2003. Lindy is a member of AHRI (Australian Human Resources Institute) and WIT (Women in IT), holds qualifications in Leisure Management and is currently studying in the field of Social Science, majoring in Management and Leadership.

Michael Bowser

Michael is General Manager - Queensland. He joined Data#3 in 1987 and has worked in many roles within the company including technical services, services management, sales, pre-sales management and business management. Michael has been responsible for the creation and development of Data#3's Outsourcing Solutions, introduced and developed Data#3's Networking Services and has worked in and managed the Data#3 Consulting Services group.

Paul Crouch

Paul is General Manager - NSW / ACT and holds a diploma in Electrical and Electronic engineering. He has 26 years experience in the ICT industry including 8 in Asia Pacific and 8 in the UK in roles spanning technical services, sales and management in both direct vendors and indirect channel sales. He joined Data#3 in 2003 in Enterprise sales progressing through sales leadership roles to his current position.

Jon Rackham

Jon is General Manager – Victoria and has over 25 years experience in the IT industry. Moving from London to Australia in 1985, Jon has worked primarily in strategic business development roles focusing on large systems management, ERP and outsourcing contracts before moving into management seven years ago. Jon joined Data#3 in 2006 to manage the Victorian operations which have enjoyed significant growth, more than doubling in size and now providing the entire portfolio of Software, Infrastructure and People Solutions.

Mark Phillips

Mark is National Manager – Marketing & Alliances and joined Data#3 in 2003. He holds a Bachelor of Business (Bus Comp) from RMIT University. With extensive experience in sales, sales management and marketing in organisations such as Access One, OzEmail, Connect.com.au (AAPT) and Microsoft, Mark led the Microsoft Applications Solutions business within Data#3 and in 2006 he was appointed to his current role. He is an Associate Member of the Australian Marketing Institute.

Corporate social responsibility statement

In 2008 Data#3 initiated its formal corporate social responsibility program - the Data#3 Social Responsibility (DSR) program. This program is intended to reinforce our commitment as a business to behave ethically and to contribute to improving the quality of life of our people, their families, the local community and society at large.

Our commitment to the community

We continue to be actively involved in supporting community events and charities. Some of the community activities we have organised, participated in or supported in 2008 include:

- Data#3's Queensland Charity Golf Day in Brisbane, which raised approximately $37,000 for the Queensland Olympic Council
- Data#3's NSW Charity Golf Day in Sydney which raised approximately $20,000 for Aspect – a not-for-profit organisation that provides services and programs for many thousands of children, adolescents and young adults with autism
- Sponsorship of the University of Queensland's ICT Enabling Scholarship and the Queensland University of Technology's Faculty of IT student prize
- The 'World's Greatest Shave', raising $48,131 for the Leukaemia Foundation
- Sponsorship and participation in the 'Boardroom Blitz' charity concert, a national fundraising event in support of the Cerebral Palsy League of Australia
- Contributions were to the Kim Walters Choices Program, Variety Club of Queensland, Jeans for Genes and RSPCA
- Contribution of Christmas gifts to the Abused Child Trust
- Sponsorship of the Surf Life Saving Foundation
- Sponsorship by our employees of five young people through World Vision in Thailand, Uganda, Nicaragua, Ethiopia and Chad
- Data#3 cycling team members (pictured above) have participated in various charity rides to raise funds for the Starlight Foundation.

Our commitment to the environment

We regard environmental sustainability as an important aspect of sound business operation and so are constantly seeking new ways to be more efficient in the use of energy, water and the procurement of materials to reduce the direct environmental impact of our operations.

Together with our leading vendor partners, we are continually working towards reducing the impact of technology on the environment by reducing energy consumption, decreasing carbon emissions, increasing recycling and eliminating hazardous materials. To further support this initiative we encourage our customers to re-use, recycle and dispose of their IT equipment responsibly by offering them an IT equipment disposal service.

We are currently working towards meeting the requirements of ISO 14001 – the International Standardisation Organisation's standard for environmental management systems.

Our commitment to our people

Data#3 employs approximately 500 people, of whom 90% are permanent, 3% are part-time and 7% are casual employees. 34% of our team are female and 66% are male. Data#3 also engages over 350 contractors who work at our customers' sites through our People Solutions division.

Our commitment to our people is to inspire and support their passion for excellence and their desire to do their best every day; assist them in meeting the challenge of work life balance; empower them to contribute to positive change; and reward and celebrate their success as members of the team and as individuals.

Along with our core values, this strategy is highlighted through our approach to recruitment and employee benefits and in the *Learning and Development* and *Work-Health-Life Balance* programs.

Learning and Development

In 2008 we increased our investment in learning and development programs to over $500,000. We implemented a national instructor led training program covering all our major sites and delivered 2,433 hours of in-house instructor led training and 2,814 hours of on-line learning to our people.

We also offered our People Solutions contractors access to learning and development through Data#3's on-line learning facility. These contractors are able to access technical and business courses as well as on-line libraries.

In 2008 we implemented a graduate development program in addition to continuing with our vendor internship and traineeship programs. We also engaged with a number of universities to successfully complete work experience projects within Data#3.

Work-Health-Life Balance

Data#3 is committed to helping its people achieve a healthy balance between their work and home life. In 2008 we provided seminars with follow up reading and planning tools for all of our people. We also offer benefits such as flexible working hours, the ability to work from home, subsidised parental leave, and access to our people assistance program.

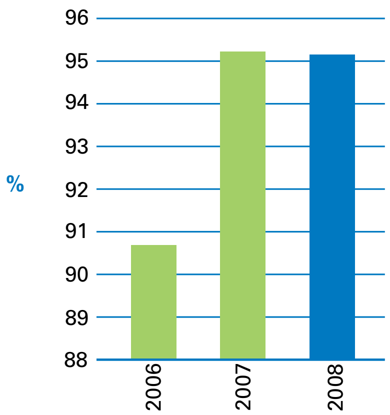
People Satisfaction

Over the past three years our annual employee satisfaction survey response from the Data#3 team has been outstanding and exceeded benchmarks – see graph A.

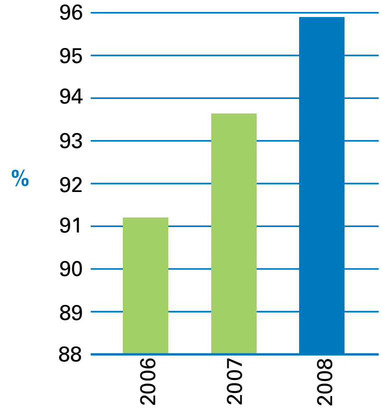
Another benchmark we measure each year in our employee satisfaction survey is the response to the statement "Data#3 is an excellent company to work for and I would recommend working at Data#3 to others in the industry." An excellent result to this in the past year builds on the increasingly positive response of the previous two years – see graph B.

Sponsorship of the Data#3 cycling team is another way in which we encourage our people to gain peak physical fitness, develop closer bonds within and across lines of business, explore a recreational passion and reduce their carbon footprint.

A. Satisfied with Data#3



B. Recommend Data#3 to others



Corporate governance statement

Data#3 has a well established corporate governance culture that provides clarity and openness and supports its ongoing focus on delivering sustainable performance and shareholder value.

The board of Data#3 is committed to meeting shareholders' expectations of sound corporate governance practices. Throughout the 2008 financial year Data#3 continued to build on the governance systems embedded in prior years.

This statement outlines Data#3's main corporate governance practices and policies that have been established and reviewed by the board and were in place throughout the 2008 financial year, unless otherwise stated. These practices and policies are current as at the date of this statement. Further information regarding Data#3's corporate governance and board practices (including copies of policies and charters) can be found on our website, www.data3.com.au.

ASX Principles and Recommendations and Revisions

In establishing Data#3's corporate governance framework the board has considered developments in governance standards, including the release of the 2nd Edition of the Corporate Governance Principles and Recommendations by the ASX Corporate Governance Council in August 2007 (the "Revised Recommendations"). This statement reports against these Revised Recommendations (ahead of the time that adoption of those Revised Recommendations becomes mandatory) and discloses the extent to which Data#3 has followed the Revised Recommendations during the year ended 30 June 2008 having due regard to its size, complexity and ownership structure.

Data#3 considers that its corporate governance practices have accorded with all of the Revised Recommendations during the 2008 financial year, save for the following three minor exceptions:

- Recommendation 2.4 - The board has not established a nomination committee. Having due regard to Data#3's size, complexity and ownership structure, the board considers that the establishment of a separate nomination committee is not necessary or efficient.
- Recommendation 4.3 - The structure of the audit committee did not consist of at least 3 members for the entire year. Prior to 21 February 2008 the structure of the audit committee consisted of 2 independent non-executive directors. Since the appointment of Mr Ian Johnston to the audit committee in February 2008, Data#3 accords with recommendation 4.3.
- Recommendation 9.2 - The board should establish a remuneration committee. Having due regard to Data#3's size, complexity and ownership structure, the board considers that the establishment of a separate remuneration committee is not necessary or efficient.

Principle 1: Lay solid foundations for management and oversight

The board is accountable to shareholders for the oversight of management of the business and is responsible for Data#3's overall strategy, governance and performance. As set out in the board charter, the board's responsibilities include:

- Participating in the development and subsequently approving of corporate strategy to position the company so that its sustainable value, and shareholders' ability to realise that value, is maximised
- Reviewing and approving business plans, budgets and financial policies
- Reporting to shareholders and the market
- Ensuring policies and processes are in place to assure compliance with applicable regulations and standards
- Ensuring policies and processes are in place to take account of material business risks, and approving systems and controls to manage those risks
- Reviewing key internal controls and internal and external audit reports to maintain the integrity of accounting and financial records and reporting
- Monitoring and influencing the culture and reputation of the company
- Managing board composition, director selection and board processes and performance

- Ratifying key executive appointments, transfers and terminations and ensuring executive succession planning
- Reviewing the performance of the Managing Director and the senior management team and their respective delegated levels of authority
- Reviewing and approving remuneration policies and practices generally and determining remuneration packages and other terms of employment for directors (within the maximum amount approved by the shareholders) and senior executives
- Ensuring that the board as a whole has a sufficient understanding of each substantial segment of the business
- Determining the amount, timing and nature of dividends to be paid to shareholders
- Reviewing business results, monitoring budgetary control and corrective actions
- Adopting and overseeing the implementation of corporate governance practices that represent good practice in the company's particular circumstances
- Authorising and monitoring major strategic investments and capital expenditure.

Included in the board charter is a statement of responsibilities delegated to the Managing Director and other senior executives. The board has delegated authority and powers to the Managing Director as necessary to recommend and implement the strategies approved by the board and to manage the day-to-day operation and administration of the business affairs of Data#3. The Managing Director is the board's principal link to the senior management team. The Managing Director may further delegate within specific policies and delegation limits to members of the senior management team, but remains accountable for all authority delegated to its members. The board ensures that the senior management team is appropriately qualified, experienced and resourced to discharge its responsibilities. The board has in place procedures to assess the performance of the Managing Director and other members of the senior management team.

During the year, the key terms and conditions relevant to the appointment of Mr Ian Johnston as an independent director were set out in a formal letter of appointment. Mr Johnston participated in a formal induction program.

No new senior managers were appointed during the year although Data#3 has maintained a comprehensive induction program to enable any new executives to gain an understanding of Data#3's financial performance, strategies, operations and risk management processes and the respective rights, duties, responsibilities and roles of the board and senior executives.

The performance of Data#3's senior managers has been assessed this year in accordance with the process adopted by the board against pre-set financial and non-financial goals. The Managing director's performance is formally assessed annually by the non-executive directors. The Managing Director is responsible for evaluating the performance of the Group General Manager, the Chief Financial Officer, and the General Manager – Organisational Development & Human Resources. The Managing Director also reviews the performance of each other member of the senior management team in conjunction with the Group General Manager.

Principle 2: Structure the board to add value

The board has determined that its optimum composition will:

- Conform with the constitution of Data#3 (being not less than three nor more than twelve in number)
- Have a majority of independent, non-executive directors
- Reflect Data#3's strategic objectives.

The board is comprised of four directors, who have an appropriate mix of skills, experience and personal attributes that allow the directors individually, and the board collectively to discharge their responsibilities effectively and efficiently; to understand the business of Data#3 and the environment within which it operates; and to assess the performance of management in meeting predefined objectives and goals. Mr Johnston was appointed to the board on 2 November 2007. The membership of the board is set out in the directors' report – see page 35. Details of each individual director's background is set out in the directors' report – see page 36, and the directors' profiles – see page 18.

The board recognises that all directors – whether independent or not – should bring an independent judgement to bear on board decisions. The board believes that independence is essentially a state of mind evidenced by an ability to independently contribute to the work of the board. Based on guidance set out in the Revised Recommendations, the board has adopted specific principles in relation to an assessment of directors' independence, which it has applied in making this judgment for each director during the year. A majority of the board are independent directors. The independent status of each director is set out in the directors' report – see page 36 and has been determined by the board taking into account Data#3's threshold criteria for assessing independence, as follows:

- The director is not a substantial shareholder of Data#3 or an officer of, or otherwise associated directly with, a substantial shareholder of Data#3 (substantial being more than 5% of Data#3's shares on issue)
- The director has not within the last three years been employed in an executive capacity by Data#3 or a related body corporate of Data#3 or been a director after ceasing to hold any such employment
- The director has not within the last three years been a principal of a material professional adviser or a material consultant to Data#3 or a related body corporate of Data#3, or an employee materially associated with the services provided (material being billings greater than 5% of the adviser's total revenues
- The director is not a material supplier or customer of Data#3 or a related body corporate of Data#3, or an officer of or otherwise associated directly or indirectly with a material supplier or customer (material being revenues from Data#3 that exceed 5% of the supplier's total revenue or exceed 5% of the customer's total expenses)
- The director has no material contractual relationship with Data#3 or a related body corporate of Data#3 other than as a director of Data#3
- The director does not have any interest or any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Data#3 or the exercise of an unfettered and independent judgement.

To facilitate independence, directors have the right, in connection with their duties and responsibilities, to obtain independent professional advice at Data#3's expense. Prior written approval of the Chairman is required, but this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all other directors. This right was neither exercised nor sought to be exercised during the year.

Directors' arrangements with Data#3 in the past have not been material and have therefore not adversely impacted the directors' independent status. Disclosure of related party transactions is set out in the notes to the financial statements.

When a potential or actual conflict of interest or a material personal interest arises in relation to any matter that concerns the affairs of Data#3, it is the board's policy that the director concerned (i) must give the other directors immediate notice of such interest and (ii) does not receive copies of the relevant board papers and withdraws from participating in the board meeting whilst such matters are considered. Accordingly, the director concerned takes no part in discussions or exercises any influence over other members of the board if a potential conflict of interest exists.

The Chairman of the board, Mr Richard Anderson, is considered to be an independent, non-executive director.

The board has established an audit committee to advise and support the board in carrying out its duties. It is a policy of the board that all members of the audit committee be independent directors. The audit committee has a charter which includes a description of their duties and responsibilities. At the date of this statement, the members of the audit committee are Mr Terry Powell (Chairman), Mr Richard Anderson and Mr Ian Johnston, with the Managing Director and the Chief Financial Officer participating by invitation. Membership of and further information on the audit committee is set out below under the heading "Principal 4: Safeguard integrity in financial reporting".

Data#3 notes that the Revised Recommendations advocate the establishment of a separate nomination committee. Considering the size of Data#3 and the number of its directors, the board considers that the establishment of a separate nominations committee is not efficient. In relation to nominations, the board is responsible for:

- Assessment of the necessary and desirable competencies of board members
- Review of board succession plans
- Evaluation of the board's performance
- Appointment and re-election of directors.

Nomination matters were considered periodically on the board's meeting agenda during the year. Directors are initially appointed by the board, subject to election by the shareholders at the next Annual General Meeting (AGM). Data#3's constitution specifies that all directors (with the exception of the Managing Director) must retire from office no later than the third AGM following their last election. Where eligible, a director may stand for re-election.

The board meets as often as the directors determine is necessary to fulfil its responsibilities and duties. The board convened at various Data#3 office locations during the year. Generally the board holds meetings on a monthly basis. The board also meets formally on a regular basis with members of the senior management team. The meetings are chaired by the Chairman or, in his absence, his nominee. The Chairman is responsible for ensuring that the governance objectives of the board are pursued and that the conduct of the meetings is efficient and appropriate. The Company Secretary and other executives attend the meetings by invitation, when appropriate. Board and committee agenda are structured throughout the year to reflect their defined responsibilities, to give the board a detailed overview of the performance and significant issues confronting each business unit and Data#3, and to identify major risk elements for review to ensure that assets are properly valued and that protective strategies are in place.

Directors receive detailed financial and operational reports from senior management monthly, and management is available to discuss the reports with the board.

The number of meetings of the board and audit committee held during the year ended 30 June 2008, and the number of meetings attended by each director, is disclosed in the directors' report – see page 37.

Non-executive directors are expected to make the necessary commitment to preparing for and attending board and committee meetings and associated activities. The commitments of non-executive directors are considered by the board prior to the director's appointment to the board and are reviewed each year as part of the annual board performance assessment. Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that he or she has and will continue to have the time available to discharge his responsibilities to Data#3, as outlined above.

A structured process has been established by the board to review and evaluate the performance of the board as a whole, the audit committee, the performance of individual directors and the board's interaction with management on a regular basis.

The efficient operation of the board is assisted by Mr Brem Hill, Company Secretary and Mr Terence Bonner, Joint Company Secretary. Each Company Secretary is accountable to the board, through the Chairman, for all governance matters. Mr Terence Bonner was appointed as Joint Company Secretary on 5 November 2007.

Principle 3: Promote ethical and responsible decision-making

Data#3's board is committed to setting the highest ethical culture and standards for the company. Data#3 has a code of conduct and other relevant policies that set out acceptable practices to guide Data#3's people to act with integrity in all their dealings. The board understands that shareholder confidence is enhanced where Data#3's people act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics and strive at all times to enhance the good reputation and performance of Data#3.

Data#3 has developed an extensive code of conduct, which is encapsulated in Data#3's vision and values statements, this corporate governance statement and Data#3's terms and conditions of employment and key policies statement that apply to all employees.

The terms and conditions of employment and key policies statement address:

- The underlying vision and values of the company
- Business ethics and protocol
- Relevant policies and procedures
- Employee entitlements
- Responsibilities and expectations of Data#3 and the employees
- Compliance with relevant legal and stakeholder obligations
- The requirement to conduct all Data#3 business in accordance with applicable laws and in a way that enhances its reputation.

The code of conduct is periodically reviewed and fully endorsed by the board. The vision and values of Data#3 are communicated and reinforced to all staff through induction programs, presentations to business units and periodic staff briefings. Additionally, all employees have position descriptions that reinforce their duties, rights and responsibilities and all are required to reconfirm their acceptance of the terms and conditions of employment annually. Performance plans are developed for all employees at the start of each financial year and align their goals and key performance indicators with those of the business. The actual performance against these plans is reviewed at six-monthly or annual intervals and more frequently if required. Employees are informed of the procedures for reporting and the manner in which Data#3 will investigate reports of unethical behaviour.

During the year, Data#3 initiated a formal corporate social responsibility program, called the *Data#3 Social Responsibility* (DSR) program. For further information see pages 21 and 22.

Data#3 also has a well-established business improvement program that encourages regular feedback and review to maintain and enhance operational processes, the desired corporate culture and standards of ethical behaviour.

Data#3 has a share trading policy which sets out the principles by which Data#3 balances the personal investment interests of its people against Data#3's responsibility to ensure that the personal dealings in Data#3's shares are conducted appropriately. The policy was reviewed and enhanced by the board during the year, and a summary of the policy is set out below.

Directors, officers and employees must not buy, sell or subscribe for shares in the company if they are in possession of 'inside information', i.e. information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the shares in Data#3. It is the board's policy that directors, officers and employees may not trade in Data#3's shares within certain "blackout periods", being:

- Between 1 July and announcement and release of the full year reports
- Between 1 January and announcement and release of the half year reports
- One month prior to the AGM.

Data#3's share trading policy also specifies that:

- Directors must discuss their intention to trade in Data#3's shares with the Chairman prior to trading
- Officers (who are essentially the members of Data#3's national management team) must discuss their intention to trade in Data#3's shares with the Chairman, Managing Director or Company Secretary of the company prior to trading
- All employees are required to comply with Data#3's employee conduct guidelines when trading in Data#3's shares
- Unless the prior consent of the Chairman has been obtained, directors and officers are prohibited from directly or indirectly entering into any financing facilities (for example margin loans) that are secured by Data#3's shares. Where any such facility could have a material impact on the price of Data#3's shares, Data#3 will disclose details to the ASX.

The board's policy also reinforces the directors' and company's statutory obligations to notify the ASX regarding any dealing in Data#3's securities which results in a change in the relevant interests of the director in Data#3's securities. As contemplated in the ASX listing rules, each director has agreed to provide notice of such dealings to Data#3 within three business days of any such dealing to enable Data#3 to comply with its corresponding obligation to notify the ASX.

In addition, directors will not trade in the shares of any other entity if inside information on such entity comes to the attention of the director by virtue of holding office as a director of Data#3.

Principle 4: Safeguard integrity in financial reporting

The board is responsible for the integrity of Data#3's financial reporting and for ensuring that the financial statements and related notes are completed in accordance with applicable accounting standards and provide a true and fair view of the business of Data#3. To assist the board in fulfilling their responsibility, the processes outlined below have been adopted. The board acknowledges that the existence of an independent audit committee is recognised as an important feature of good corporate governance. At the date of this statement, the audit committee is comprised of three independent, non-executive directors, namely, Mr Terry Powell (Chairman), Mr Richard Anderson and Mr Ian Johnston (appointed on 21 February 2008), with the Managing Director and the Chief Financial Officer participating by invitation.

The details of each director's background is set out on page 18. Each has the technical, financial and business expertise necessary to consider matters within the charter of the audit committee. Upon the appointment of Mr Ian Johnston to the audit committee on 21 February 2008, the audit committee structure accorded with the Revised Recommendations. Prior to Mr Johnston's appointment, the structure of the audit committee did not accord with the Revised Recommendations, being that it did not consist of at least three members. The board is of the opinion, having considered all material circumstances, that this composition did not inhibit the operation of the audit committee.

The primary responsibility of the audit committee is to assist the board in fulfilling its corporate governance and oversight responsibilities with respect to:

- The integrity of the company's financial reporting
- Compliance with legal and regulatory requirements
- The external auditor's qualifications and independence
- The system of risk management and internal controls that management has established
- The process of internal and external auditor review of internal control
- The performance of the company's internal audit function and external auditors.

The responsibilities of the audit committee are set out in its formal charter, which is posted on Data#3's website. The audit committee met four times during the year and attendance at these meetings is set out on page 37. The audit committee has unlimited access to members of the senior management team and access to the external auditor (without management present).

The board is responsible for the initial appointment of the external auditor and the appointment is ratified by Data#3 shareholders at the AGM. Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The board will identify the relevant evaluation criteria and will ensure that the process is sufficiently robust to ensure selection of an appropriate external auditor. In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is appropriate for the work required; that the work is to be undertaken by people with an appropriate level of seniority and skill; and whether the work proposed is sufficient to meet Data#3's needs and expectations.

The lead partner of Data#3's external auditor must be rotated at least every five years, followed by a five year minimum 'time out' period during which that partner may not take part in the company audit.

On an annual basis the board discusses with the external auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the overall succession plan regarding the professional staff assigned to the company's audit. The current lead engagement partner of the auditor has performed that role for two years.

The Managing Director and Chief Financial Officer provide the board with written confirmation that the financial reports present a true and fair view, in all material respects, of Data#3's financial position and operating results and are in accordance with relevant accounting standards.

Principle 5: Make timely and balanced disclosure

The board has established written policy and procedures that promote timely and balanced disclosure of all material matters concerning Data#3 (Data#3's continuous disclosure policy). The policy sets out expectations of senior executives to promote compliance. A copy of that policy is available on the website.

Under the policy, any price-sensitive material for public announcement, such as annual and interim profit announcements, release of financial reports, presentations to investors and analysts and other investor briefings will be lodged with the ASX as soon as practical and before external disclosure elsewhere and posted on Data#3's website as soon as practical after lodgement with the ASX. Data#3 will ensure that such announcements are timely, factual, do not omit material information and are expressed in a clear and objective manner. Shareholders are encouraged to subscribe (via the Investors section of the Data#3 website) for email alerts for all company announcements. The Company Secretary, working closely with the Managing Director and Chairman, has been delegated responsibility for:

- Ensuring that Data#3 complies with its continuous disclosure requirements set out in the Corporations Act and ASX Listing Rules
- Overseeing and co-ordinating the disclosure of information to the ASX, the public, analysts, brokers, shareholders and the media
- Educating directors and employees on Data#3's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure.

The board has also developed procedures for safeguarding confidential corporate information to avoid premature disclosure and for responding to market rumours, leaks and inadvertent disclosures.

Principle 6: Respect the rights of shareholders

Data#3 is committed to providing shareholders with extensive, transparent, accessible and timely communications on company activities, strategy and performance. Data#3 has in place a communications policy with its objective to promote effective communication with shareholders and to encourage their participation at general meetings. A copy of that policy is available on the website. The key platform through which Data#3 seeks to communicate with its shareholders is its Investors website. During the year, Data#3 launched an enhanced website, including a new Investors section. A key feature of this website is the ability to subscribe for email alerts for all company announcements. The website is also a repository of all information of interest to shareholders, stored in a user-friendly manner, including all recent company announcements, media briefings, details of company meetings, webcasts, press releases for the last three years and full and half yearly financial reports for the last five years. The website also includes a mechanism for shareholders to provide feedback and comments. Shareholders can also raise questions by contacting Data#3 by telephone, facsimile, email or post. Contact details are provided on Data#3's internet site and in the "Corporate directory" section of this annual report.

Data#3 encourages shareholders to participate in general meetings. Data#3 usually convenes its AGM in Brisbane during November. Data#3 requests its external auditor to attend each AGM and be available to answer questions about the conduct of the audit and the preparation and contents of the auditor's report. Notices of Meetings are accompanied by explanatory notes on the items of business, and together they seek to clearly explain the nature of the business of the meeting. Full copies of Notices of Meetings will be placed on Data#3's website. Shareholders are encouraged to attend the meeting or, if unable to attend, to vote on motions proposed by appointing a proxy.

The proxy form included with a Notice of Meeting will seek to clearly explain how the proxy form is to be completed and submitted. At this time, online proxy voting is not available to shareholders, though consideration will be given by the board to providing this facility in the future. Data#3 will webcast the formal addresses at its AGM and any other general meetings which may be held, for the benefit of those shareholders unable to be present in person.

All shareholders will receive electronic copies of the company's annual and half yearly reports, unless they have elected to receive hard copies.

Principle 7: Recognise and manage risk

The board has established a written risk management policy and procedures that promote the identification, assessment, monitoring and managing of risk, and the identification of any material changes to Data#3's risk profile. A copy of that policy is available on the website. There are many risks that the business of Data#3 faces in its operations and in the industry within which it operates. A range of factors, some of which are beyond the reasonable control of Data#3, can influence performance. Data#3 acknowledges that a firm appreciation of the risk environment enhances its ability to identify and capitalise on opportunities to create value and to protect established value. During the year the board has regularly reviewed and approved the implementation of a risk management policy, the effectiveness of risk management processes and considers that the policy remains consistent with the risk profile that it has set. The board is satisfied that management has ensured that sound risk management practices are embedded into the operations of the business and that management has reported to it on the effectiveness of the company's management of material business risks. On occasions, the board has made additional enquiries and requested assurances regarding the management of material business risks.

During the year, the board received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act (see Principle 4 above) is founded on a sound system of risk management and internal control which implements policies adopted by the board and that the system is operating effectively in all material respects in relation to financial reporting risks.

Data#3's risk management framework applies the methodology set out in AS:4360 Risk Management. Material business risks and controls are assessed and managed as part of structured six monthly reviews with members of the senior management team. Data#3's Commercial Advisory Services area co-ordinates and provides advice on the reporting of this process to the Managing Director, Group General Manager, Chief Financial Officer and finally to the audit committee and the board. The risks faced by Data#3 include operational, environmental, compliance, strategic, reputational, product and service quality, human resources and market related risks. Specifically, the business of Data#3 takes account of the following material business risks (in no particular order):

- Government procurement models and trends
- Attraction and retention of key personnel
- The quality and skill of the senior management team
- Market demand for ICT products and services
- Key vendor channel strategy and customer engagement models
- Competitiveness of key vendors and productivity gains and risk management outcomes achievable by their products
- Identification of ICT industry opportunities and new technology trends
- Effective positioning of Data#3's solutions in the market
- Accounting processes for financial reporting
- Health and safety
- Internal information technology systems and processes
- Security
- Compliance
- Delivery of customer solutions within agreed expectations
- Market supply of ICT resources
- Nature of competitor activity.

Data#3 Limited is also a Quality Certified Company to AS/NZS ISO9001:2000, holding NCSI (NATA) Certification Number 6845.

Principle 8: Remunerate fairly and responsibly

The board has established a written remuneration policy which is designed to motivate senior executives to pursue the long-term growth and success of Data#3 and to demonstrate a clear relationship between senior executives' performance and remuneration. The policy allows investors to understand the link between remuneration paid to senior executives and corporate performance. A copy of the policy is available on the website. Data#3 notes that the Revised Recommendations advocate the establishment of a separate remuneration committee. Considering the size of Data#3 and the number of its directors, the board considers that the establishment of a separate remuneration committee is not efficient. In relation to remuneration, the board is responsible for:

- Data#3's recruitment, retention and termination policies and procedures for senior executives
- Senior executives' remuneration and incentives
- Superannuation arrangements
- The remuneration for directors.

Remuneration matters were considered periodically on the board's meeting agenda during the year.

Data#3's remuneration policies and practices in relation to senior executives, including the amount of remuneration, are as disclosed in Data#3's remuneration report – see pages 37 to 41.

Data#3's remuneration policy for independent non-executive directors (NEDS) and the amount of remuneration paid to NEDS is discussed in detail in the remuneration report. NEDS are not granted options nor receive bonus payments. There are no termination payments to NEDS on their retirement from office other than payments accruing from superannuation contributions comprising part of their remuneration.

Comparison to the ASX Corporate Governance Principles and Recommendations

	Recommendation	Adopted	Page
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	23
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	24, 38
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	23, 24
Principle 2	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	Yes	25, 36
2.2	The chair should be an independent director.	Yes	25, 36
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	25
2.4	The board should establish a nomination committee.	No	23, 26
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	26
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	18, 24, 25, 26, 36
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	26, 27
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	Yes	27, 28
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	26, 27, 28
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee.	Yes	28
4.2	The audit committee should be structured so that it:		
	- consists only of non-executive directors	Yes	28
	- consists of a majority of independent directors	Yes	28
	- is chaired by an independent chair, who is not chair of the board	Yes	28
	- has at least three members.	No (for first 2 meetings held only)	23, 28
4.3	The audit committee should have a formal charter.	Yes	28
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	18, 28, 36, 37

	Recommendation	Adopted	Page
Principle 5	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	29
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	29
Principle 6	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	29, 30
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	29, 30
Principle 7	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	30
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	30
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	30
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	30
Principle 8	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee.	No	23, 31
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	31, 38, 39
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	23, 31, 38

Directors' report

Your directors present their report on Data#3 Limited and its subsidiaries (the group) for the year ended 30 June 2008.

1. Principal activities

The principal activities of the group during the course of the financial year related to the delivery of information technology solutions, which draw on the group's broad range of products and services and its alliances with other industry providers. These activities included software licensing and software asset management; the design, deployment and operation of desktop, network and data centre hardware and software infrastructure; and the provision of contract and permanent recruitment services.

There were no significant changes in the nature of the activities of the group during the year.

2. Dividends

	Cents	$'000
Final dividend recommended for the year ended 30 June 2008	28.0	4,330
Dividends paid in the year:		
Interim for the year ended 30 June 2008	18.0	2,786
Final for the year ended 30 June 2007	22.0	3,409
		6,195

3. Operating and financial review

- Total revenue of the group was $363,707,000, a 28% increase from last year with growth in all geographic regions.
- Gross margin in $ terms increased by 24%.
- Operating profit of the group before interest (net) and tax was $12,112,000, an increase of 22%; and the net profit after tax was $9,070,000, a 26% increase from last year.
- Earnings per share increased 27% to 58.5 cents.
- Fully franked dividends declared of 46.0 cents per share for the financial year, a 28% increase from last year.
- Strong net operating cash inflows of $8,352,000.
- A strong financial position with no debt.
- The overall gross margin percentage decreased only marginally from 20.3% to 19.7%, reflecting the significant absorption of additional services staff.
- Internal staff costs increased by 27% in support of growth and deepening expertise, and operating expenses increased by 15%.
- The internal cost ratio (being internal staff costs and operating expenses as a percentage of gross margin in $ terms) remained essentially unchanged at 83%.

4. Business strategy

Our vision is to be an exceptional company - one that unites to enable our customers' success through technology; inspires our people to do their best every day; and rewards investors' confidence and support.

To achieve this vision, our focus is on three key areas:

- ***Remarkable people*** – who are inspired and supported in their passion for excellence and to do their best every day; who meet the challenge of work/life balance; who are empowered to contribute to positive change; and who are rewarded and celebrated both as members of the team and as individuals.
- ***Outstanding solutions*** – that embody market-leading expertise in technologies from vendors that are driving the industry globally and quickly adapt to changes in the environment.
- ***Organisational excellence*** – embedded processes that continuously review and improve the effectiveness of our business operations to ensure we remain a leader in our industry.

Achieving the objectives we have in each of these areas will see expertise and solutions in technology unite through our solutions framework to enable ***customer success***.

Our customers' success will in turn deliver ***exceptional performance*** with the appropriate rewards to all stakeholders.

5. Earnings per share

	2008 Cents	2007 Cents
Basic earnings per share	58.51	46.13
Diluted earnings per share	58.51	46.13

6. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the year other than as disclosed in the financial report.

7. Significant events after the balance date

No matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

(a) the group's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the group's state of affairs in future financial years.

8. Likely developments and expected results

In 2009 we expect the tighter economic environment and competitive market conditions to remain in place, however we are targeting continued organic growth in all areas of the business by increasing our relative market share. We expect a more stable labour market than we have experienced in previous years but with continued competition for the best skills. To maintain Data#3's position as an employer of choice, we intend to invest further in developing the expertise of our staff and in associated infrastructure. Overall we expect to contain operating expense relative to gross margin generated to a level similar to that achieved in the previous year.

We will continue to look for appropriate partnerships and acquisitions to enhance either our geographic scale or our expertise in specific areas and ultimately further improve financial performance. For shareholders we expect financial performance to improve on the record 2008 result and are looking to continue to deliver dividends that balance the need for working capital and the provision of returns near the top of the sector.

Further information on likely developments in the operations of the group and the expected results of operations has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

9. Directors

The following persons were directors of Data#3 Limited during the whole of the financial year and up to the date of this report:

R A Anderson
J E Grant
W T Powell

Mr I J Johnston was a director from the date of his appointment on 2 November 2007 up to the date of this report.

9. Directors (continued)

Names, qualifications, experience and special responsibilities

R A Anderson, OAM, BCom, FCA *(chairman, non-executive director)*
Independent non-executive director since 1997 and chairman since 2000. Formerly a partner with PricewaterhouseCoopers, the firm's managing partner in Queensland, and a member of the firm's National Committee. Previously a member of the Capital Markets Board of Queensland Treasury Corporation and president of CPA Australia in Queensland.

During the past three years Mr Anderson has also served as a non-executive director of three other public companies: Namoi Cotton Cooperative Limited (director since 2001), Lindsay Australia Limited (director since 2002) and GEO Property Group following its acquisition of Villa World Limited (director since 2002 and chairman since January 2008). President of the Guide Dogs for the Blind Association of Queensland.

Special responsibilities:
Chairman of the board.
Member of audit committee.
Chairman of superannuation policy committee (not a committee of the board of directors).

J E Grant, BEng *(managing director)*
Director of the company from its foundation in 1984; managing director from 1996 to 2000; chief executive officer from 2000 to 2004; re-appointed managing director effective 1 July 2004; extensive experience in the IT industry; member of the Queensland Government's Ministerial Advisory Group, whose charter is to provide advice to the Minister for Tourism, Regional Development and Industry on Queensland ICT industry development policy; a member of the Queensland government's Smart State Council; and a member of Hewlett Packard's Asia Pacific Partner Advisory Board, whose charter is to provide advice and input to HP on its relationship with its distribution and reseller partners in Asia Pacific.

Mr Grant is currently chairman of the Australian Information Industry Association, the ICT industry's peak representative body and a non-executive director of Sargent Group.

I J Johnston, DipCM, GradDip App Fin & Inv *(non-executive director)*
Independent non-executive director since November 2007. Currently executive chairman corporate finance at ABN AMRO Morgans. Extensive
experience in the banking industry including experience in treasury and corporate banking. He has also been involved in a significant number of initial public offerings, capital raisings and corporate transactions during his career.

During the past three years Mr Johnston has also served as a non-executive director of three other public companies: Cardno Limited (director since 2004), The Rock Building Society Limited (director since 2006), and Symbiosis Group Limited (director since 2004).

Special responsibilities:
Member of audit committee.

W T Powell, BEcon *(non-executive director)*
Independent non-executive director since 2002. Executive chairman of the company from its foundation in 1984 and then managing director from 1989 to 1996. Prior to 1984 had extensive experience in the IT industry and was managing director of Powell Clark and Associates, formed in 1977. Re-joined the board of Data#3 Limited in 2002.

Special responsibilities:
Chairman of audit committee.

Interests in shares and options

As at the date of this report, the interests of the directors in the shares of Data#3 Limited were:

	Number of ordinary shares
R A Anderson	60,000
J E Grant	764,020
I J Johnston	60,000
W T Powell	465,000

Meetings of directors

The number of meetings of the company's board of directors (including meetings of the audit committee) held during the year, and the numbers of meetings attended by each director were:

Name	Full meetings of directors		Meetings of audit committee	
	Meetings attended	Meetings held *	Meetings attended	Meetings held *
R A Anderson	17	17	4	4
J E Grant	16	17	**	**
I J Johnston	8	8	2	2
W T Powell	16	17	4	4

** Number of meetings held during the time the director held office or was a member of the committee during the year.*

*** Not a member of the committee during the year.*

10. Company secretary

Mr B I Hill, BBus, was appointed to the position of company secretary in 1997. He has served as the financial controller or chief financial officer of the company since 1992 and is a member of CPA Australia and a fellow of Chartered Secretaries Australia.

Mr T W Bonner, LLB, BComm, ACIS, was appointed to the position of joint company secretary in November 2007. He has served as the legal counsel of the company since 2005 and is a member of the Qld Law Society and Chartered Secretaries Australia.

11. Remuneration report

All information in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles used to determine the nature and amount of remuneration

The board addresses remuneration policies and practices generally, and determines remuneration packages and other terms of employment for senior executives. Executive remuneration and other terms of employment are reviewed annually by the board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the group's operations, achieving the group's strategic objectives, and increasing shareholder wealth.

11. Remuneration report (continued)

Executives

The executive pay and reward framework has four components:

- Base pay and benefits
- Performance-related bonuses
- Long-term incentives through participation in the Data#3 Limited employee equity plans
- Other remuneration such as superannuation.

The combination of these comprises the executive's remuneration.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. There are no guaranteed base pay increases included in any senior executives' contracts.

Performance-related bonuses

Performance-related cash bonus entitlements are linked to the achievement of financial and non-financial objectives which are relevant to meeting the company's business objectives. In 2008 the proportion of the planned total executive remuneration that was performance-related was 36% (2007: 36%).

A major part of the bonus entitlement is determined by the actual performance against planned group and divisional profit targets relevant to each individual. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. In 2008 the planned profit-related component represented 80% of the total executive bonuses (2007: 85%). The balance of the executive bonus entitlement is determined by performance against agreed non-financial objectives relevant to each individual.

The executives' cash bonus entitlements are assessed and paid either quarterly or six-monthly, based on the actual performance against the relevant full-year profit and key performance indicator targets. The board, together with certain senior managers, is responsible for assessing whether an individual's targets have been met, and profit targets and key performance indicator targets are reviewed and reset annually.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. The board determines remuneration of non-executive directors within the maximum amount approved by the shareholders from time to time. This maximum currently stands at $350,000 per annum in total for salary and fees, to be divided among the non-executive directors in such a proportion and manner as they agree. Non-executive directors are paid a fixed remuneration, comprising base fees and superannuation. Non-executive directors do not receive bonus payments or share options, and are not provided with retirement benefits other than statutory superannuation. The board was comprised of two non-executive directors and one executive director during the financial year until the appointment of one additional non-executive director on 2 November 2007. The board undertakes an annual review of its performance and the performance of the board committee against goals set at the start of the year.

B Details of remuneration

Compensation paid, payable, or provided by the group or on behalf of the group, to key management personnel is set out below. Key management personnel include all directors of the company and certain executives who, in the opinion of the board and managing director, have authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly. Comparative information is not shown for individuals who were not considered to be key management personnel in the previous year. The following also includes the five most highly remunerated executives of the group and of the company.

		Short-term			Long-term	Post-employment	Other benefits		
		Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Long service leave $	Super-annuation $	Termina-tion $	Total $	% perfor-mance related
Non-executive directors									
Anderson, R.	2008	90,000	-	-	-	8,100	-	98,100	-
Chairman	2007	90,000	-	-	-	8,100	-	98,100	-
Clark, G.	2008	-	-	-	-	-	-	-	-
(retired 8 November 2006)	2007	19,583	-	-	-	1,763	-	21,346	-
Johnston, I.	2008	36,458	-	-	-	3,282	-	39,740	-
(appointed 2 November 2007)	2007	-	-	-	-	-	-	-	-
Powell, W.T.	2008	65,000	-	-	-	5,850	-	70,850	-
	2007	65,000	-	-	-	5,850	-	70,850	-
Subtotals - non-executive directors	2008	191,458	-	-	-	17,232	-	208,690	-
	2007	174,583	-	-	-	15,713	-	190,296	-
Executive director									
Grant, J. *	2008	320,481	137,318	77,519	7,400	13,129	-	555,847	24.7
Managing Director	2007	243,165	107,079	69,985	3,016	12,686	-	435,931	24.6
Other key management personnel									
Baynham, L.	2008	219,371	221,056	-	5,990	13,129	-	459,546	48.1
Group General Manager	2007	184,207	138,637	-	5,903	12,686	-	341,433	40.6
Bowser, M. – General Manager	2008	166,871	119,889	-	4,615	13,129	-	304,504	39.4
Queensland	2007	140,000	115,676	-	5,703	12,686	-	274,065	42.2
Colledge, B. – General Manager	2008	171,871	213,924	-	5,031	13,129	-	403,955	53.0
Licensing Solutions	2007	145,000	159,531	-	4,924	12,686	-	322,141	49.5
Crouch, B. – General Manager	2008	171,871	208,629	-	5,031	13,129	-	398,660	52.3
Enterprise Solutions	2007	155,000	143,276	-	4,919	12,686	-	315,881	45.4
Crouch, P. – General Manager	2008	166,871	133,505	-	4,698	13,129	-	318,203	42.0
New South Wales	2007	162,750	96,802	-	3,113	12,686	-	275,351	35.2
Esler, M. * – General Manager	2008	166,871	115,720	-	4,698	13,129	-	300,418	38.5
ICT Product Solutions	2007	123,570	95,858	21,747	1,161	12,686	-	255,022	37.6
Hill, B. * – Chief Financial	2008	184,871	67,200	-	3,998	13,129	-	269,198	25.0
Officer / Company Secretary	2007	157,314	49,410	-	6,436	12,686	-	225,846	21.9
Lavett, J. – Manager Victoria	2008	-	-	-	-	-	-	-	-
(resigned 31 August 2006)	2007	39,733	-	-	-	3,577	59,599	102,909	-
MacPherson, L. * – General Manager Organisational Devel-	2008	136,621	65,668	-	3,442	13,129	-	218,860	30.0
opment & Human Resources	2007	119,890	29,286	-	3,079	12,686	-	164,941	17.8
Murphy, P. – General Manager	2008	171,871	134,061	-	4,531	13,129	-	323,592	41.4
ICT Services	2007	150,000	78,384	-	4,331	12,686	-	245,401	31.9
Peters, W. – General Manager People Solutions	2008	115,516	77,628	-	-	13,129	88,957	295,230	26.3
(resigned 27 March 2008)	2007	130,000	104,910	-	1,388	12,686	-	248,984	42.1
Rackham, J. – General Manager	2008	166,871	138,700	-	4,615	13,129	-	323,315	42.9
Victoria (from 1 Sept. 2006)	2007	133,333	72,781	-	2,221	10,572	-	218,907	33.2
Totals – key management personnel	2008	2,351,415	1,633,298	77,519	54,049	174,780	88,957	4,380,018	
	2007	2,058,545	1,191,630	91,732	46,194	169,408	59,599	3,617,108	

* Denotes those executives who were employed by the parent entity for the year ended 30 June 2008 and represent the four most highly remunerated officers of the parent entity. There were no other executives of the parent entity for the year ended 30 June 2008 (2007: nil).

No director or executive received compensation in the form of share-based payments during the year ended 30 June 2008 (2007: nil).

11. Remuneration report (continued)

C Service agreements

Terms of employment for the managing director and other key management personnel are formalised under rolling contracts. The contracts state that base salary and performance-related bonuses will be agreed annually, which occurs at the commencement of each financial year. The company may terminate the contracts without notice for gross misconduct; otherwise, either party may terminate the contract early with the agreed notice period, subject to termination payments as detailed below. For all key management personnel, except those listed below, termination notice of one month is required and no termination benefit is contractually payable. Other major provisions of the contracts relating to remuneration of the managing director and certain other key management personnel are as follows:

J Grant (managing director)

Mr Grant's current employment contract commenced 1 July 2004. Key provisions under his present contract are as follows:

- Termination notice of six months is required.
- Payment of a termination benefit on early termination by the company, other than for gross misconduct, of twelve months of his packaged salary together with an additional amount representing the performance-related bonus earned up to the date of termination. From 1 July 2006, if at the annual renewal date the company chooses not to continue the agreement, the company must provide six months notice and Mr Grant will be entitled to his packaged salary and performance bonus calculated up to the date of his termination.

L Baynham, B Hill and L MacPherson

- Termination notice of three months is required.
- Payment of a termination benefit on early termination by the company, other than for gross misconduct, of six months of the packaged salary including performance-related bonuses. A termination benefit is provided for these individuals as these positions are considered most likely to be subject to early termination in the event of a significant business combination.

D Share-based compensation

Share-based compensation may be granted to directors and key management personnel under the Data#3 Limited Employee Share Ownership Plan, the Data#3 Limited Deferred Share and Incentive Plan, and the Data#3 Limited Employee Option Plan.

No shares, rights, or options were granted to directors or key management personnel during the year ended 30 June 2008 (2007: nil), no rights or options vested or lapsed during the year (2007: nil), and no rights or options were exercised during the year (2007: nil).

E Additional information

Relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the group over a number of years, with greater emphasis given to improving performance over the prior year. Since 2002, the group's net profit has grown at an average rate of 19% per annum, and the average executive remuneration has increased by approximately 9.8% per annum. Shareholder wealth grew at an average rate of 30% per annum from 2002 until 2007; during 2008 the share price fell $0.40 per share, however this loss was offset by dividend payments of $0.40 per share during the year.

Cash bonuses

For each cash bonus included in the previous table in Section B, the percentage of the planned bonus that was actually earned in the financial year, and the percentage that was forfeited because the person did not meet the relevant profit or other performance-related criteria, are set out on the following page.

Name	Earned %	Forfeited %
Baynham, L.	100%	-
Bowser, M.	100%	-
Colledge, B.	100%	-
Crouch, B.	100%	-
Crouch, P.	100%	-
Esler, M.	100%	-
Grant, J.	100%	-
Hill, B.	100%	-
MacPherson, L.	100%	-
Murphy, P.	100%	-
Peters, W.	100%	-
Rackham, J.	100%	-

12. Shares under option

No unissued ordinary shares of Data#3 Limited are under option at the date of this report. No share options were granted or exercised during the financial year. Furthermore, there has been no movement in shares under option since year end up to the date of this report.

13. Indemnification and insurance of directors and officers

During the financial year, Data#3 Limited paid a premium of $24,103 to insure the directors and members of the executive management team of the company and the group against any liability incurred by them in their capacity as officers, unless the liability arises out of conduct involving a lack of good faith. The executive officers of the group are also indemnified against any liability for costs and expenses incurred in defending civil or criminal proceedings involving them as such officers if judgement is given in their favour or if they are acquitted or granted relief.

14. Environmental regulation and performance

The group is not subject to any particular and significant environmental regulations.

15. Rounding

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, or in certain cases to the nearest dollar, in accordance with that Class Order.

16. Auditor independence and non-audit services

Johnston Rorke continues in office in accordance with section 327 of the *Corporations Act 2001*. During the year the following fees were paid or payable to the auditor for audit and non-audit services:

	Consolidated	
	2008 $	**2007 $**
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	100,000	97,000
Non-audit services		
Acquisition due diligence services	8,300	860
Corporate services	-	720
Tax compliance services	5,430	6,030
	113,730	104,610

16. Auditor independence and non-audit services (continued)

Non-audit services

The company employs Johnston Rorke on assignments additional to its statutory duties where the auditor's expertise and experience with the company and/or the group are important.

The board of directors has considered the position, and in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor (refer above) did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the next page.

This report is made in accordance with a resolution of the directors.

R A Anderson

R A Anderson
Director

Brisbane
25 August 2008

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30, Central Plaza One
345 Queen Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3222 8496
Website www.jr.com.au
Email jr@jr.com.au

The Directors
Data#3 Limited
Level 2, Data#3 Centre
80-88 Jephson Street
TOOWONG QLD 4066

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Data#3 Limited for the financial year ended 30 June 2008, 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 audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

JOHNSTON RORKE
Chartered Accountants

J. Evans

J J Evans
Partner
Johnston Rorke

Brisbane
25 August 2008

Liability limited by a scheme approved under Professional Standards Legislation.

Income Statements

For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Revenue					
Sale of goods		281,845	214,414	-	-
Services		81,013	70,245	-	-
Other	4	849	458	14,404	13,924
		363,707	285,117	14,404	13,924
Other income	5	106	60	-	-
Expenses					
Changes in inventories of finished goods		1,916	1,722	-	-
Purchase of goods		(246,852)	(188,580)	-	-
Employee and contractor costs directly on-charged (cost of sales on services)		(39,370)	(34,305)	-	-
Other cost of sales on services		(6,953)	(5,754)	-	-
Other employee and contractor costs		(49,360)	(38,970)	(4,392)	(3,412)
Telecommunications		(975)	(901)	(360)	(250)
Software maintenance and licensing		(40)	(305)	(27)	(294)
Rent	6	(3,221)	(2,568)	(239)	(171)
Travel		(1,312)	(1,473)	(141)	(121)
Professional fees		(704)	(601)	(232)	(272)
Depreciation and amortisation	6	(807)	(614)	(233)	(222)
Finance costs	6	(24)	(22)	(15)	(12)
Management charges – subsidiaries		-	-	(719)	(545)
Other		(3,174)	(2,468)	(620)	(396)
		(350,876)	(274,839)	(6,978)	(5,695)
Profit before income tax expense		12,937	10,338	7,426	8,229
Income tax expense	7	(3,867)	(3,141)	(128)	(219)
Net profit		9,070	7,197	7,298	8,010
		Cents	**Cents**		
Basic earnings per share	8	58.51	46.13		
Diluted earnings per share	8	58.51	46.13		

The above income statements should be read in conjunction with the accompanying notes.

Balance Sheets

As at 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current assets					
Cash and cash equivalents	10	17,014	17,367	16,822	15,926
Trade and other receivables	11	68,238	51,396	963	2,436
Inventories	12	6,601	4,985	-	-
Other	13	1,379	1,609	514	346
Total current assets		93,232	75,357	18,299	18,708
Non-current assets					
Available-for-sale financial assets	14	-	5	-	5
Other financial assets	15	-	-	14	14
Property and equipment	16	1,730	1,084	275	420
Deferred tax assets	7	1,081	1,087	176	180
Intangible assets	17	6,919	4,470	65	64
Total non-current assets		9,730	6,646	530	683
Total assets		102,962	82,003	18,829	19,391
Current liabilities					
Trade and other payables	18	71,513	53,736	2,637	2,607
Current tax liabilities		1,423	1,391	1,312	1,391
Provisions	19	849	685	353	298
Other	20	5,773	6,293	636	1,507
Total current liabilities		79,558	62,105	4,938	5,803
Non-current liabilities					
Other payables	18	1,424	-	-	-
Provisions	19	586	490	50	53
Other	20	135	331	104	208
Total non-current liabilities		2,145	821	154	261
Total liabilities		81,703	62,926	5,092	6,064
Net assets		21,259	19,077	13,737	13,327
Equity					
Contributed equity	22	8,694	9,387	8,694	9,387
Retained earnings		12,565	9,690	5,043	3,940
Total equity		21,259	19,077	13,737	13,327

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

Statements of Changes in Equity

For the year ended 30 June 2008

	Number of Ordinary Shares '000	Contributed Equity $'000	Retained Earnings $'000	Total Shareholders' Equity $'000
Consolidated				
Balance at 1 July 2006	15,635	9,563	7,334	16,897
Net profit	-	-	7,197	7,197
Total recognised income and expense	-	-	7,197	7,197
Repurchase of ordinary shares	(44)	(176)	-	(176)
Payment of dividends	-	-	(4,841)	(4,841)
Balance at 30 June 2007	15,591	9,387	9,690	19,077
Net profit	-	-	9,070	9,070
Total recognised income and expense	-	-	9,070	9,070
Repurchase of ordinary shares	(113)	(693)	-	(693)
Payment of dividends	-	-	(6,195)	(6,195)
Balance at 30 June 2008	15,478	8,694	12,565	21,259
Parent				
Balance at 1 July 2006	15,635	9,563	771	10,334
Net profit	-	-	8,010	8,010
Total recognised income and expense	-	-	8,010	8,010
Repurchase of ordinary shares	(44)	(176)	-	(176)
Payment of dividends	-	-	(4,841)	(4,841)
Balance at 30 June 2007	15,591	9,387	3,940	13,327
Net profit	-	-	7,298	7,298
Total recognised income and expense	-	-	7,298	7,298
Repurchase of ordinary shares	(113)	(693)	-	(693)
Payment of dividends	-	-	(6,195)	(6,195)
Balance at 30 June 2008	15,478	8,694	5,043	13,737

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

Cash Flow Statements

For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Cash flows from operating activities					
Net profit after income tax		9,070	7,197	7,298	8,010
Depreciation and amortisation		807	614	233	222
Impairment of goodwill		-	6	-	-
Impairment of inventory		300	-	-	-
Bad and doubtful debts		61	84	-	-
Loss on disposal of property and equipment		18	4	11	4
Reduction of doubtful debt provision		(52)	(60)	-	-
Other		2	-	-	-
Change in operating assets and liabilities, net of effects from purchase and sale of businesses					
(Increase) in trade receivables		(16,690)	(17,405)	-	-
(Increase) in inventories		(1,916)	(1,722)	-	-
(Increase) / decrease in other operating assets		69	(338)	(189)	(17)
(Increase) / decrease in net deferred tax assets		(256)	(175)	4	(49)
Increase in trade payables		16,578	14,435	-	-
Increase / (decrease) in unearned income		(520)	3,487	-	-
Increase / (decrease) in other operating liabilities		634	1,844	(74)	750
Increase / (decrease) in current tax liabilities		32	(63)	(79)	(63)
Increase in liability for employee benefits		215	153	52	30
Net cash inflow from operating activities		8,352	8,061	7,256	8,887
Cash flows from investing activities					
Proceeds received from former joint venture partner		-	526	-	-
Payments for property and equipment		(1,157)	(197)	(28)	(87)
Payments for software assets		(72)	(3)	(72)	(3)
Payment for acquisition of business	30	(593)	-	-	-
Other		5	-	5	-
Net cash inflow (outflow) from investing activities		(1,817)	326	(95)	(90)
Cash flows from financing activities					
Proceeds/(repayments) from amounts due to/from subsidiaries		-	-	623	(1,665)
Payment of dividends	9	(6,195)	(4,841)	(6,195)	(4,841)
Repurchase of ordinary shares	22	(693)	(176)	(693)	(176)
Net cash outflow from financing activities		(6,888)	(5,017)	(6,265)	(6,682)
Net increase (decrease) in cash and cash equivalents held		(353)	3,370	896	2,115
Cash and cash equivalents, beginning of financial year		17,367	13,997	15,926	13,811
Cash and cash equivalents, end of financial year	10	17,014	17,367	16,822	15,926

Financing arrangements	3

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

Notes to the financial statements

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Act 2001, and other requirements of the law. These financial statements have also been prepared under the historical cost convention, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated, under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the class order applies.

Compliance with IFRS

This financial report complies with Australian Accounting Standards, which include AIFRS. Compliance with AIFRS ensures that the financial report, comprising the financial statements and related notes, complies with International Financial Reporting Standards (IFRS).

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Data#3 Limited ("company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Data#3 Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The group's functional and presentation currency is Australian dollars.

Foreign currency transactions are translated to Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. As at balance sheet date the group has not entered any hedge transactions, as the risk to the group from foreign-denominated transactions is not material.

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised when the goods are shipped to a customer pursuant to a sales order and the associated risks have passed to the customer.

(ii) Rendering of services

Revenue from services is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where it is probable that a loss will arise from a fixed price service contract, the excess of total costs over revenue is recognised as an expense immediately.

(iii) Interest income

Revenue is recognised as interest accrues using the effective interest method.

(iv) Dividends

Dividend income is recognised as revenue when the right to receive payment is established.

e) Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability, except that no deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction (other than a business combination) that did not affect either accounting or taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax base of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deferred tax assets and deferred tax liabilities are offset only if they relate to the same taxable entity and the same taxation authority, and a legally enforceable right exists to set off current tax assets against current tax liabilities.

Tax consolidation legislation

Data#3 Limited and its wholly-owned Australian subsidiaries are part of a tax-consolidated group under Australian taxation law. Data#3 Limited and the controlled entities in the tax-consolidated group, continue to account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax-consolidated group continues to be a stand-alone taxpayer in its own right. Data#3 Limited, as the head entity, immediately assumes current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits from controlled entities in the tax consolidated group, in addition to its own current and deferred tax amounts. The entities have also entered into tax sharing and funding agreements. Refer to note 7.

(f) Leases

Leases of property and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Lease payments are allocated between the liability and the interest expense. The leased asset is depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

Note 1. Summary of significant accounting policies (continued)

(f) Leases (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease. Where the group is required to return the premises to their original condition on cessation of the lease, a provision for lease remediation is recorded for the present value of the estimated liability.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For purposes of the cash flow statement, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade receivables, which are non-interest bearing and generally due for settlement within 30 days, are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impairment. Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, default payments or debts more than 120 days overdue where there are not extenuating circumstances are considered objective evidence of impairment. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to other income in the income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a specific identification basis and are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Business combinations

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange, unless it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(o)). If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(k) Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

(l) Non-current assets held for sale
Non-current assets or disposal groups are classified as held for sale and stated at the lower of their carrying amounts or fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement and the net cash flows attributable to discontinued operations are presented separately on the cash flow statement.

(m) Investments and other financial assets
The group's investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as follows: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and reevaluates this designation at each reporting date where appropriate. As at balance sheet date the group has no financial assets at fair value through profit or loss or held-to-maturity investments and has not entered any derivative contracts.

Recognition and derecognition
Purchases and sales of investments are recognised on trade date. Investments are initially recognised at fair value plus, for all financial assets not carried at fair value through profit and loss, transaction costs; transaction costs on financial assets carried at fair value through profit and loss are charged directly to expense in the income statement. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the group establishes fair value using other valuation techniques such as reference to the fair values of recent arms' length transactions involving the same or similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Note 1. Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

Subsequent measurement

Financial assets at fair value through profit and loss and available-for-sale financial assets are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the security is impaired. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period of maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(n) Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and amortisation. Depreciation of equipment is computed using the straight-line method to allocate cost net of residual values over the estimated useful lives of the assets, being three to 20 years. Amortisation of leasehold improvements is computed using the straight-line method over two to ten years.

Upon impairment, an asset's carrying amount is written down immediately to its recoverable amount (refer to note 1(k)).

(o) Goodwill and purchased intangible assets

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment on an annual basis, and between annual tests in certain circumstances, and written down when impaired.

Purchased intangible assets other than goodwill are amortised over their useful lives unless these lives are determined to be indefinite. Purchased intangibles are carried at cost less accumulated amortisation and impairment losses. Amortisation is computed using the straight-line method over the estimated useful lives of the respective assets, generally two to five years.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are generally unsecured and are usually paid within 30 to 60 days of recognition.

(q) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less any cumulative amortisation.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(r) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance sheet date. The increase in the provision due to the passage of time is recognised as interest expense.

Where the group expects some or all of a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

(s) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages, salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave, which are non-vesting, are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Post-employment benefits

Contributions are made by the group to defined contribution superannuation funds. Contributions are charged to expense as they are incurred.

Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other payables when the group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Share-based compensation benefits

Share-based compensation benefits may be provided to employees via the Data#3 Limited Deferred Share and Incentive Plan, an employee option plan, and an employee share ownership plan (ESOP).

The fair value of the incentives and options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the incentives or options. Fair value is determined using an appropriate option pricing model and takes into account factors such as exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

At each balance sheet date, the group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued under the ESOP is recognised in the balance sheet as share capital, with a corresponding charge to the income statement for employee benefits expense.

Note 1. Summary of significant accounting policies (continued)

(t) Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) Earnings per share

Basic earnings per share is computed as profit attributable to equity holders of the company, adjusted to exclude costs of servicing equity (other than ordinary shares), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Accounting standards not yet effective

Relevant Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2008, are as follows:

Standard/Interpretation	Application date of standard*	Application date for the group*
AASB 8 *Operating Segments* and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 101 *Presentation of Financial Statements* – revised and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 123 *Borrowing Costs* revised and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 3 *Business Combinations* – revised standard	1 July 2009	1 July 2009
AASB 127 Consolidated and Separate Financial Statements – revised and consequential amendments to other accounting standards resulting from its issue	1 July 2009	1 July 2009
AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*	1 January 2009	1 July 2009
AASB 2008-2 *Amendments to Australian Accounting Standard – Puttable Financial Instruments and Obligations arising on Liquidation*	1 January 2009	1 July 2009
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2009	1 July 2009
AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 July 2009	1 July 2009
AASB 2008-7 *Amendments to Australian Accounting Standard – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2009	1 July 2009
Interpretation 13 *Customer Loyalty Programs*	1 July 2008	1 July 2008
IFRIC 15 *Agreements for the Construction of Real Estate*	1 January 2009	1 July 2009
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	1 October 2008	1 July 2009

* Application date is for annual reporting periods beginning on or after the date shown in the above table.

AASB 3 (revised) applies prospectively after it becomes effective and introduces a number of changes which may have a significant impact on accounting for future business combinations. The directors have not yet assessed the impact this standard will have in future periods.

(v) Accounting standards not yet effective (continued)

The directors anticipate that the adoption of the remaining Standards and Interpretations in future periods will have no material impact on the financial statements of the company or the group. The application of AASB 8, AASB 101 (revised), AASB 123, AASB 127 (revised), AASB 2008-5 and AASB 2008-6 may change the measurement of and disclosures presently made in relation to the company's and the group's assets, liabilities, segments, financial instruments and the objectives, policies and processes for managing capital. AASB 2008-1 introduces a number of changes to accounting for share-based payments, including clarifying that vesting conditions comprise service conditions and performance only; the directors anticipate these amendments will have no material impact on the financial statements of the company or the group. The circumstances addressed by 2008-2, Interpretation 13, and IFRIC 15 and 16 do not currently have application to the business of the company or the group and are not expected to have application in the foreseeable future. AASB 2008-7, relating to the cost of an investment in a subsidiary, is expected to result in all dividends being recognised in profit or loss in the separate financial statements of an investor; the directors anticipate that no change will be required to the company's or group's current accounting treatment.

(w) Comparatives

Comparative figures have been reclassified where necessary to ensure consistency with current year presentation.

(x) Corporate information

This financial report covers both Data#3 Limited as an individual entity (parent entity) and the group consisting of Data#3 Limited and its subsidiaries. The financial report was authorised for issue in accordance with a resolution of the directors on 25 August 2008. Data#3 Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2
Data#3 Centre
80 Jephson Street
TOOWONG QLD 4066

Note 2. Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 17.

Acquisition of business

The group accounted for the acquisition of a business during the year on a provisional basis. This required an estimation of the amount of contingent payments payable under the terms of the purchase agreement. Refer to note 30 for details of the transaction.

Note 3. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk, and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. To date the group has not used derivative financial instruments. The group uses sensitivity analysis to measure interest rate and foreign exchange risks, and aging analysis for credit risk. Risk management is carried out by the chief financial officer (CFO) under policies approved by the board of directors. The CFO identifies, evaluates and mitigates financial risks in close cooperation with senior management.

The group's and parent's financial assets are all within the loans and receivables category. The group's and parent's financial liabilities are all within the financial liabilities recorded at amortised cost category.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The group operates internationally in New Caledonia; the revenue contracts and employee benefits are denominated in South Pacific francs (XPF). At year end the group's exposure to foreign currency risk was as follows:

	30 June 2008		30 June 2007	
	XPF '000	AUD equivalent $'000	XPF '000	AUD equivalent $'000
Cash and cash equivalents	13,952	189	109,711	1,438
Trade receivables	50,073	679	39,568	519
Trade and other payables	6,223	84	18,877	247

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars.

At balance date, if the Australian dollar had fluctuated relative to the South Pacific franc, as illustrated in the table below, with all other variables remaining constant, after-tax profit and equity for the group would have been affected as follows:

	After-tax profit Higher/(lower)		Equity Higher/(lower)	
	2008 $000	2007 $000	2008 $000	2007 $000
AUD/XPF –10%	55	120	55	120
AUD/XPF +10%	(55)	(120)	(55)	(120)

(ii) Price risk

The group can be exposed to small amounts of equity securities price risk, arising from investments held by the group and classified on the balance sheet as available-for-sale; no such investments were held at 30 June 2008 (2007: $5,000). The group is not exposed to commodity price risk. The parent entity is not exposed to equity securities or commodity price risk.

(b) Credit risk

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents, trade and other receivables, and available-for-sale financial assets. The group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The group does not hold any credit derivatives to offset its credit exposure. The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history; collateral is not normally obtained. Risk limits are set for each individual customer in accordance with parameters set by the board. These limits are regularly monitored. Specific information as to the group's credit risk exposures is as follows:

- Cash and cash equivalents are maintained at two large financial institutions.
- During the 2008 year, sales to one government customer comprised 11% of revenue (2007: 14%).
- There are a number of individually significant debtors. At 30 June 2008, the ten largest debtors comprised approximately 37% of total debtors (2007: 44%), of which 25% were accounts receivable from a number of government customers (2007: 41%).
- Generally our customers do not have external credit ratings. Management believes the credit quality of the group's customers is high based on the very low bad debt write-offs experienced historically. Bad debt write-offs as a percent of the trade receivables carrying amount was 0.10% for 2008 (2007: 0.15%).
- Financial guarantees have been extended to certain parties (refer to note 27 for details).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the group aims at maintaining flexibility in funding by keeping committed credit lines available. The group manages liquidity risk by monitoring cash flows and ensuring that adequate cash and unutilised borrowing facilities are maintained.

The group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Bank overdrafts	600	600	600	600
Bill facility	3,955	3,955	3,955	3,955
	4,555	4,555	4,555	4,555

The bank overdraft facilities are subject to annual review, may be drawn at any time and may be terminated by the bank without notice. Interest is variable and is charged at prevailing market rates. The weighted average interest rate at year end was 11.2% (2007: 10.3%). The bill facility is subject to annual review.

The following maturity analyses present the cash flows expected for financial assets and liabilities; the amounts do not have fixed timings and are based on the conditions existing at 30 June 2008. For financial liabilities, the contractual maturities match the expected maturities shown in the tables below.

Consolidated As at 30 June 2008	<= 6 months $'000	6-12 months $'000	1-5 years $'000	Total $'000
Financial assets				
Cash and cash equivalents	17,014	-	-	17,014
Trade and other receivables	68,178	60	-	68,238
	85,192	60	-	85,252
Financial liabilities				
Trade and other payables	71,513	-	1,424	72,937
Net maturity	13,679	60	(1,424)	12,315

Note 3. Financial risk management (continued)

(c) Liquidity risk (continued)

Consolidated As at 30 June 2007	<= 6 months $'000	6-12 months $'000	1-5 years $'000	Total $'000
Financial assets				
Cash and cash equivalents	17,367	-	-	17,367
Trade and other receivables	51,336	60	-	51,396
	68,703	60	-	68,763
Financial liabilities				
Trade and other payables	53,736	-	-	53,736
Net maturity	14,967	60	-	15,027

Parent	2008 $'000	2007 $'000
Financial assets		
Cash and cash equivalents	16,822	15,926
Trade and other receivables	963	2,436
	17,785	18,362
Financial liabilities		
Trade and other payables	2,637	2,607
Amounts payable to subsidiaries	532	1,403
	3,169	4,010
Net maturity	14,616	14,352

All parent entity financial assets and liabilities shown in the table above have maturities of six months or less.

(d) Cash flow and fair value interest rate risk

The group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates, as the group intends to hold any fixed rate assets and liabilities to maturity. At balance date the group and parent maintained the following variable rate accounts:

	30 June 2008		30 June 2007	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash at bank and on hand	6.2%	1,014	4.5%	3,867
Deposits at call	6.8%	16,000	5.8%	13,500
Cash and cash equivalents	6.5%	17,014	5.4%	17,367
Parent				
Cash at bank and on hand	6.2%	822	4.5%	2,426
Deposits at call	6.8%	16,000	5.8%	13,500
Cash and cash equivalents	6.5%	16,822	5.4%	15,926

At balance date, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax profit and equity would have been affected as follows:

	After-tax profit Higher/(lower)		Equity Higher/(lower)	
	2008 $000	2007 $000	2008 $000	2007 $000
Consolidated				
+1% (100 basis points)	120	132	120	132
–.5% (50 basis points)	(60)	(66)	(60)	(66)
Parent				
+1% (100 basis points)	118	100	118	100
–.5% (50 basis points)	(59)	(56)	(59)	(56)

(e) Net fair values

The net fair values of financial assets (net of any provision for impairment) and financial liabilities approximate their carrying amounts primarily because of their short maturities.

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000

Note 4. Other revenue

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Interest	849	458	798	457
Corporate charges – subsidiaries	-	-	6,606	5,967
Dividends – subsidiaries	-	-	7,000	7,500
	849	458	14,404	13,924

Note 5. Other income

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Foreign exchange gain	39	-	-	-
Reversal of provision against receivables	52	60	-	-
Reversal of provision for lease remediation	15	-	-	-
	106	60	-	-

Note 6. Expenses

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Cost of goods sold	244,936	186,858	-	-
Depreciation and amortisation of property and equipment (note 16)	521	461	162	166
Amortisation of intangibles (note 17)	286	153	71	56
	807	614	233	222
Defined contribution superannuation expense	3,367	2,944	250	287
Employee benefits expense (excluding superannuation)	39,297	31,432	2,972	2,339
Foreign exchange loss	-	133	-	-
Other charges against assets				
Impairment of trade receivables	61	84	-	-
Impairment of inventory	300	-	-	-
Rental expenses on operating leases				
Minimum lease payments	2,701	2,363	201	130
Contingent rentals	(45)	(43)	-	(1)
Rental expenses – other	565	248	38	42
	3,221	2,568	239	171
Finance costs				
Interest and finance charges paid/payable	16	12	15	12
Unwinding of discount on provisions	8	10	-	-
	24	22	15	12
Loss on disposal of property and equipment	18	4	11	4
Loss on disposal of software assets	2	-	-	-

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000

Note 7. Income tax

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Income tax expense				
The major components of income tax expense are:				
Current income tax expense	4,216	3,315	124	269
Deferred income tax relating to the origination and reversal of temporary differences	(247)	(126)	4	(49)
Adjustments for current tax of prior years	(102)	(48)	-	(1)
Income tax expense	3,867	3,141	128	219
A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the group's applicable income tax rate is as follows:				
Accounting profit before income tax	12,937	10,338	7,426	8,229
Income tax calculated at the Australian tax rate: 30% (2007: 30%)	3,881	3,101	2,228	2,469
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:				
Non-taxable dividends	-	-	(2,100)	(2,250)
Non-deductible items	88	61	-	1
Other	-	1	-	-
	3,969	3,163	128	220
Difference in overseas tax rates	-	26	-	-
Under (over) provision in prior year	(102)	(48)	-	(1)
Income tax expense	3,867	3,141	128	219

The group (and the parent entity, in its capacity as head entity of the tax-consolidated group) paid income taxes of $4,070,000 during financial year 2008 (2007: $3,344,000).

	Balance Sheet		Income Statement	
Consolidated	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred income tax				
Deferred income tax for the group comprises:				
Deferred tax assets				
Accrued liabilities	796	688	121	117
Provisions	557	406	151	51
Lease incentive liability	99	158	(59)	(59)
Foreign tax losses	-	-	(22)	(45)
Other	16	14	2	10
	1,468	1,266	193	74
Deferred tax liabilities				
Intangible assets	(218)	-	44	-
Lease incentive asset	(99)	(158)	59	59
Other	(70)	(21)	(49)	(7)
	(387)	(179)	54	52
Net deferred tax assets	1,081	1,087		
Deferred income tax revenue			247	126

Parent	Balance Sheet 2008 $'000	Balance Sheet 2007 $'000	Income Statement 2008 $'000	Income Statement 2007 $'000
Deferred income tax				
Deferred income tax for the parent comprises:				
Deferred tax assets				
Accrued liabilities	75	81	(6)	32
Provisions	121	105	16	10
Lease incentive liability	63	94	(31)	(31)
Other	15	11	4	11
	274	291	(17)	22
Deferred tax liabilities				
Lease incentive asset	(63)	(94)	31	31
Other	(35)	(17)	(18)	(4)
	(98)	(111)	13	27
Net deferred tax assets	176	180		
Deferred income tax revenue/(expense)			(4)	49

Unrecognised temporary differences

The parent entity has recorded impairment charges of $6,117,000 (2007: $6,117,000) in respect of its investment in a subsidiary (refer notes 15, 27). No deferred tax asset has been recognised in relation to these accumulated impairment charges (2007: nil).

Tax consolidation legislation

Data#3 Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is disclosed in note 1(e).

The entities in the tax-consolidated group entered into tax sharing and funding agreements. Under the terms of these agreements, the wholly-owned subsidiaries reimburse Data#3 Limited for any current tax payable assumed and are compensated by Data#3 Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Data#3 Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned subsidiaries' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables.

In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned subsidiaries in the case of a default by Data#3 Limited.

The group has no tax losses available for offset against future taxable profits (2007: nil).

	Consolidated 2008 Number	Consolidated 2007 Number

Note 8. Earnings per share

(a) Weighted average number of shares		
Weighted average number of ordinary shares for basic and diluted earnings per share	15,501,128	15,600,001

Note 8. Earnings per share (continued)

(b) Other information concerning earnings per share

- Earnings for the purpose of the calculation of basic earnings per share and also diluted earnings per share is the net profit.
- Rights and options granted are considered to be potential ordinary shares. Details relating to rights and options are set out in note 28. No rights or options were on issue during 2008 or 2007; therefore there was no impact on the calculation of diluted earnings per share.

	Parent 2008 $'000	Parent 2007 $'000
Note 9. Dividends		
Dividends paid on ordinary shares during the year		
Final fully franked dividend for 2007: 22.0c (2006: 17.0c)	3,409	2,658
Interim fully franked dividend for 2008:18.0c (2007: 14.0c)	2,786	2,183
	6,195	4,841
Dividends declared (not recognised as a liability at year end)		
Final fully franked dividend for 2008: 28.0c (2007: 22.0c)	4,330	3,409
The tax rate at which dividends paid have been franked is 30% (2007: 30%). Dividends declared will be franked at the rate of 30% (2007: 30%).		
Franking credit balance		
Franking credits available for subsequent financial years based on a tax rate of 30% (2007: 30%)	9,172	7,836

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The dividend recommended by the directors since year end, but not recognised as a liability at year end, will result in a reduction in the franking account of $1,856,000 (2007: $1,461,000).

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Note 10. Cash and cash equivalents				
Cash at bank and on hand	1,014	3,867	822	2,426
Deposits at call	16,000	13,500	16,000	13,500
Balances per cash flow statements	17,014	17,367	16,822	15,926
Note 11. Trade and other receivables				
Trade receivables	68,028	51,407	-	-
Allowance for impairment (a)	(122)	(182)	-	-
	67,906	51,225	-	-
Other receivables (b)	272	111	65	44
Receivable from Powerlan (Qld)	1,327	1,327	-	-
Allowance for impairment (c)	(1,267)	(1,267)	-	-
	60	60	-	-
Amounts receivable from subsidiaries (d)	-	-	898	2,392
	68,238	51,396	963	2,436

(a) Allowance for impairment

An impairment loss of $61,000 (2007: $84,000) has been recognised by the group in the current year. These amounts have been included in other expense in the income statements. Movements in the provision for impairment loss were as follows:

	Consolidated $'000
Carrying amount at 1 July 2006	175
Provision for impairment recognised during the year	84
Receivables written off during the year	(77)
Carrying amount at 30 June 2007	182
Provision for impairment recognised during the year	61
Receivables written off during the year	(69)
Unused amount reversed	(52)
Carrying amount at 30 June 2008	122

The ageing of overdue trade receivables for the group as at 30 June 2008 is as follows:

	2008		2007	
	Considered impaired $'000	Past due but not impaired $'000	Considered impaired $'000	Past due but not impaired $'000
31-60 days	-	10,282	-	5,260
61-90 days	-	4,855	-	1,740
91-120 days	61	761	-	729
+120 days	61	2,077	182	398
	122	17,975	182	8,127

There are no trade receivables that would otherwise be past due or impaired whose payment terms have been renegotiated. For trade receivables that are past due but not impaired, each customer's credit has been placed on hold where deemed necessary until full payment is made. Each of these debtors has been contacted, and management is satisfied that payment will be received in full.

(b) Other receivables

These amounts generally arise from accrued rebates or transactions outside the usual operating activities of the group. Interest is normally not charged, collateral is not normally obtained, and the receivables are normally due within 30 days of recognition.

(c) Allowance for impairment - Powerlan

Movement in the provision for impairment loss was as follows:

	Consolidated $'000
Carrying amount at 1 July 2006	1,327
Unused amount reversed	(60)
Carrying amount at 30 June 2007 and 30 June 2008	1,267

(d) Receivables from subsidiaries

These amounts are at call, unsecured, interest-free and repayable in cash.

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000

Note 12. Inventories

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Finished goods – at cost	6,357	4,985	-	-
Finished goods – at net realisable value	244	-	-	-
	6,601	4,985	-	-

Finished goods at cost include $6,057,000 of inventory purchased pursuant to customer orders or letters of intent (2007: 3,785,000).

Inventories recognised as an expense for the year ended 30 June 2008 totalled $244,936,000 (2007: $186,858,000) for the group and are included in the cost of goods sold line item (refer to note 6). The amount of inventory charged as an expense in other expenses for 2008 includes $300,000 (2007: nil) for the group relating to inventory that is considered obsolete.

Note 13. Other current assets

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Prepayments	452	529	418	345
Security deposits	200	82	96	1
Accrued rebates	727	998	-	-
	1,379	1,609	514	346

Note 14. Available-for-sale financial assets (non-current)

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Shares in listed corporations – at fair value	-	5	-	5

Available-for-sale investments consisted of investments in ordinary shares, and therefore had no fixed maturity date or coupon rate.

Note 15. Other financial assets (non-current)

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Shares in subsidiaries – at cost (note 27)	-	-	6,131	6,131
Accumulated impairment	-	-	(6,117)	(6,117)
	-	-	14	14

Note 16. Property and equipment

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Leasehold improvements – at cost	3,160	2,369	1,042	1,042
Accumulated amortisation	(1,703)	(1,476)	(834)	(729)
	1,457	893	208	313
Equipment – at cost	799	957	512	670
Accumulated depreciation	(526)	(766)	(445)	(563)
	273	191	67	107
	1,730	1,084	275	420

	Leasehold improvements $'000	Equipment $'000	Total $'000
Consolidated			
Carrying amount at 1 July 2006	1,221	131	1,352
Additions	34	163	197
Disposals	-	(4)	(4)
Depreciation/amortisation expense	(362)	(99)	(461)
Carrying amount at 30 June 2007	893	191	1,084
Additions	973	184	1,157
Additions through acquisition of business (note 30)	-	28	28
Disposals	(5)	(13)	(18)
Depreciation/amortisation expense	(404)	(117)	(521)
Carrying amount at 30 June 2008	1,457	273	1,730
Parent			
Carrying amount at 1 July 2006	417	86	503
Additions	-	87	87
Disposals	-	(4)	(4)
Depreciation/amortisation expense	(104)	(62)	(166)
Carrying amount at 30 June 2007	313	107	420
Additions	-	28	28
Disposals	-	(11)	(11)
Depreciation/amortisation expense	(105)	(57)	(162)
Carrying amount at 30 June 2008	208	67	275

Note 17. Intangible assets

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Goodwill – at cost	6,200	4,409	-	-
Accumulated impairment	(76)	(76)	-	-
	6,124	4,333	-	-
Software assets – at cost	464	580	219	147
Accumulated amortisation and impairment	(397)	(443)	(154)	(83)
	67	137	65	64
Customer relationships – at cost	874	-	-	-
Accumulated amortisation	(146)	-	-	-
	728	-	-	-
	6,919	4,470	65	64

Note 17. Intangible assets (continued)

	Consolidated				Parent
	Goodwill	Software assets	Customer relation-ships	Total	Software assets
	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2006	4,333	287	-	4,620	117
Additions	-	3	-	3	3
Amortisation expense	-	(153)	-	(153)	(56)
Carrying amount at 30 June 2007	4,333	137	-	4,470	64
Additions	-	72	-	72	72
Additions through acquisition of business (note 30)	1,791	-	874	2,665	-
Disposals	-	(2)	-	(2)	-
Amortisation expense	-	(140)	(146)	(286)	(71)
Carrying amount at 30 June 2008	6,124	67	728	6,919	65

Intangibles – software assets and customer relationships

Software assets and customer relationships, which have been externally acquired, have been capitalised at cost and are amortised on a straight-line basis over the assets' useful economic lives which are generally two to five years for software assets and three years for customer relationships. The useful lives and potential impairment of the software assets and customer relationships are reviewed at the end of each financial year.

Goodwill impairment testing

Goodwill acquired through business acquisitions has been allocated to the smallest identifiable group of assets that generates largely independent cash inflows and which are expected to benefit from synergies of the combination. Due to the nature of Data#3 operations and internal management reporting and monitoring of goodwill, goodwill has been allocated to the consolidated group. Under AIFRS, goodwill must be tested at least annually for impairment. Management has carried out impairment testing as at each reporting date and has determined that no impairment charge is necessary in relation to the year ended 30 June 2008 (2007: nil).

The recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on financial projections approved by senior management for financial year 2009. The before-tax discount rate applied to cash flow projections is 13%. Cash flows beyond the 2009 financial year have been extrapolated using an average growth rate of 9.8%.

Key assumptions used in value-in-use calculations

Budgeted gross margins have been determined based on past performance and management's expectations for the future. The discount rate was estimated based on the company's weighted average cost of capital at the date of impairment test.

Note 18. Trade and other payables

		Consolidated		Parent	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current					
Trade payables	- secured (note 21)	10,808	12,697	-	-
Trade payables	- unsecured	52,045	33,578	-	-
		62,853	46,275	-	-
Other payables	- unsecured	8,660	7,461	2,637	2,607
		71,513	53,736	2,637	2,607
Non-current					
Other payables	- unsecured	1,424	-	-	-

Other payables (non-current) comprise amounts payable as contingent consideration for a business acquisition (refer to note 30). The amount recorded is the present value of contingent payments, discounted at 14%, which are due to be made in March 2009 and 2010. No interest is payable.

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Note 19. Provisions				
Current				
Employee benefits	849	685	353	298
Non–current				
Employee benefits	418	367	45	48
Lease remediation (note 1(f))	168	123	5	5
	586	490	50	53
Total	1,435	1,175	403	351

Movements in provisions other than employee benefits:	Consolidated	Parent
	Lease remediation $'000	Lease remediation $'000
Balance at 1 July 2007	123	5
Arising during the year	52	-
Unused amount reversed	(15)	-
Increase to present value	8	-
Balance at 30 June 2008	168	5

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Note 20. Other liabilities				
Current				
Unearned income	5,577	6,097	-	-
Lease incentives	196	196	104	104
Amounts payable to subsidiaries	-	-	532	1,403
	5,773	6,293	636	1,507
Non–current				
Lease incentives	135	331	104	208

Unearned income comprises amounts received in advance of the provision of goods or services. Payables to subsidiaries are at call, unsecured, interest-free and repayable in cash.

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Note 21. Secured liabilities				
Secured liabilities (current and non-current)				
Lease incentives (note 20)	331	527	208	312
Trade payables (note 18)	10,808	12,697	-	-
Total secured liabilities	11,139	13,224	208	312

Assets pledged as security

All of the assets of the group are pledged as security for bank facilities and certain trade creditor facilities as noted above. Leasehold improvements (refer to note 16) effectively secure lease incentive liabilities as noted above.

Note 22. Contributed equity

(a) Movements in ordinary share capital

Details	Notes	Number of shares	Issue price $	$'000
Balance – 1 July 2006		15,635,051		9,563
Repurchase of ordinary shares	(i)	(44,115)	4.00	(176)
Balance – 30 June 2007		15,590,936		9,387
Repurchase of ordinary shares	(i)	(95,606)	6.00	(574)
Repurchase of ordinary shares	(i)	(17,000)	7.00	(119)
Balance – 30 June 2008		15,478,330		8,694

(i) The company commenced a 12 month on-market buyback of up to 10% of the company's ordinary shares beginning 1 September 2006; the buyback period was extended a further 12 months effective 1 September 2007. All shares purchased under the buyback are cancelled.

(ii) Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital or par value in respect of its issued shares.

(b) Ordinary shares

All ordinary shares issued as at 30 June 2008 and 2007 are fully paid. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The issue of shares in the company, subject to legislative requirements, is under the control of the directors.

(c) Share options

No share options remain outstanding as at 30 June 2008 (refer note 28).

(d) Capital management

When managing capital (equity), the board's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The board adjusts the capital structure as necessary to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or reduce debt that may be incurred to acquire assets.

During 2008, the board paid dividends of $6,195,000 (2007: $4,841,000). The board's intent for dividend payments for 2009 - 2013 is to maintain the current dividend payout ratio; however, market conditions will be taken into consideration prior to the declaration of each dividend. The board has no current plans to issue further shares on the market but intends to use share buybacks as a mechanism to deliver improved shareholder return on a sustainable basis and to reduce volatility in the company's share price.

The Group is not subject to any externally imposed capital requirements.

Note 23. Contingent liabilities

At 30 June 2008 bank guarantees totalling $410,000 (2007: $410,000) were provided to lessors as security for premises leased by the parent entity and the subsidiaries. The guarantees will remain in place for the duration of the operating leases. Bank guarantees are secured by charges over all of the group's assets.

Cross guarantees have been provided by the parent entity and its Australian wholly-owned subsidiaries as described in note 27.

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000

Note 24. Commitments

Future minimum rentals payable under non-cancelable operating leases as at 30 June are as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Within one year	3,278	2,035	1,427	989
Later than one year but not later than five years	5,400	3,079	2,337	2,058
	8,678	5,114	3,764	3,047

Operating leases include leases of premises and office equipment. Under the relevant lease agreements (mainly premises) the rentals are subject to periodic review to market and/or for CPI increases. Operating leases are under normal commercial operating lease terms and conditions. Certain operating lease commitments of the parent entity, mainly comprising premises, are paid for and recognised as expenses by subsidiaries.

Note 25. Key management personnel

Key management personnel compensation is set out below.

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Short-term employee benefits	4,062,232	3,341,907	1,463,727	1,191,887
Long-term employee benefits	54,049	46,194	19,538	13,692
Post-employment benefits	174,780	169,408	69,748	66,457
Termination benefits	88,957	59,599	-	-
	4,380,018	3,617,108	1,553,013	1,272,036

Equity instrument disclosures relating to key management personnel

Shares under option

Rights or options may be granted to directors and executives under the Data#3 Limited Deferred Share and Incentive Plan or the Data#3 Limited Employee Option Plan, details of which are set out in note 28. No rights or options were granted and no rights or options were outstanding during the 2007 and 2008 financial years.

Number of shares in Data#3 Limited held by key management personnel

Ordinary shares held directly, indirectly or beneficially by each key management person, including their personally-related entities are shown below.

	Balance 1 July 2006	Other changes*	Balance 30 June 2007	Other changes*	Balance 30 June 2008
Directors:					
Anderson, R.	45,000	5,000	50,000	10,000	60,000
Clark, G.	583,732	**(583,732)	-	-	-
Grant, J.	861,520	-	861,520	(97,500)	764,020
Johnston, I	-	-	-	**60,000	60,000
Powell, W.T.	565,000	(55,000)	510,000	(45,000)	465,000
Other executives:					
Baynham, L.	51,600	-	51,600	-	51,600
Bowser, M.	10,000	-	10,000	-	10,000
Colledge, B.	23,600	-	23,600	-	23,600
Crouch, B.	10,000	-	10,000	-	10,000
Esler, M.	760,100	-	760,100	-	760,100
Hill, B.	50,000	-	50,000	-	50,000
MacPherson, L.	20,000	(8,000)	12,000	(7,000)	5,000
	2,980,552	(641,732)	2,338,820	(79,500)	2,259,320

* Except as noted, other changes refer to the individual's on market trading.

** Reflects appointment or retirement/resignation of director.

Note 25. Key management personnel (continued)

No shares were granted to key management personnel during the year as compensation (2007: nil) nor were any issued on exercise of options (2007: nil). Key management personnel who are not shown in the tables above held no shares or options in Data#3 Limited. There has been no movement in key management personnel shareholdings since year end up to the date of this report.

Other transactions with key management personnel

Mr J E Grant, an executive director, is a director of Wood Grant & Associates Pty Ltd and has the capacity to significantly influence decision making of that entity. Data#3 Limited engages Wood Grant & Associates Pty Ltd to assist with design and production of the annual and half-yearly financial reports. These transactions are made on normal commercial terms and conditions and at market rates.

	2008 $	2007 $
Amounts recognised as expense		
Other expense	17,695	21,318

There were no other transactions during the year with key management personnel or their personally–related entities.

Note 26. Remuneration of auditor

During the year the following fees were paid or payable to the auditor for audit and non-audit services:

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Audit services				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	100,000	97,000	100,000	97,000
Non-audit services				
Acquisition due diligence services	8,300	860	8,300	860
Corporate services	-	720	-	720
Tax compliance services	5,430	6,030	5,430	6,030
Total remuneration	113,730	104,610	113,730	104,610

There was no remuneration paid to related practices of Johnston Rorke. It is the group's policy to employ Johnston Rorke on assignments additional to its statutory audit duties where Johnston Rorke's expertise and experience with the group are important.

Note 27. Related parties

Wholly–owned group

The consolidated financial statements include the financial statements of Data#3 Limited and the subsidiaries listed in the following table.

Name of entity	Country of formation or incorporation	Equity holding (ordinary shares)	
		2008 %	2007 %
Data#3 Business Systems Pty Ltd	Australia	100	100
Gratesand Pty Ltd	Australia	100	100
Data#3 NC SARL	New Caledonia	100	100

Transactions between Data#3 Limited and other entities in the wholly-owned group during the years ended 30 June 2008 and 30 June 2007 consisted of:

- Loans advanced to/by subsidiaries and repayments (refer Cash Flow Statement);
- Recovery of corporate charges received by Data#3 Limited for accounting, administrative services, management and use of assets (refer note 4);
- Management charges from subsidiaries for use of assets and provision of systems and services (refer Income Statement);
- Dividends received by Data#3 Limited (refer note 4); and
- Transactions between Data#3 Limited and its wholly-owned subsidiaries under the tax sharing and funding agreements described in note 7. The parent entity recognised a receivable of $3,940,000 in relation to its subsidiaries' current tax amounts for the year ended 30 June 2008 (2007: a receivable of $3,046,000).

Loans provided are at call, interest-free and unsecured and have no fixed repayment terms (refer notes 11 and 20). Corporate charges by the parent entity are based on budgeted cost. Management charges by subsidiaries are based on discounted retail price. Unless otherwise stated, transactions are on commercial terms and conditions.

Management has carried out impairment testing as at each reporting date in relation to the parent entity's investment in its subsidiaries. As at 1 July 2004 an impairment loss of $1,745,000 was recognised against the net investment in CICtechnology (Gratesand Pty Ltd). In 2006 the investment's carrying value was written down to zero on the basis of the value-in-use calculation used to determine the asset's recoverable amount.

Entities subject to class order relief

Data#3 Limited, Data#3 Business Systems Pty Ltd (Business Systems), and Gratesand Pty Ltd (Gratesand) are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, these wholly-owned entities have been relieved from the requirements to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities & Investments Commission. Data#3 Limited and Business Systems both have net assets as at 30 June 2008. However, Gratesand has net liabilities of $5,592,000 as at 30 June 2008 (2007: $7,776,000). Management believes no provision is necessary in relation to the net deficiency in Gratesand, as Gratesand traded profitably in 2008 and 2007 and is expected to continue trading profitably in the foreseeable future. Additionally, trading profits in other subsidiaries which are party to the deed of cross guarantee, particularly Business Systems, are more than sufficient to cover the deficiency in Gratesand.

The above companies, which comprise the parent entity and all of its Australian subsidiaries, represent a "Closed Group" for the purposes of the class order. The consolidated income statements for the closed group for the years ended 30 June 2008 and 2007 are set out in the following table.

Note 27. Related parties (continued)

	Closed Group 2008 $'000	Closed Group 2007 $'000
Revenues		
Sale of goods	281,871	213,514
Services	79,286	67,635
Other	849	1,338
Total	362,006	282,487
Other income	67	60
Expenses		
Changes in inventories of finished goods	1,916	1,722
Purchase of goods	(246,854)	(187,914)
Employee and contractor costs directly on-charged (cost of sales on services)	(39,370)	(34,305)
Other cost of sales on services	(6,874)	(5,514)
Other employee and contractor costs	(48,404)	(37,871)
Telecommunications	(960)	(880)
Software maintenance and licensing	(40)	(305)
Rent	(3,164)	(2,504)
Travel	(1,316)	(1,317)
Professional fees	(682)	(583)
Depreciation and amortisation	(801)	(607)
Finance costs	(24)	(22)
Other	(3,147)	(2,305)
Total	(349,720)	(272,405)
Profit before income tax expense	12,353	10,142
Income tax expense	(3,744)	(3,066)
Net profit	8,609	7,076

A summary of movements in consolidated retained earnings for the years ended 30 June 2008 and 2007 of the closed group is set out below.

	Closed Group $'000
Retained earnings at 1 July 2006	7,416
Profit after income tax/net profit (total recognised income and expense)	7,076
Dividends provided for or paid	(4,841)
Retained earnings at 30 June 2007	9,651
Profit after income tax/net profit (total recognised income and expense)	8,609
Dividends provided for or paid	(6,195)
Retained earnings at 30 June 2008	12,065

The consolidated balance sheet as at 30 June 2008 for the closed group is set out below.

	Closed Group	
	2008 $'000	2007 $'000
Current assets		
Cash and cash equivalents	16,825	15,929
Trade and other receivables	67,664	50,863
Inventories	6,601	4,985
Other	1,373	1,604
Total current assets	92,463	73,381
Non-current assets		
Available-for-sale financial assets	-	5
Other financial assets	14	14
Property and equipment	1,723	1,072
Deferred tax assets	1,081	1,075
Intangible assets	6,919	4,466
Total non-current assets	9,737	6,632
Total assets	102,200	80,013
Current liabilities		
Trade and other payables	71,361	52,753
Current tax liabilities	1,312	1,391
Provisions	849	685
Other	5,773	5,325
Total current liabilities	79,295	60,154
Non-current liabilities		
Other payables	1,424	-
Provisions	586	490
Other	136	331
Total non-current liabilities	2,146	821
Total liabilities	81,441	60,975
Net assets	20,759	19,038
Equity		
Contributed equity	8,694	9,387
Retained earnings	12,065	9,651
Total equity	20,759	19,038

Note 28. Share-based payments

Data#3 Limited Employee Share Ownership Plan

The establishment of the Data#3 Limited Employee Share Ownership Plan (ESOP) was approved by shareholders at the 2007 annual general meeting. The object of the plan is to recognise the contribution of eligible employees by providing them with an opportunity to share in the future growth of the company.

Under the ESOP, all full-time and part-time employees of the group, excluding directors, may be offered fully paid ordinary shares in the company, at no consideration, with a total value in any given financial year not exceeding the exemption requirements of the Tax Act or any limit placed by the board of directors (currently $1,000). Shares are offered under the ESOP at the sole discretion of the board of directors. The market value of shares issued under the ESOP, measured as the weighted average market price at which the company's shares are traded during the one week period up to and including the day of issue, is recognised in the balance sheet as share capital, and compensation expense is recorded as part of employee benefits costs in the period the shares are granted.

Note 28. Share-based payments (continued)

Data#3 Limited Employee Share Ownership Plan (continued)

Shares issued under the ESOP are subject to a holding lock period which concludes the earlier of three years after issuance of the shares or cessation of employment of the participant. During the holding lock period, the shares are not transferable and no security interests can be held against them. In all other respects the shares rank equally with other fully paid ordinary shares on issue (see note 22(b)).

Where shares are issued to employees of subsidiaries with the group, the subsidiaries compensate Data#3 Limited for the fair value of these shares. To 30 June 2008 no shares have been issued under the ESOP.

Data#3 Limited Deferred Share and Incentive Plan

The establishment of the Data#3 Limited Deferred Share and Incentive Plan (DSIP) was approved by shareholders at the 2007 annual general meeting. The plan is designed to provide full-time and part-time employees, including directors, with medium and long-term incentives to recognise ongoing contribution to the achievement of company objectives and to encourage them to have a personal interest in the future growth and development of the company. Under the DSIP the board of directors may award selected employees DSIP securities in the form of either a DSIP share or a DSIP incentive, being a right to a future share. The market value of shares issued under the DSIP, measured as the weighted average market price at the date of grant, is recognised in the balance sheet as share capital, and compensation expense is recorded as part of employee benefits costs in the period the shares are granted. DSIP incentives are accounted for as described in note 1(s).

DSIP securities remain in the DSIP until performance conditions (in the case of DSIP incentives) or disposal conditions (in the case of DSIP shares) are met. The performance conditions are designed from time to time having regard to various hurdles approved by the board of directors, such as the individual's key performance indicators and the company's performance, by reference to commonly employed external measures such as Total Shareholder Return or Earnings Per Share Growth, as well as pertinent internal measures, such as the successful execution of a business plan over a three-year period. Several performance conditions may apply to the one invitation. To this extent, the performance conditions will be commensurate with the company's remuneration philosophy, aligning the interests of participants with shareholders. Generally, shares are not issued under the DSIP unless the related performance conditions are met.

Where shares or incentives are issued to employees of subsidiaries with the group, the subsidiaries compensate Data#3 Limited for the fair value of these shares. To 30 June 2008 no shares or incentives have been issued under the DSIP.

Data#3 Limited Employee Option Plan

The Data#3 Limited Employee Option Plan (the Plan) was approved at an extraordinary general meeting of the company held on 5 November 1997. All full-time and part-time employees of the group, including directors, are eligible to participate in the plan.

Options are issued for $1 per parcel of options issued and are exercisable from two years prior to the expiry date; the options lapse 30 days following cessation of the option holder's employment. The exercise price of the options last issued was determined as the higher of 90 cents per share or the weighted average price of the shares as listed with the ASX within the 5 days immediately prior to the offer date. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

No options were granted, exercised or outstanding under the plan during the years ended 30 June 2007 or 2008.

Note 29. Segment information

Business segment

The group predominantly operates in one business segment. Its activities include software licensing and software asset management; the design, deployment and operation of desktop, network and data centre hardware and software infrastructure; and the provision of contract and permanent recruitment services.

The products and services offered by the group are similar with respect to nature, distribution methods, risks and returns, and customer bases. Revenue is generated by providing customer solutions that draw on all or several areas of specialisation, resulting in strong interdependency among our product and service offerings.

Geographical segment

The group's operations are based predominantly in Australia.

Note 30. Business combination

On 1 January 2008 the group acquired all of the assets of Fingerprint Consulting Services (FCS), a recruitment business. The acquired business contributed revenues of $2,722,000 and net profit of $92,000 to the group for the period from 1 January 2008 to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the year ended 30 June 2008 would have been $366,282,000 and $9,000,000, respectively. These amounts have been calculated using the group's accounting policies and by adjusting the results of the business to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 July 2007, together with the consequential tax effects.

Details of the acquisition are as follows:

	$'000
Purchase consideration comprises:	
Cash paid	550
Direct costs relating to the acquisition (of which $43,000 had been paid as at 30 June 2008)	172
Total cash consideration	722
Present value of estimated contingent payments *	1,709
Total purchase consideration	2,431
Less: fair value of net identifiable assets acquired (refer below)	640
Goodwill	1,791

The goodwill is attributable to the expertise of the consultants of FCS. The fair value of assets acquired is based on discounted cash flow models. No acquisition provisions were created.

* In the event that certain predetermined profit targets are achieved by the business, additional consideration will be payable (the earn-out). While the acquisition has been accounted for provisionally in the event the profit targets are not met, management believes payment of the earn-out is probable and has recorded a payable for the present value of the amounts expected to be paid, as follows:

	$'000
Trade and other payables – current	285
Other payables – non-current	1,424
	1,709

The assets and liabilities arising from the acquisition are as follows:

	FCS's carrying amount $'000	**Fair value $'000**
Property and equipment	28	28
Intangible assets – customer relationships	-	874
Deferred tax liability	-	(262)
	28	640

There were no acquisitions in the year ended 30 June 2007.

Directors' declaration

In the opinion of the directors:

(a) the financial statements and notes set out on pages 44 to 75 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (ii) giving a true and fair view of the company's and group's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 27.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

R A Anderson
Director

Brisbane
25 August 2008

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30, Central Plaza One
345 Queen Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3222 8496
Website www.jr.com.au
Email jr@jr.com.au

Independent auditor's report to the members of Data#3 Limited

Report on the financial report

We have audited the accompanying financial report of Data#3 Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Data#3 Limited (the company) and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Independent auditor's report to the members of Data#3 Limited (continued)

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Data#3 Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report comprising section 11 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Data#3 Limited for the year ended 30 June 2008 complies with Section 300A of the *Corporations Act 2001*.

JOHNSTON RORKE
Chartered Accountants

J J Evans
Partner

Brisbane, Queensland
25 August 2008

Liability limited by a scheme approved under Professional Standards Legislation.

Shareholder information

The shareholder information set out below was applicable as at 20 August 2008.

1. Distribution of equity securities

(a) Analysis of numbers of equity security holders by size of holding:

	Class of security	
	Ordinary shares	Options for ordinary shares
1 - 1,000	726	-
1,001 - 5,000	1,109	-
5,001 - 10,000	251	-
10,001 - 100,000	154	-
100,001 and over	20	-
	2,260	-

(a) There were 72 holders of less than a marketable parcel of ordinary shares.

2. Twenty largest quoted equity security holders

Name	Ordinary shares	
	Number held	Percentage of issued shares
J P Morgan Nominees Australia Limited	1,097,546	7.10
National Nominees Limited	698,930	4.52
ANZ Nominees Limited	663,956	4.29
Oakport Pty Ltd	547,399	3.54
Citicorp Nominees Pty Limited	508,717	3.29
Citicorp Nominees Pty Limited	380,336	2.46
Wood Grant & Associates Pty Ltd	360,429	2.33
Powell Clark Trading Pty Ltd	315,000	2.04
Elterry Pty Ltd	265,000	1.71
UBS Nominees Pty Ltd	244,718	1.58
Fadmoor Pty Ltd	210,002	1.36
Thomson Associates Pty Ltd	200,000	1.29
M R Esler	179,100	1.16
J E Grant	179,100	1.16
J T Populin	169,014	1.09
JHG Super Pty Ltd	160,771	1.04
Queensland Investment Corporation	137,918	0.89
A J & L D O'Rourke	131,910	0.85
M G Populin	120,444	0.78
G R Clark	120,000	0.78
W T & E M Powell	100,000	0.65
W T Powell	100,000	0.65
	6,890,290	44.56

3. Substantial shareholders

Substantial shareholders in the company are set out below:

Name	Number held	Percentage
Souls Funds Management Limited	1,536,335	9.94
Paradice Investment Management Pty Ltd	1,107,825	7.16
Commonwealth Bank of Australia	889,053	5.75

4. Unquoted equity securities

	Number held	Number of holders
Options issued under Data#3 Limited Employee Option Plan to take up ordinary shares	-	-

5. Voting rights

The voting rights attaching to the ordinary shares, set out in the company's constitution, are:

(a) every shareholder present at a general meeting has one vote on a show of hands; and

(b) on a poll, each shareholder has one vote for each fully paid share held.

Options have no voting rights.

Financial calendar

2008		2009	
25 August	Full year results announcement	By 23 February	Half year results announcement
16 September	Record date for final dividend	17 March	Record date for interim dividend
30 September	Final dividend payment	31 March	Interim dividend payment
12 November	Annual General Meeting	30 June	Year end

Corporate directory

CORPORATE HEAD OFFICE
Brisbane
Level 2
Data#3 Centre
80 Jephson Street
TOOWONG QLD 4066

P.O. Box 551
INDOOROOPILLY QLD 4068

All Data#3 locations can be reached on the following numbers for the cost of a local call.
T: 1300 23 28 23
F: 1300 32 82 32
E: info@data3.com.au
W: www.data3.com.au

REGISTERED OFFICE
Level 2
80 Jephson Street
TOOWONG QLD 4066

BRANCH OFFICES
Sydney
Level 2
107 Mount Street
NORTH SYDNEY NSW 2060

P.O. Box 426
NORTH SYDNEY NSW 2059

Melbourne
Level 2
785 Toorak Road
HAWTHORN EAST VIC 3123

Canberra
Level 2
39 London Circuit
CANBERRA ACT 2601

Adelaide
Level 1
84 North Terrace
KENT TOWN SA 5067

Perth
Level 3
11 Brown Street
EAST PERTH WA 6004

Noumea
140, Rue Bénébig
Haut-Magenta
98800 Noumea
NEW CALEDONIA

CONFIGURATION AND INTEGRATION CENTRES
Darra
59 Clinker Street
DARRA QLD 4076

Silverwater
Unit 4
8 Millennium Court
SILVERWATER NSW 2128

BOARD OF DIRECTORS
Richard Anderson
(Non-executive Chairman)
Terry Powell (Non-executive Director)
Ian Johnston (Non-executive Director)
John Grant (Managing Director)

AUDITORS
Johnston Rorke
Level 30
Central Plaza One
345 Queen Street
BRISBANE QLD 4000

BANKERS
Commonwealth Bank of Australia
Corporate Banking
Level 9
240 Queen Street
BRISBANE QLD 4000

SHARE REGISTRY
Link Market Services Limited
Level 12
300 Queen Street
BRISBANE QLD 4000

Locked Bag A14
SYDNEY SOUTH NSW 1235
T: (02) 8280 7454
F: (02) 9287 0303
E: registrars@linkmarketservices.com.au
W: www.linkmarketservices.com.au

ABN NUMBERS
Data#3 Limited
ABN: 31 010 545 267

Data#3 Business Systems Pty Ltd
ABN: 31 010 500 642

Gratesand Pty Ltd
ABN: 49 002 725 171

ACN NUMBER
010 545 267

ASX CODE
DTL

ANNUAL REPORT 2008

Data#3