annual report 2009




Data#3

contents

photos

The images throughout have been captured by the Data#3 team members themselves. In taking charge of the camera, they reveal a bird's eye perspective of the company that 93% of them believe is excellent to work for and would recommend to others. Doing business is personal for the Data#3 team. They build close ties with their customers based on the highest levels of advice and service and in doing so build close ties with each other. They balance serving client needs with their contributions to their families and the community. This is Data#3 as seen by its remarkable people.

"On behalf of the board I am pleased to report on the 2009 financial year, a year in which the company's performance impressively defied global business conditions, building on the past 15 reporting periods in which each year has continued to better the previous best. This year is no exception."

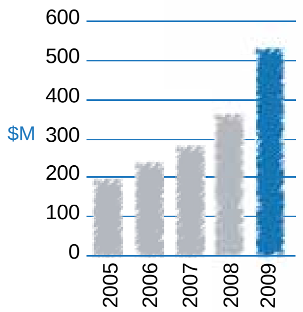
Richard Anderson
Chairman

annual general meeting

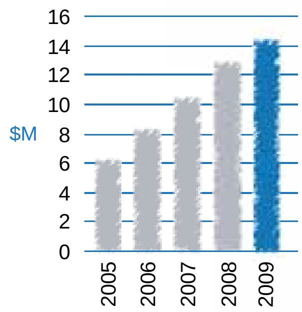
The Annual General Meeting of Data#3 Limited will be held at 10.30am on Tuesday 10th November 2009 in Data#3's corporate head office, Level 2, Data#3 Centre, 80 Jephson Street, Toowong, Queensland.

financial highlights

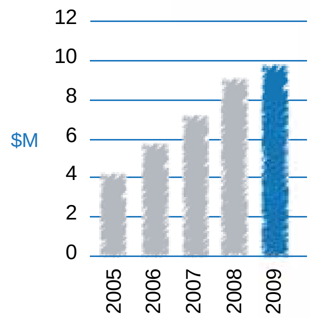
Total revenue grew by 45.9% to $530.5 million with 59.5% under contract



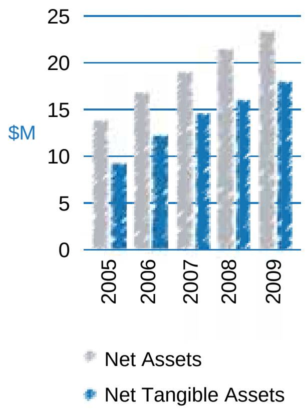
EBITDA increased by 12.0% to $14.5 million



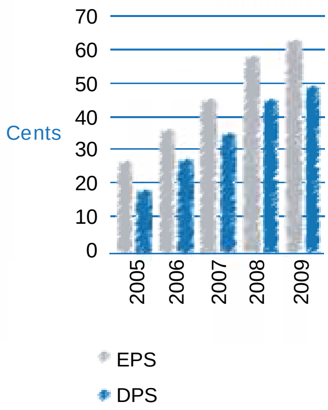
Net profit after tax increased by 7.6% to $9.8 million



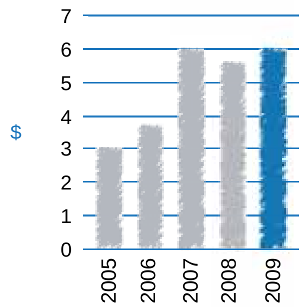
Net assets increased by 9.4%, and net tangible assets increased by 11.6%



Earnings per share increased 8.2% to 63.76 cents
Dividends per share increased 8.7% to 50.0 cents, a 78.4% payout



Share price increased by 7% to $6.00 at 30 June 2009



operational highlights

Measure	Performance
Remarkable People	■ In a difficult year we retained very strong support as an employer of choice with 93% of our people indicating Data#3 is an excellent company to work for and one that they would recommend to others in the industry ■ We continued to expand the learning environment for our people by increasing instructor-led training time by 63% and increasing the average online training time per person by 16% ■ Staff retention rates improved significantly over the previous year as expected in an uncertain employment market ■ We improved expertise and certification levels in technologies from all our major partners
Outstanding Solutions	■ We consolidated our Solutions Framework as a key differentiator in a very competitive market ■ We met all key partner sales objectives achieving both local and global recognition ■ We invested heavily in increasing the sales capability of our team driving our tender win rate to a best in class 53%
Operational Excellence	■ Our productivity measure (internal cost ratio = internal expenses expressed as a % of gross margin) increased from 83.1% to 84.3% primarily due to the continuing difficulty in the market for our recruitment and contracting business unit, People Solutions, and an increased level of investment in the internal applications and infrastructure supporting our business ■ We met our cash management, asset and inventory targets
Customer Success	■ Overall customer satisfaction remained at levels similar to the previous year with particularly strong results from our new operations in Adelaide and Perth ■ Our measure of customer engagement (cross sell index = number of areas of specialisation engaged at a meaningful level in our top 100 customers) declined over the previous year due to an increase in first-time customers ■ We increased revenue under contract from 57.0% to 59.5%

chairman's report

On behalf of the board I am pleased to report on the 2009 financial year, a year in which the company's performance impressively defied global business conditions, building on the past 15 reporting periods in which each year has continued to better the previous best. This year is no exception.

This overall result was somewhat different to previous years in that it was achieved with significant improvement in contribution from our services and software licensing businesses more than offsetting the impact of very difficult market conditions for our contracting business and higher operating costs in our volume hardware business. Further examination of the 2009 performance and a review of our expectations for the 2010 financial year are contained in the Managing Director's Review on page 6 and in the Review of Operations on page10.

While stock market conditions were again less than optimal, the financial performance of the company continued to deliver overall returns to shareholders ahead of the market. This is reflected in dividends for the second half of 30 cents per share payable on 29 September 2009 adding to the first half's 20 cents for a total of 50 cents per share for the full year. A 7% improvement in the company's ASX traded share price over the year rounded out a good result for shareholders. Our firm aim remains to continue to increase these returns over time.

At the start of the financial year and with the expectation market conditions would deteriorate, the board set the following key objectives for the business:

1. Marketshare growth to ensure the business is positioned strongly when conditions improve
2. Earnings per share at least equal to the 2008 year
3. Active capital and cash management with no debt from ordinary activities.

We achieved each of these.

1. In terms of marketshare, revenues increased 46% due to both a significant contribution from our contract with the Federal Government for Microsoft licensed software and very strong underlying growth across all businesses other than People Solutions.
2. Earnings per share increased 8.2% to 63.76 cents.
3. Under our on-market share buy-back which was extended for another 12 months from 1 September 2008, we bought back and cancelled 80,835 shares at a total cost of $416,231. 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 and the company remains debt free.

Over the last year the internal cost ratio (total expenses as a percentage of gross margin in dollar terms) increased from 83.1% to 84.3%.

These achievements place Data#3 as a top performer but also indicate the increased cost pressures that have come to bear.

Our strategy for organic growth continues to be well executed by the management team despite very difficult market conditions. Our people remain firmly committed to the company and continue to enhance their personal and professional skills, our offerings continue to position us competitively to win and our ongoing investment in new internal systems will see increases in operational efficiency through the 2010 financial year and beyond. We saw the first full year positive contribution from the people who joined from Commander in February 2008. In particularly difficult conditions for contracting and recruitment markets, we experienced a disappointing but understandable opening performance from Fingerprint Consulting which we acquired in the second half of 2008.

This strategy again has been refined through the 2010 planning process and is discussed further in the Managing Director's Review.

The 2010 business plans recently approved by the board are based on a continuingly tight investment environment for ICT. The plans focus on growth ahead of the market and incorporate a number of structural and operational changes which address the ever-evolving needs of our customers and increase our competitive position in the market.

Even given our expectations for tight market conditions to continue, we believe we are well-positioned to maintain performance at 2009 levels at the very least. Our performance objectives are to continue to grow revenue under contract thus providing an increasingly solid base, to improve the cost ratio from 2009, to further develop our offerings in line with the changing patterns of IT adoption by our customers, to ensure we successfully implement new business systems, to continue the implementation of processes for risk assessment and management, and to develop our program for corporate and social responsibility.

The company's management team and staff continue to steer through difficult business conditions very successfully 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.

Richard Anderson
Chairman

managing director's review

2009 was a year dominated by uncertainty yet we achieved spectacular revenue growth which we saw as critical to maintaining the strongest market position possible.

We achieved this through the commitment and capability of our people, the trust of our customers and the support of our partners, ending the year as a leader in almost all of our areas of specialisation.

2009 in review

2009 was a year of three parts. While we had projected a tighter market, we entered the year with positive expectations of the new people from Commander and, having grown headcount in our People Solutions business on the back of the Fingerprint acquisition, of driving share in the New South Wales and Victorian markets. The first quarter exceeded expectations but October saw the global financial crisis hit hard and suddenly, with an abrupt decline in recruitment and contracting and a marked reduction in 'business as usual' hardware sales. We unfortunately had to let a number of our people go, particularly in the People Solutions business. We focused on reducing operating costs and battened down for a much tougher market for at least the second and third quarters. This period saw an increased focus on sales excellence with implementation of a new sales forecasting system and an increase in sales training, both aimed at improving our ability to win against the competition.

Even given this, while there was no substantial decline in opportunity, success came at lower margins than experienced previously and after generally longer sales cycles. The fourth quarter remained flat until June, which was our strongest on record. We finished the year ahead of 2008 despite a steep decline in contribution from our People Solutions business and significant investment in improving business operations. I believe shareholders should be very pleased with the outcome we have achieved.

We increased investment by 25% over the previous year to expand the learning environment for our people. We conducted over 80 instructor-led training courses complementing an increase in online training programs and implemented new software to automate performance assessment and development planning for our people. Our singular objective remains to make our people as expert as they can be.

We entered the second year of our planned two-year program to significantly improve the application software systems and associated infrastructure that support our business operations.

By the end of the 2009 financial year we had planned to have implemented new sales order and purchasing systems including an online customer portal, a new customer relationship and marketing system, new workflow systems, Microsoft Office 2007 at the desktop, a new services management system and new contractor management systems for our People Solutions business. While we increased investment by 30% over the previous year, the schedule turned out to be a little too ambitious and we ended the year having made great progress but still needing to implement the customer portal and new services and contractor management systems which will be accomplished in the coming year. This refresh remains aimed at improving the efficiency and productivity of our people and increasing the proportion of our business done online.

With the substantial increase in revenue and the tougher market conditions hampering our customers' cash flows, we increased investment in our finance function by approximately 20% over the previous year to implement new financial management systems and to ensure we maintained our cash collection targets.

Overall, corporate services expenditure increased by approximately 20% over the previous year but, in line with our plans, decreased as a percentage of overall gross margin year on year.

In a difficult and uncertain year for our people, our internal survey showed overall satisfaction holding at levels of the previous year and we retained very strong support as an employer of choice with 93% of them indicating Data#3 is an excellent company to work for and one that they would recommend to others in the industry. The survey also showed areas where we can continue to improve and we have implemented programs to achieve this.

In a similarly difficult environment for our customers, overall satisfaction levels pleasingly remained on par with the previous year with 94.7% indicating their expectations were either met or exceeded and 79.4% indicating their expectations were exceeded. However, it was clear that certain areas have suffered under the stress of the difficult environment and we have a clear understanding of actions needed to restore the continuing trend of improvement achieved in recent years.

The breadth of our customer engagement is defined by our Cross Sell Index (CSI). This indicates the average number of areas of specialisation meaningfully engaged with our top 100 customers and declined from 2.47 in 2008 to 2.05 in 2009. This was more a consequence of a large number of new single area of specialisation customers in our top 100 than a decline in engagement with continuing customers. We will take this into account in future calculation of CSI to account for continuing and new customers.

Our vendor partners also indicated their support with awards received during the year including induction as the first partner into IBM Australia's Hall of Fame; Microsoft Australia's Partner of the Year for 2009 (having also won this award in 2002, 2004, 2006 and 2008); and Microsoft's worldwide Partner of the Year for infrastructure security. In addition, industry recognition included placement in the Financial Review's MIS Strategic 100 and winner of the CRN and ARN Australia Awards for Enterprise Reseller of the Year.

Shareholders indicated their support with share price performance near the top of the sector and ahead of the ASX 200 for the year. Once again we completed an excellent year as leaders in the industry.

outlook for 2010

While we see many positive signs of recovery, we believe government and business IT budgets for 2010 will reflect the restraint implemented in 2009 and expect overall market conditions to remain tight.

Specifically our planning assumptions include:

- Continuing tight investment in ICT by our customers as their attention remains on driving greater returns from their existing systems at lower cost and seeking short term returns and cost savings from projects aimed at making their own organisations more competitive or efficient. We believe this will continue to translate as pressure on pricing and hence margins
- A stable labour market with an emerging confidence that employment opportunities will improve with significant competition for the best skills. We believe this will translate as an overall increase in cost per person in line with CPI growth
- An increasingly positive perception by partners and customers of our business's stability and strength and the experience and expertise of our people. We see this translating as increased access to opportunity
- A continuing, unpredictable and unforgiving investor environment which will translate as little tolerance for slippage in financial performance.

The key imperatives our plans focus on include:

- Addressing the key findings from our customer and people surveys
- Further developing the offerings within our solution sets and ensuring they are effectively presented to our customers
- Gaining marketshare and increasing revenue under contract
- Successful adoption of and return from all new internal systems and business processes
- No debt in the ordinary course of business
- Increasing CSI
- Lowering our cost ratio.

In addition, with market pressure on profitability, we believe there will continue to be consolidation within the sector that will translate as opportunities for well-funded and well-managed businesses. We are in a good position to consider appropriate opportunities.

To accommodate this environment we still 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 define our culture and remain unchanged: uniting for success; taking responsibility, both individually and as a corporation; exceeding expectations; striving for excellence and innovation; being flexible and adaptable; and showing mutual respect.

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

- *Remarkable people* – who are inspired and supported in their passion for excellence and encouraged to do their best every day, who meet the challenge of work/life balance, are empowered to contribute to positive change, and who are rewarded and celebrated both as a team member 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 of 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 subsequent rewards to all stakeholders. Our strategy is implemented by identifying specific outcomes overall and in each area of specialisation, setting targets, ensuring the organisational structure and the people are in place to take responsibility for achieving the targeted outcomes, defining specific actions and continuously reviewing progress and changing where necessary. Our overall financial objective is to at least maintain the performance of 2009.

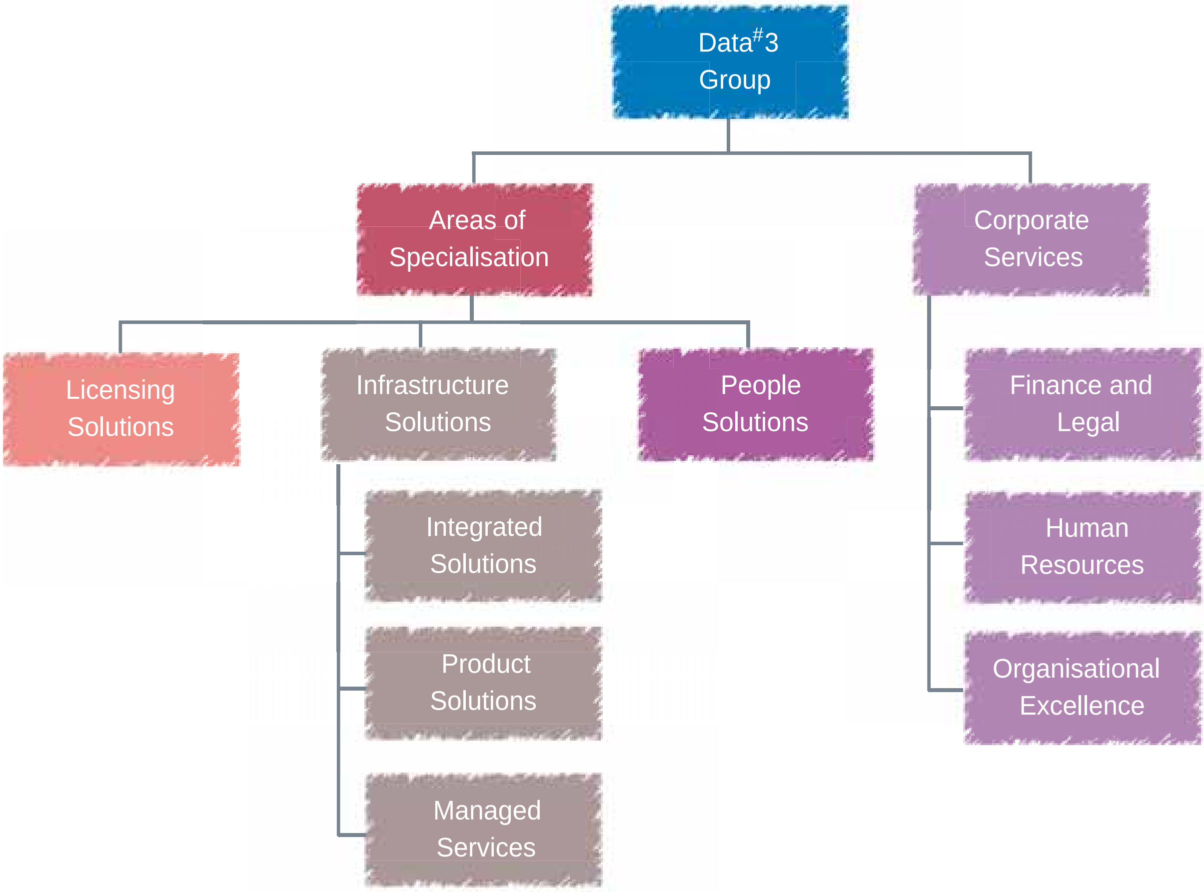
With another 'best ever' performance during 2008/2009 behind us, we believe we are as well-positioned as we can possibly be to pursue and manage opportunity in a continuingly difficult environment. The broad geographic access we now have to the market will help us to continue to increase market share in order to deliver organic growth in all areas of the business. In addition we will remain watchful for partnering and acquisition opportunities, always mindful of the cultural and financial issues that accompany them.

My thanks once again go to all Data#3's stakeholders – to our people who have once again applied their expertise diligently and consistently to deliver results to our customers 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 market-leading technologies are the solid base on which our solutions are built; and to our shareholders whose support continues to be rewarded with the appropriate returns.

John Grant
Managing Director

review of operations

The structure by which we implement strategy has been changed to reflect our customers' changing needs and the focus we have on business improvement.



The three areas of specialisation - Licensing Solutions, Infrastructure Solutions and People Solutions remain as they were in 2009 however the business units in Infrastructure Solutions have been restructured to merge the data centre business, Enterprise Infrastructure Solutions, and the Professional Services business into the Integrated Solutions line of business. This is to address the merging of technologies and solutions across the data centre, network and desktop in the 'on-premises' computing environment. Managed Services is now a stand-alone line of business aimed at capturing a larger share of the increasing outsourcing of operational support and to provide solutions for 'access' or 'cloud-based' computing. Corporate Services provides support for all business units for finance, legal, human resources and cost effective operations (Organisational Excellence).

licensing solutions

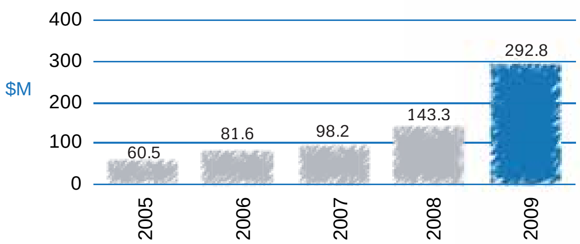
This specialisation provides software licensing and asset management services to answer our customers' need to optimise and manage the acquisition of software in volume. It operates in all our locations and is responsible for the following solution sets:

- Software licensing
- Software asset management.

These solution sets have historically been provided primarily on customer premises, but with changes in the way our partners are presenting their technologies, we have now extended a number of offerings in the sets to 'access' or 'cloud' versions.

Growth of 104% in revenue was absolutely outstanding due to the contribution from the contract with the Federal Government for Microsoft licensed software, significant underlying organic growth particularly from outside Queensland and a substantial increase in revenue from other licensed software vendors. With its market-leading and expert team, sophisticated online systems and significantly expanded geographic reach, this business is the unquestioned leader in its field in Australia and the Pacific and one of the leaders worldwide.

licensing solutions total revenue



Key aspects of this area's performance include:

- Very strong growth in software licensing with revenue increasing 104% to $293 million and revenue under contract increasing to $220 million
- Key contract wins for Microsoft licensed software with the Federal Government and the NSW Department of Health, both of which are long-term and can lead to additional revenue from services and non-Microsoft software
- Key contract wins with large commercial customers across the country
- 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
- Geographic consolidation and growth in the new locations of South and Western Australia
- Recognition by Microsoft as the Large Account Reseller of the Year for Australia for the fifth time in 8 years
- Reiteration of this business's ability to lead organic growth with the introduction of 350 new customers to Data#3.

Key initiatives that are intended to underpin performance in the Licensing Solutions specialisation in 2010 include:

- An enhanced focus on mid-market customers (< 2,000 seats)
- Continued investment in developing the expertise and capability of the licensing team members such that they remain industry leaders
- Growth of revenue from both Microsoft and non-Microsoft licensed software
- 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 effectiveness in business operations.

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 continue to be under competitive pressure as new entrants seek to secure a foothold and existing players look to bundling and discounting, but see an increase in contribution to group profit over 2009.

infrastructure solutions

This specialisation aligns with our customers' need to cost-effectively design, deploy and support solutions that integrate 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:

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

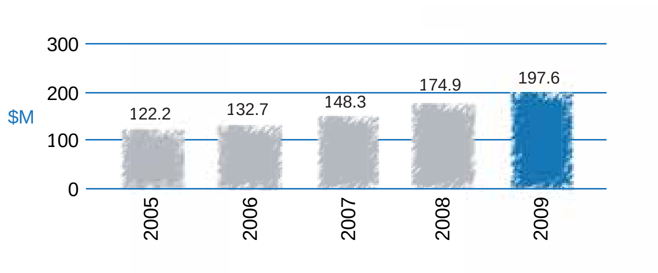
This area of specialisation is responsible for the following solution sets:

- Strategic ICT and business analysis
- Network platforms
- Identity management
- Systems management
- Managed operating environment
- Unified communications and collaboration
- Business productivity and knowledge management
- Consolidation and virtualisation
- Disaster recovery
- Data management and archiving
- ICT product procurement
- Outsourcing solutions
- ICT hardware maintenance services.

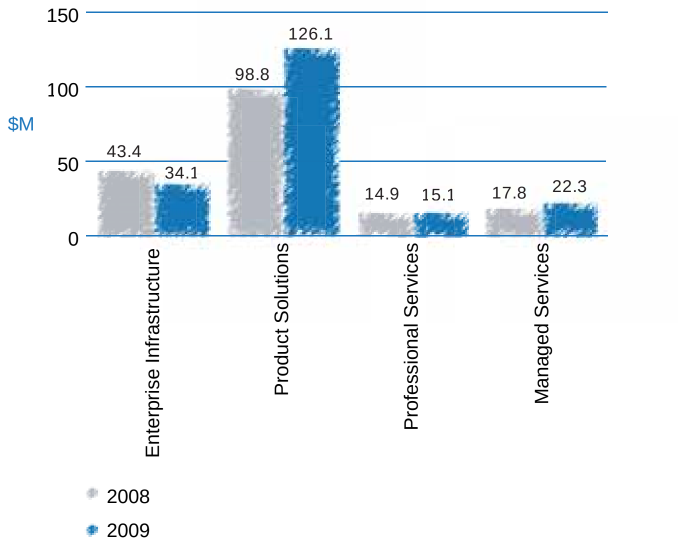
Most of these solution sets are currently provided as 'on-premises' solutions. However, in the Managed Services area, solutions are provided both 'on' and 'off-premises' with options extending into the 'access' or 'cloud' environment.

Strong revenue growth of 13% exceeded market growth substantially and indicates 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



revenue by business unit



Key aspects of this area's performance include:

- A decrease in revenue and contribution to profit from Enterprise Infrastructure Solutions as new customer investment in data centre technologies and margins declined and as a significant proportion of the revenue moved from 'direct' to 'agency' where we receive a fee as distinct from recording full revenue for the transaction
- Flat revenues in Professional Services and a decline in contribution to group profit as customer investment in new projects stalled, and we intentionally operated at lower than optimal utilisation to retain critical expertise
- Strong growth in Managed Services revenues (an increase of 25% to $22.3 million) and contribution to profit as customers turned to outsourcing to address the constraint in their own resources and pressure to reduce operating costs
- Strong growth in Product Solutions revenue (an increase of 28% to $126.1 million) but no significant increase in contribution to profit as margins declined and costs increased in line with increased transactional load and implementation of new supply chain systems
- Some growth in revenue under contract from $61.3 million to $62.5 million
- An overall increase in contribution to group profit of 14% over 2008
- Recognition by Microsoft as Worldwide Partner of the Year for Infrastructure Security Solutions
- Induction as the first partner into IBM Australia's Hall of Fame
- Retention of all key vendor certifications.

Key initiatives intended to underpin performance in the Infrastructure Solutions specialisation in 2010 include:

- A dedicated focus on acquiring new customers in conjunction with our partners
- Increased investment in the ongoing development of our solutions to drive competitive advantage
- Formation of one Managed Services business unit incorporating the previously dispersed three business units providing outsourcing, remote systems management and hardware maintenance contracts
- Continuing to build sales skills and a repetitive sales process via enhanced training courses and a new customer relationship management system.

Integrated Solutions (Enterprise Infrastructure Solutions + Professional Services) revenues are project-based and underpinned by a number of large transactions. Hence there is potential for sizeable swings from year to year. We see continuing opportunity in consolidation and virtualisation in the data centre, unified communications and collaboration, and in network platforms particularly with the increased adoption of Microsoft Windows 7.0. However, while we expect customer expenditure to remain constrained, through a strong sales focus we expect to record revenue growth at slightly lower margin and to retain profit contribution at least equal to that of 2008.

In a tight and price-sensitive market, but with a significantly expanded geographic footprint, we continue to see an opportunity for Product Solutions revenues to grow strongly, albeit at lower margins, as volumes under contract increase as a percentage of the mix. We are planning for lower operating costs as a result of the supply chain investments of 2009 and investment in an online customer portal. We see potential for the contribution to profit to increase over 2009 as we grow market penetration of the business in all regions, but particularly outside Queensland.

Managed Services offers an opportunity for us to continue to build on the solid foundation we have put in place, and we are making investments in expanding sales capacity in all regions. We see the potential for solid growth in revenue from all of outsourcing, remote management and maintenance and a solid increase in contribution to profit.

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 is responsible for workforce recruitment and consulting. This solution set is currently provided primarily as an 'on-premises' solution; it is not envisaged it will alter significantly in the future.

As has been reported previously, this area suffered most as a result of the global financial crisis and the subsequent severe drop in permanent recruitment and significant cuts in contracting, particularly in government. Revenue declined by 12% and contribution to profit declined by almost $1.5 million over the full year. However, contribution to profit improved markedly in the second half following significant restructuring of the expense levels.

Key aspects of this area's performance include:

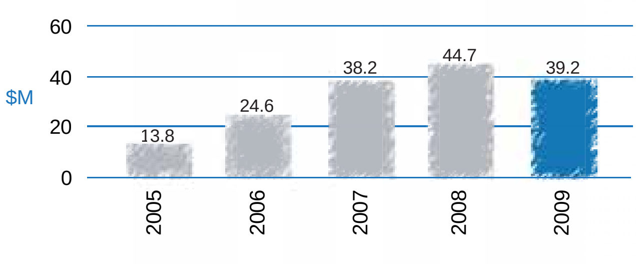
- An excellent performance from the business in Queensland where a solid base of contract revenue, particularly in government, and strong relationships both with customers and contractors saw the impact of the decline minimised
- Significant impact on our Fingerprint business in NSW, which was most affected by the decline in permanent recruitment and by 'employment freezes' put in place by its major customers. It underwent restructuring of its cost base in the second quarter resulting in a number of people unfortunately leaving the business
- Centralisation of the administrative processes of the business and a consequent reduction in operating costs.

We expect the labour market has stabilised but will not return to growth in 2010. We also see potential for key sectors of the market to move away from direct contracting to recruitment process outsourcing which could have an impact on our traditional business, particularly in Queensland. To some degree offsetting this we see potential for this business to benefit as a supplier to our Managed Services business as it grows and also see opportunity to expand our current offerings to include a range of human resources consulting services. Overall, we believe 2010 will see an increase in contribution to profit over 2009 but believe improvement in the mid-term outlook for this business is dependent on an improvement in general market conditions.

To ensure the best possible performance, the following initiatives are planned for 2010:

- Implementation of new operational systems in candidate management
- Development of a new range of human resources consulting offerings.

people solutions total revenue



services

corporate services

Corporate Services provides finance, legal, corporate marketing, human resources and organisational excellence services. In 2009 we increased expenditure in this area by approximately 20% over 2008.

finance, legal and corporate marketing

Given the reduction in deposit interest rates, we are forecasting a further reduction in interest income compared to 2009. In anticipation of the tight credit market continuing, we are increasing resources in credit management and collection areas. We are also planning to realise benefits from new financial applications that were implemented in June 2009.

organisational development and human resources

Organisational Development and Human Resources provides payroll, recruitment and retention, learning and performance, compliance and occupational health and safety support to the whole business. Our plan proposes an increase in expenditure of approximately 15% in 2010 to deliver on our objectives within the ‘remarkable people’ element of our strategy through programs including leadership, professional development, sales and service certification, induction, career and succession planning, corporate and social responsibility, work-health-life balance and employee assistance.

organisational excellence

The Organisational Excellence business unit was formed in the latter part of 2009. It brings together a number of previously dispersed functions with the objective of increasing individual and business productivity through new and/or optimised ‘whole-of-business’ systems and processes. In 2010 it will take responsibility for completing the refresh of our internal application and infrastructure systems including optimisation of the new supply chain applications, implementation of a customer portal and new services and contractor management systems. It is also targeting improvements in productivity of our people through implementation of Windows 7.0 and expanded adoption of electronic workflows to replace manual processes.

As a consequence, we are planning to increase Corporate Services expenditure by approximately 20% in 2010. We expect returns on this investment will start to flow in the latter part of 2010 and into 2011.

financial review

The following table sets out our performance in 2009 in comparison to previous years.

	2005	2006	2007	2008*	2009
	$'000	$'000	$'000	$'000	$'000
Licensing Solutions revenue	60,500	81,600	98,200	143,300	292,800
% growth					104.3%
Infrastructure Solutions revenue	122,200	132,700	148,300	174,900	197,600
% growth					13.0%
People Solutions revenue	13,800	24,600	38,200	44,700	39,200
% decrease					(12.3%)
Total revenue	197,129	239,612	285,117	363,707	530,481
% growth					45.9%
Revenue under contract %	51.4%	53.5%	55.4%	57.0%	59.5%
Total gross margin	40,976	49,626	57,742	71,599	82,711
% growth					15.5%
Gross margin %	20.9%	20.8%	20.3%	19.7%	15.6%
Internal staff costs	27,877	33,776	38,970	49,360	57,975
% growth					17.5%
Operating expenses	7,634	8,292	8,952	10,161	11,752
% growth					15.7%
Internal staff & operating expense as % of GM$	86.7%	84.8%	83.0%	83.1%	84.3%
Earnings before interest (net), tax, depreciation & amortisation [EBITDA]	6,258	8,266	10,516	12,919	14,469
% growth					12.0%
Earnings before interest (net) & tax [EBIT]	5,731	7,765	9,902	12,208	13,419
% growth					9.9%
Net profit before tax	6,099	8,359	10,338	13,033	14,153
% growth					7.6%
Net profit after tax	4,177	5,713	7,197	9,137	9,832
% growth					7.6%
Net profit margin %	2.1%	2.4%	2.5%	2.5%	1.9%
Basic earnings per share	27.4 cents	36.9 cents	46.1 cents	58.9 cents	63.76 cents
% growth					8.2%
Dividends per share	19.0 cents	28.0 cents	36.0 cents	46.0 cents	50.0 cents
% growth					8.7%
Payout ratio	69.3%	75.9%	78.1%	78.0%	78.4%
Share price at 30 June	$3.00	$3.70	$6.00	$5.60	$6.00
% growth					7.1%
Net assets	13,797	16,897	19,077	21,326	23,333
% growth					9.4%
Net tangible assets	9,215	12,271	14,607	16,049	17,904
% growth					11.6%

* The 2008 results have been restated with adjustments to the provisional accounting for the acquisition of the assets of Fingerprint Consulting Services (refer to note 29 of the financial statements for more detail).

revenue and gross margin

Our plan for the year was to gain market share and deliver organic growth in all areas of the business. In a difficult external environment our total revenue increased by 45.9 percent to $530.5 million with revenue growth in all geographic regions. The Licensing Solutions business (incorporating software licensing and software asset management) led this growth with revenues increasing by 104.3% to $292.8 million – an exceptional result that reaffirmed our position as the national leader in this area. The Infrastructure Solutions business (which provides a range of offerings for the design, procurement, support and management for the data centre, network and desktop environments) increased revenue by 13.0% to $197.6 million with solid growth in managed services and product procurement. The People Solutions business (which provides permanent and contract recruitment services) was most affected by the difficult economic environment with many customers reducing or freezing recruitment activity, and consequently, revenue in this area decreased by 12.3% to $39.2 million.

Revenue under contract increased from $207.1 million to $315.6 million and represented 59.5% of total revenue, up from 57.0% in 2008.

The overall gross margin increased by 15.5% to $82.7 million and as a percentage of total revenue decreased from 19.7% to 15.6%. This decline in overall gross margin percentage was due to the increased proportion of lower margin software licensing revenue. Elsewhere in the business gross margin percentages generally held steady or improved in all areas except recruitment. We consider this an excellent result given the general expenditure constraints in the weak economic environment, the very competitive market and the resulting pressure on pricing and margins that was experienced throughout most of the year.

expenses and net profit

We expected that our plan to gain market share and grow revenue in 2009 would reduce sales and profit margins. More than 80% of our internal expense is people-related, and we were reluctant to let go of capability that had been hard won and that positions us well for an improving market.

Total internal staff expenses increased by 17.5% to $58.0 million, and operating expenses increased by 15.7% to $11.8 million. As a result, the cost ratio (internal staff & operating expense as a percentage of gross margin) increased from 83.1% to 84.3%. This increase can be attributed to approximately $1 million of additional expense incurred in the first half of the year in our People Solutions business which experienced the most difficult market for many years. After increasing resources for high growth and a strong first quarter, the abruptness of the decline early in the second quarter caught us and the industry at large by surprise. This business was restructured in the second quarter to reduce staff and operating costs; however, it took time to bring expenses into alignment with revenue. Our cost ratio would have remained unchanged at around 83% had it not been for this anomaly.

EBITDA increased by 12.0% to $14.5 million, and EBIT increased by 9.9% to $13.4 million. Net profit after tax increased by 7.6% to $9.8 million, and earnings per share increased by 8.2% to 63.76 cents. We declared fully franked dividends of 50 cents per share for the full year, up 8.7% on 2008.

cash flow

Cash flow from operating activities was particularly strong with a total net inflow of $19.6 million, reflecting the timing benefit of receipts from customers in advance of payments to suppliers.

Cash flow from investing activities was a net outflow of $0.8 million, reflecting payments for property and equipment and software assets.

Cash flow from financing activities was a net outflow of $7.8 million, reflecting dividend payments of $7.4 million and $0.4 million spent on buying back shares.

balance sheet

The balance sheet showed a strong increase in the year-end cash balance from $17.0 million to $28.0 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 38.5 days, slightly behind our 37 day target and the 37.5 days DSOS achieved in the previous year. We experienced a general tendency for customers to extend their payment cycles and we strengthened our collection resources to counter this trend.

Inventory held on behalf of customers decreased slightly from $6.6 million to $6.1 million. We have continued to forward order inventory on behalf of customers in some instances to buffer the unpredictability of our vendors' supply chains and to meet delivery expectations of our customers. We believe this strategy is important to maintain our position as a major national product supplier and the forward ordering practice has continued to be monitored closely to minimise the associated working capital impact.

Total net assets increased by 9.4% over the year and total net tangible assets increased by 11.6%. 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 by finishing the year at $6.00, an increase of 7.1% from the $5.60 price at 30 June 2008.

The increase in dividends to 50 cents per share fully franked, combined with the capital gain, delivered a total shareholder return of 16.1% for the year.

board of directors

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 was previously a member of the Capital Markets Board of Queensland Treasury Corporation and President of CPA Australia in Queensland.

John Grant

Managing Director

John joined the company that subsequently became Data#3 in 1982. He was a Director of Data#3 from its foundation in 1984 and then Chief Executive Officer or Managing Director from 1996. From 1980 to 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; chair of the Federal Government's IT Industry Innovation Council whose charter is to provide advice on Australia's innovation system to the Minister for Innovation, Science and Research, Senator Kim Carr; a member of the Queensland Government's Employment Taskforce whose charter is to provide advice to the Premier Anna Bligh on employment; a member of the Queensland ICT Working Group whose charter is to improve government's ICT governance and procurement; 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; and a non-executive Director of Queensland-based Sargent Group whose business is four wheel drive hire and truck lease and rental.

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 of 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 bringing with him extensive experience in treasury, corporate banking and equity capital markets. Following a career of nearly 25 years in the banking industry, Ian joined ABN AMRO Morgans in 1988 as Head of Corporate Finance and is now Executive Chairman Corporate Finance and a member of its advisory board. He is a member of the board of Cardno Limited and a former member of The Rock Building Society Limited. He has been involved in a significant number of initial public offerings, capital raisings and corporate transactions during his career.

senior leadership team

Laurence Baynham

Laurence Baynham is the Group General Manager. He is an ICT professional with 25 years industry experience spanning multi-national hardware and software vendors. Laurence joined Data#3 in 1994, has a Bachelor of Business (with honours) 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 since 1992. Early in 2009 Laurence successfully completed the Australian Institute of Company Directors' course and has been accepted into the Institute as a fellow.

Lindy MacPherson

Lindy is General Manager – People Solutions and Organisational Development & Human Resources. 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 2000 running the recruitment business in Queensland, expanding this business into NSW and Victoria, before taking over the Organisational Development & Human Resources role in 2003. Lindy is a member of 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.

Brad Colledge

Brad is General Manager – Licensing Solutions and holds a degree in Business Management from Queensland University of Technology. He has 20 years experience in the ICT industry and worked 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.

Bruce Crouch

Bruce is General Manager – Integrated Solutions and holds a Bachelor of Applied Science from Queensland University of Technology. He has 22 years experience in the ICT industry holding roles in systems engineering with IBM and in ERP software sales prior to joining Data#3 in 1995. He started the Enterprise Infrastructure Solutions business and has been responsible for its leadership for the past 8 years.

Mark Esler

Mark Esler is General Manager – Product 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 – Managed Services and holds a Bachelor of Business (Commerce – Computing and Accounting) from Bond University. He has 19 years experience in the ICT industry holding roles spanning from field support to sales and IT management and infrastructure management. He joined Data#3 in 1999 in the Outsourcing business. Patrick currently sits on the IT Advisory board for Griffith University.

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 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 Licensing, Infrastructure and People Solutions.

Mark Phillips

Mark is General Manager – Marketing & Alliances and joined Data#3 in 2003. He holds a Bachelor of Business (Business Computing) 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 previously led the Microsoft Applications Solutions business within Data#3. He is currently an associate member of the Australian Marketing Institute.

Paul Crouch

Paul is General Manager – NSW / ACT. He has 26 years experience in the ICT industry including 8 in the UK and 8 in Asia Pacific in roles spanning field and technical support to sales and service management for both technology vendors and channel sales organisations. He joined Data#3 in 2003 progressing through sales leadership roles to his current position.

Bremner Hill

Brem is the Chief Financial Officer and Company Secretary and is responsible for the corporate services functions (finance & accounting, legal 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 (with distinction) from the University of Southern Queensland, is a member of CPA Australia and a fellow of Chartered Secretaries Australia (CSA). He is a member of the CSA Queensland State Council and chairs the CSA Queensland public companies discussion group.

Cathy Ford

Cathy recently joined Data#3 as General Manager – Organisational Excellence. Cathy has a Graduate Diploma in Computing Science from Queensland University of Technology and was awarded a Bachelor of Science degree with first class honours from the University of Queensland. Her previous positions include Chief Operating Officer of McCormick Rankin Cagney (a specialist engineering firm) and Regional Director, Queensland for SMS Management & Technology. Cathy is currently a member of the Australian Information Industry Association and the Australian Institute of Company Directors and is also a director of Queensland Motorways.

Michael Bowser

Michael is General Manager – Queensland. He joined Data#3 in 1987 and has worked in many key 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. Additional to his role of General Manager – Queensland are the national responsibilities of tender management and sales process management.

corporate social responsibility statement

In 2009 we continued to enhance our 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 have continued to be actively involved in supporting community events and charities. Some of the community activities we have organised or supported over the past year include:

- Data#3's Queensland Charity Golf Day in Brisbane which raised $37,000 for Team Life Transplant Australia – a charity that aims to increase the rate of organ and tissue donation; improve the community's understanding of transplantation; and provide its members with support, education and guidance to improve their health and quality of life
- Data#3's NSW Charity Golf Day in Sydney which raised $15,000 for Redkite – an Australian charity that provides specialised cancer counselling and support for children, young people and their families
- Donations totalling approximately $19,000 from Data#3 and our people to the Red Cross Bushfire Appeal in Victoria as well as donations of computer equipment and services to assist the communities affected by the fires
- Donations totalling approximately $11,000 from Data#3 and our people to the Queensland Premier's Flood Appeal
- Data#3's donation of money that would otherwise have been spent on staff Christmas gifts to the Smith Family Christmas Appeal and to the World Vision gift program. These donations funded many practical goods and services aimed at improving the health, education and living conditions of the recipients
- Donation of Christmas gifts by our people to the Abused Child Trust
- Sponsorship and participation in the Boardroom Blitz charity concert, a national fundraising event in support of the Cerebral Palsy League of Australia
- The Data#3 cycling team's participation in various charity rides
- Contributions by Data#3 and our people to the Kim Walters Choices Program, Variety Club of Queensland, Jeans for Genes, RSPCA and numerous other charities
- Ongoing sponsorship of five young people through World Vision in Thailand, Uganda, Nicaragua, Ethiopia and Chad
- Sponsorship of the Queensland Police Legacy Child Safety Handbook
- Sponsorship of the University of Queensland's ICT Enabling Scholarship and the Queensland University of Technology's Faculty of IT student prize.

our commitment to the environment

We regard environmental sustainability as an important aspect of sound business operation, and consequently, we are very conscious of the need be more efficient in the use of energy, water and the procurement of materials to reduce the direct environmental impact of our operations. This annual report is an example of this commitment – we chose an environmentally friendly waterless printing process to produce this report as part of our commitment to eliminate greenhouse gas emissions and save precious water supplies.

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 an IT equipment disposal service.

As a part of our efforts to meet the requirements of ISO 14001 – the International Standards Organisation's standard for environmental management systems – we have developed an Environmental Management System which will be used as the tool for continually reducing the impact of our operations on the environment. A core component of this system is our Environmental Policy Statement which has been ratified by the management team and the board of directors.

our commitment to our people

We employ approximately 500 people, of whom 90% are permanent, 3% are part-time and 7% are casual employees. 31% of these people are female and 69% are male. We also engage over 250 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 desire to do their best every day; help them meet 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 underpins our approach to recruitment and employee benefits and is highlighted in our Learning and Development and Work-Health-Life Balance programs.

learning and development

In 2009 we continued to increase our investment and commitment to learning and development programs. We enhanced our national instructor-led training program covering all of our major sites and delivered nearly 4,000 hours of in-house instructor-led training (a 63% increase on the preceding year) and 3,275 hours of online learning (a 16% increase) to our people.

We also offer our People Solutions' contractors access to learning and development through our online learning facility. These contractors are able to access technical and business courses as well as online libraries.

We continued our graduate development program and 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

We are committed to helping our people achieve a healthy balance between their work and home lives. Over the past year we provided seminars with follow-up reading and planning tools for all of our people. We also initiated a Health and Safety Month in which we ran a range of programs, activities and information sessions highlighting the importance of staying safe at work and home and also encouraging our people to make wise lifestyle decisions in order to maintain peak health. We created a Data#3 cook book, "Healthy Bytes", filled with healthy recipes contributed by our people. We also continued to offer benefits such as flexible working hours, the ability to work from home, subsidised parental leave and access to our People Assistance Program which provides personal and professional counselling support to those in particular need.

people satisfaction

In our annual people satisfaction survey the overall 2009 satisfaction rating increased slightly over 2008.

One of the key benchmarks that we measure each year is the response to the statement that "Data#3 is an excellent company to work for and I would recommend working at Data#3 to others in the industry". This received a 92.8% favourable response in 2009, and while this is slightly down from the 95.9% achieved in 2008, we believe this is still an outstanding result considering the difficult external market conditions experienced throughout the year.

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. 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 2009 financial year. Further information regarding Data#3's corporate governance policies and practices can be found on our website, www.data3.com.au.

asx principles and recommendations

In developing Data#3's corporate governance framework the board has considered 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 and discloses the extent to which Data#3 has followed the Revised Recommendations during the 2009 financial year.

In summary, Data#3 considers that its corporate governance practices comply with all of the Revised Recommendations during 2009 except for the following two minor exceptions:

- Recommendation 2.4 - The board should establish a nomination committee.
- Recommendation 8.1 - The board should establish a remuneration committee.

The board considers that the establishment of separate nomination and remuneration committees is not necessary or efficient due to Data#3's size and board structure.

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. The board's responsibilities are set out in the board's charter and include:

- Participating in the development of, and subsequently approving, 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 assure all material business risks are taken into account, 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.

The board's charter also contains a statement of the 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. No new directors or 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 Chairman and that assessment is reviewed by the other 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 composed 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.

The membership of the board is set out in the directors' report - see page 33. Details of each individual director's background is set out in the directors' report - see page 33, and the director's profiles - see page 19.

The board recognises that all directors – whether independent or not – should bring independent judgment to bear on the board's decisions. 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. The Chairman of the board, Mr Anderson, is an independent, non-executive director. Mr Johnson and Mr Powell (and therefore the majority of the board) are also independent, non-executive directors.
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 note 26 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 must give the other directors immediate notice of such interest and that 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 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 its duties and responsibilities. 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 has determined that the establishment of separate nominations committees 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 necessary to fulfil its responsibilities and duties – generally on a monthly basis. The board convenes at various Data#3 office locations throughout the year and 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 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 2009, and the number of meetings attended by each director, is disclosed in the directors' report.

Non-executive directors are expected to make the commitment necessary to prepare for and attend board and committee meetings and associated activities. Other 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.

The board has established a structured self-assessment process to regularly review and evaluate the performance of the board as a whole, the audit committee, and the board's interaction with management. A performance assessment was completed during the year in accordance with this process. The efficient operation of the board is assisted by Mr Hill, Company Secretary and Mr Bonner, Joint Company Secretary. Each company secretary is accountable to the board, through the Chairman, for all governance matters.

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 and objectivity, to observe the highest standards of behaviour and business ethics and to 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 the company's 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 which align their goals and key performance indicators with those of the business. 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 continued to develop its formal corporate social responsibility program, called the Data#3 Social Responsibility program. For further information see pages 22 and 23.

Data#3 also has a well-established business improvement program that encourages regular feedback, review and continuous improvement, so as 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. 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', that is, 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 and officers 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. 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.

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. The board recognises that the existence of an independent audit committee is an important feature of good corporate governance and has adopted a committee structure that complies with the Revised Recommendations. The audit committee is composed of three independent, non-executive directors: Mr Powell (Chairman), Mr Anderson and Mr Johnston, with the Managing Director and the Chief Financial Officer participating by invitation.
Details of each director's background are set out on page 19. Each has the technical, financial and business expertise necessary to consider matters within the charter 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 performance of the company's internal audit function and the 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 34. The audit committee has, within the scope of its responsibilities, unlimited access to members of the senior management team and access to the external auditor.

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 adopted. 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's 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 four 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 policies 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 the 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 then posted on Data#3's website. 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 to email alerts for all company announcements (on the 'Investors' section of the Data#3 website). 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 coordinating 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 a communications policy that promotes effective communication with shareholders and encourages 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 the website www.data3.com.au which includes a section for investors. 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 and annual and half-yearly financial reports. The website 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 website and in the 'Corporate directory' section of this annual report.

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 are 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 seeks to clearly explain how the proxy form is to be completed and submitted. At this time online proxy voting is not available to shareholders; however the board will consider providing this facility in the future. Data#3 webcasts the formal addresses made at its AGM and any other general meetings which are held for the benefit of those shareholders unable to attend.

All shareholders 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 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 Data#3 faces in its business 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 understands 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 reviewed the risk management policy and 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 continued to review and improve those practices. On occasions the board has made additional enquiries and requested assurances regarding the management of material business risks.

The board receives regular 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 system 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 risk management system takes account of the following material business risks:

- ICT government procurement models and trends
- Attraction and retention of key personnel
- The quality of skill of the senior leadership team
- Market demand for ICT products and services
- Key vendor channel strategy and customer engagement models
- Identification of ICT industry opportunities and new technology trends
- Effective positioning of Data#3's solutions in the market
- Internal information technology systems and processes
- Delivery of customer solutions within agreed expectations
- 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 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 has determined that the establishment of separate remuneration committee is currently not necessary or efficient. In relation to remuneration, the board is responsible for:

- Data#3's remuneration, 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 35 to 37.

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

summary

Data#3 considers that its corporate governance practices comply with all of the Revised Recommendations during except for the following two minor exceptions:

- Recommendation 2.4 - The board should establish a nomination committee.
- Recommendation 8.1 - The board should establish a remuneration committee.

The board considers that the establishment of separate nomination and remuneration committees is not necessary or efficient due to Data#3's size and board structure.

directors' report

Your directors present their report on Data#3 Limited and its subsidiaries (the group) for the year ended 30 June 2009.

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 2009	30.0	4,619
Dividends paid in the year:		
Interim for the year ended 30 June 2009	20.0	3,080
Final for the year ended 30 June 2008	28.0	4,329
		7,409

3. operating and financial review

- Total revenue of the group increased by 45.9% to $530,481,000 with growth in all geographic regions.
- Gross margin in dollar terms increased by 15.5% to $82,711,000.
- The overall gross margin percentage decreased from 19.7% to 15.6%, reflecting the significant growth in licensing revenues at historically lower relative margins and successful efforts to increase market share in a highly competitive environment.
- Earnings before interest (net) and tax increased by 9.9% to $13,419,000.
- Net profit after tax increased by 7.6% to $9,832,000.
- Earnings per share increased by 8.2% to 63.76 cents.
- Fully franked dividends declared of 50.0 cents per share for the financial year, an 8.7% increase from last year.
- Very strong net operating cash inflows of $19,550,000.
- Solid financial position with no debt.
- Internal staff costs increased by 17.5% in support of growth and increasing expertise, and operating expenses increased by 15.7%.
- The internal cost ratio (being internal staff costs and operating expenses as a percentage of gross margin in dollar terms) increased from 83.1% to 84.3%.

4. business strategy

Our vision is to be an exceptional company - one that unites to enable our customers' success through the use of 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 that 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

	2009	2008
	Cents	Cents
Basic earnings per share	63.76	58.94
Diluted earnings per share	63.76	58.94

6. significant changes in the state of affairs

During the year the group bought back 80,835 shares on market at a total cost to the group of $416,231. Refer to note 21 to the financial statements. There were no other significant changes in the state of affairs of the group during the year.

7. significant events after the balance date

No matter or circumstance has arisen since 30 June 2009 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 2010 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 market share. We expect the relatively stable labour market to remain 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 the software and systems that support the operations of the business. Overall we expect to reduce operating expense relative to gross margin compared to 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 to at least maintain the financial performance of 2009 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
I J Johnston
W T Powell

Names, qualifications, experience and special responsibilities

R A Anderson, OAM, BCom, FCA, FCPA (*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 (a 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; Chief Executive Officer or Managing Director from 1996; extensive experience in the IT industry; Chairman of the Australian Information Industry Association, the ICT industry's peak representative body; chair of the Federal Government's IT Industry Innovation Council; a member of the Queensland Government's Employment Taskforce; a member of the Queensland ICT Working Group; and a member of Hewlett Packard's Asia Pacific Partner Advisory Board.

Mr Grant is also a non-executive director of Sargent Group.

I J Johnston, DipCM, GradDip App Fin & Inv, ASIA, ACIS, FAICD (*non-executive director)*
Non-executive director since November 2007. Currently Executive Chairman Corporate Finance at ABN AMRO Morgans and a member of its advisory board. Extensive experience in the banking and stockbroking industries including roles in treasury, corporate banking and equity capital markets.

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), Symbiosis Group Limited (director from 2004 to 2009) and The Rock Building Society Limited (director from 2006 to 2009).

Special responsibilities:
Member of audit committee.

9. directors (cont'd)

W T Powell, BEcon (*non-executive director)*
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 the 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

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	440,000

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	15	16	4	4
J E Grant	15	16	**	**
I J Johnston	16	16	4	4
W T Powell	15	16	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 Queensland 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.

Executives
The executive pay and reward framework has three components:

- Base pay and benefits
- Performance-related bonuses
- 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 2009 the proportion of the planned total executive remuneration that was performance-related was 35% (2008: 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 2009 the planned profit-related component represented 75% of the total executive bonuses (2008: 80%). 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 is comprised of three non-executive directors and one executive director. 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.

11. remuneration report (cont'd)

		Short-term			Long-term	Post-employment	Other benefits		
		Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Long service leave $	Super-annuation $	Termination $	Total $	% performance related
Non-executive directors									
Anderson, R.	2009	90,000	-	-	-	8,100	-	98,100	-
Chairman	2008	90,000	-	-	-	8,100	-	98,100	-
Johnston, I.	2009	55,000	-	-	-	4,950	-	59,950	-
(appointed 2 November 2007)	2008	36,458	-	-	-	3,282	-	39,740	-
Powell, W.T.	2009	65,000	-	-	-	5,850	-	70,850	-
	2008	65,000	-	-	-	5,850	-	70,850	-
Subtotals - non-executive directors	2009	210,000	-	-	-	18,900	-	228,900	-
	2008	191,458	-	-	-	17,232	-	208,690	-
Executive director									
Grant, J. *	2009	397,384	120,149	-	6,436	13,745	-	537,714	22.3
Managing Director	2008	398,000	137,318	-	7,400	13,129	-	555,847	24.7
Other key management personnel									
Baynham, L.	2009	230,122	154,799	-	6,324	13,745	-	404,990	38.2
Group General Manager	2008	219,371	221,056	-	5,990	13,129	-	459,546	48.1
Bowser, M. – General Manager	2009	176,255	119,977	-	10,562	13,745	-	320,539	37.4
Queensland	2008	166,871	119,889	-	4,615	13,129	-	304,504	39.4
Colledge, B. – General Manager	2009	192,255	154,221	-	7,506	13,745	-	367,727	41.9
Licensing Solutions	2008	171,871	213,924	-	5,031	13,129	-	403,955	53.0
Crouch, B. – General Manager	2009	177,255	136,920	-	4,091	13,745	-	332,011	41.2
Enterprise Solutions	2008	171,871	208,629	-	5,031	13,129	-	398,660	52.3
Crouch, P. – General Manager	2009	176,255	134,895	-	3,717	13,745	-	328,612	41.0
New South Wales	2008	166,871	133,505	-	4,698	13,129	-	318,203	42.0
Esler, M. * – General Manager	2009	166,255	120,871	-	2,389	13,745	-	303,260	39.9
ICT Product Solutions	2008	166,871	115,720	-	4,698	13,129	-	300,418	38.5
Hill, B. * – Chief Financial	2009	204,055	57,671	-	7,445	13,745	-	282,916	20.4
Officer / Company Secretary	2008	184,871	67,200	-	3,998	13,129	-	269,198	25.0
MacPherson, L. * – General Manager People Solutions and	2009	148,145	67,278	-	3,984	13,745	-	233,152	28.9
Gen. Mgr. Org. Dev. & HR	2008	136,621	65,668	-	3,442	13,129	-	218,860	30.0
Murphy, P. – General Manager	2009	176,255	139,613	-	3,615	13,745	-	333,228	41.9
ICT Services	2008	171,871	134,061	-	4,531	13,129	-	323,592	41.4
Peters, W. – General Manager People Solutions (resigned 27 March 2008)	2008	115,516	77,628	-	-	13,129	88,957	295,230	26.3
Phillips, M. – National Manager Marketing & Alliances (appointed 1 July 2008)	2009	165,000	32,825	-	2,750	13,745	-	214,320	15.3
Rackham, J. – General Manager	2009	176,255	93,195	-	3,222	13,745	-	286,417	32.5
Victoria	2008	166,871	138,700	-	4,615	13,129	-	323,315	42.9
Totals – key management personnel	2009	2,595,491	1,332,414	-	62,041	183,840	-	4,173,786	31.9
	2008	2,428,934	1,633,298	-	54,049	174,780	88,957	4,380,018	37.3

* Denotes those executives who were employed by the parent entity for the year ended 30 June 2009 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 2009 (2008: nil).

No director or executive received compensation in the form of share-based payments during the year ended 30 June 2009 (2008: nil).

11. remuneration report (cont'd)

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)
- 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. 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 2009 (2008: nil), no rights or options vested or lapsed during the year (2008: nil), and no rights or options were exercised during the year (2008: 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 2004, the group's net profit has grown at an average rate of 24% per annum, and the average executive remuneration has increased by an average rate of approximately 6.8% per annum. Shareholder wealth grew at an average rate of 30% per annum from 2004 until 2007; during 2008 the share price fell $0.40 per share but was offset by dividend payments of $0.40 per share during the year. In 2009 the share price increase and dividends paid together resulted in an increase in shareholder wealth of $0.88 per share.

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 below.

Name	Earned %	Forfeited %
Baynham, L.	97%	3%
Bowser, M.	96%	4%
Colledge, B.	100%	-
Crouch, B.	94%	6%
Crouch, P.	100%	-
Esler, M.	93%	7%
Grant, J.	97%	3%
Hill, B.	95%	5%
MacPherson, L.	76%	24%
Murphy, P.	100%	-
Phillips, M.	98%	2%
Rackham, J.	78%	22%

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 $31,875 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	
	2009 $	**2008 $**
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	102,500	100,000
Non-audit services		
Acquisition due diligence services	-	8,300
Tax compliance services	9,000	5,430
	111,500	113,730

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*.

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
24 August 2009

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

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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 2009, 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
24 August 2009

income statements

for the year ended 30 June 2009

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	$'000	$'000	$'000	$'000
Revenue					
Sale of goods		450,049	281,845	-	-
Services		79,616	81,013	-	-
Other	4	816	849	15,865	14,404
		530,481	363,707	15,865	14,404
Other income	5	353	106	-	-
Expenses					
Changes in inventories of finished goods		(692)	1,916	-	-
Purchase of goods		(403,766)	(246,852)	-	-
Employee and contractor costs directly on-charged (cost of sales on services)		(35,860)	(39,370)	-	-
Other cost of sales on services		(6,636)	(6,953)	-	-
Other employee and contractor costs		(57,975)	(49,360)	(4,868)	(4,392)
Telecommunications		(1,224)	(975)	(421)	(360)
Software maintenance and licensing		(183)	(40)	(169)	(27)
Rent	6	(3,828)	(3,221)	(385)	(239)
Travel		(1,377)	(1,312)	(138)	(141)
Professional fees		(656)	(704)	(288)	(232)
Depreciation and amortisation	6	(1,050)	(711)	(218)	(233)
Finance costs	6	(82)	(24)	(34)	(15)
Management charges – subsidiaries		-	-	(1,022)	(719)
Other		(3,352)	(3,174)	(686)	(620)
		(516,681)	(350,780)	(8,229)	(6,978)
Profit before income tax expense		14,153	13,033	7,636	7,426
Income tax expense	7	(4,321)	(3,896)	(41)	(128)
Net profit		9,832	9,137	7,595	7,298
		Cents	**Cents**		
Basic earnings per share	8	63.76	58.94		
Diluted earnings per share	8	63.76	58.94		

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

balance sheets

as at 30 June 2009

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	$'000	$'000	$'000	$'000
Current assets					
Cash and cash equivalents	10	27,957	17,014	27,673	16,822
Trade and other receivables	11	93,993	68,238	10	963
Inventories	12	6,116	6,601	-	-
Other	13	3,156	1,379	739	514
Total current assets		131,222	93,232	28,422	18,299
Non-current assets					
Other financial assets	14	-	-	14	14
Property and equipment	15	1,310	1,730	137	275
Deferred tax assets	7	1,242	1,225	184	176
Intangible assets	16	5,429	5,277	316	65
Total non-current assets		7,981	8,232	651	530
Total assets		139,203	101,464	29,073	18,829
Current liabilities					
Trade and other payables	17	106,641	71,212	8,398	2,637
Current tax liabilities		654	1,423	545	1,312
Provisions	18	1,060	849	363	353
Other	19	6,652	5,773	6,201	636
Total current liabilities		115,007	79,257	15,507	4,938
Non-current liabilities					
Other payables	17	194	160	-	-
Provisions	18	669	586	59	50
Other	19	-	135	-	104
Total non-current liabilities		863	881	59	154
Total liabilities		115,870	80,138	15,566	5,092
Net assets		23,333	21,326	13,507	13,737
Equity					
Contributed equity	21	8,278	8,694	8,278	8,694
Retained earnings		15,055	12,632	5,229	5,043
Total equity		23,333	21,326	13,507	13,737

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

statements of changes in equity

for the year ended 30 June 2009

	Number of Ordinary Shares '000	Contributed Equity $'000	Retained Earnings $'000	Total Shareholders' Equity $'000
Consolidated				
Balance at 1 July 2007	15,591	9,387	9,690	19,077
Net profit	-	-	9,137	9,137
Total recognised income and expense	-	-	9,137	9,137
Repurchase of ordinary shares	(113)	(693)	-	(693)
Payment of dividends	-	-	(6,195)	(6,195)
Balance at 30 June 2008	15,478	8,694	12,632	21,326
Net profit	-	-	9,832	9,832
Total recognised income and expense	-	-	9,832	9,832
Repurchase of ordinary shares	(81)	(416)	-	(416)
Payment of dividends	-	-	(7,409)	(7,409)
Balance at 30 June 2009	15,397	8,278	15,055	23,333
Parent				
Balance at 1 July 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
Net profit	-	-	7,595	7,595
Total recognised income and expense	-	-	7,595	7,595
Repurchase of ordinary shares	(81)	(416)	-	(416)
Payment of dividends	-	-	(7,409)	(7,409)
Balance at 30 June 2009	15,397	8,278	5,229	13,507

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 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash flows from operating activities					
Net profit after income tax		9,832	9,137	7,595	7,298
Depreciation and amortisation		1,050	711	218	233
Impairment of inventory		-	300	-	-
Bad and doubtful debts		278	61	-	-
Loss on disposal of property and equipment		-	18	-	11
Reduction of doubtful debt provision		(110)	(52)	-	-
Other		34	2	-	-
Change in operating assets and liabilities, net of effects from purchase and sale of businesses					
(Increase) in trade receivables		(26,175)	(16,690)	-	-
(Increase) / decrease in inventories		485	(1,916)	-	-
(Increase) / decrease in other operating assets		(1,525)	69	(170)	(189)
(Increase) / decrease in net deferred tax assets		(18)	(228)	(8)	4
Increase in trade payables		29,102	16,578	-	-
Increase / (decrease) in unearned income		940	(520)	-	-
Increase / (decrease) in other operating liabilities		6,146	635	5,657	(74)
Increase / (decrease) in current tax liabilities		(769)	32	(767)	(79)
Increase in liability for employee benefits		280	215	19	52
Net cash inflow from operating activities		19,550	8,352	12,544	7,256
Cash flows from investing activities					
Payments for property and equipment		(461)	(1,157)	(13)	(28)
Payments for software assets		(322)	(72)	(318)	(72)
Payment for acquisition of business	29	-	(593)	-	-
Other		1	5	-	5
Net cash outflow from investing activities		(782)	(1,817)	(331)	(95)
Cash flows from financing activities					
Proceeds/(repayments) from amounts due to/from subsidiaries		-	-	6,463	623
Payment of dividends	9	(7,409)	(6,195)	(7,409)	(6,195)
Repurchase of ordinary shares	21	(416)	(693)	(416)	(693)
Net cash outflow from financing activities		(7,825)	(6,888)	(1,362)	(6,265)
Net increase (decrease) in cash and cash equivalents held		10,943	(353)	10,851	896
Cash and cash equivalents, beginning of financial year		17,014	17,367	16,822	15,926
Cash and cash equivalents, end of financial year	10	27,957	17,014	27,673	16,822
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 Australian Accounting Interpretations) and the Corporations Act 2001. 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 also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(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 2009 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's specified location pursuant to a sales order, the risks of obsolescence and loss have passed to the customer, and the customer has either accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

(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.

note 1. summary of significant accounting policies (cont'd)

(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.

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.

note 1. summary of significant accounting policies (cont'd)

(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.

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.

note 1. summary of significant accounting policies (cont'd)

(m) Investments and other financial assets (cont'd)
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.

note 1. summary of significant accounting policies (cont'd)

(s) Employee benefits (continued)

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.

(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) Comparatives

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

(w) 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 24 August 2009. 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 1. summary of significant accounting policies (cont'd)

(x) 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 2009, are as follows:

Standard/Interpretation	Application date of standard*	Application date for the group*
AASB 3 *Business Combinations* – revised standard and consequential amendments to other accounting standards resulting from its issue	1 July 2009	1 July 2009
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 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
AASB 2008-8 *Amendments to Australian Accounting Standards – Eligible Hedged Items*	1 July 2009	1 July 2009
AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*	1 January 2009	1 July 2009
AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 July 2009	1 July 2009
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2010	1 July 2010
AASB 2009-6 *Amendments to Australian Accounting Standards*	1 January 2009	1 July 2009
AASB 2009-7 *Amendments to Australian Accounting Standards*	1 July 2009	1 July 2009
AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions*	1 January 2010	1 July 2010
Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2009	1 July 2009
Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 October 2008	1 July 2009
Interpretation 17 *Distribution of Non-cash Assets to Owners* and consequential amendments to accounting standards resulting from its issue	1 July 2009	1 July 2009
Interpretation 18 *Transfers of Assets from Customers*	1 July 2009	1 July 2009

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

Impact of AASB 3 and AASB 127
AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes. It requires that all payments to purchase a business be recorded at fair value as at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. There is a choice on each acquisition to measure the non-controlling interest in the acquiree at either fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be charged to expense. This is different to the group's current policy which is set out in note 1(j).

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the group's current policy if significant influence is not retained, as set out in note 1(b).

The group will apply revised AASB 3 and AASB 127 prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

note 1. summary of significant accounting policies (cont'd)

(x) Accounting standards not yet effective (continued)
Impact of other standards and interpretations

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 2008-5, AASB 2008-6, AASB 2009-2, AASB 2009-6 and AASB 2009-7 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. 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 these amendments will have no material impact on the financial statements of the company or the group.

AASB 2009-4 and AASB 2009-5 introduce various changes to IFRSs. AASB 2009-8 clarifies the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services regardless of which entity in the group settles the transaction, and regardless of whether the transaction is settled in shares or cash. The directors have not yet assessed the impact, if any, of these amendments.

The circumstances addressed by 2008-2, 2008-8 and Interpretations 15, 16, 17 and 18 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.

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 16.

Acquisition of business
The group accounted for the acquisition of a business during 2008 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 29 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 2009		30 June 2008	
	XPF '000	AUD equivalent $'000	XPF '000	AUD equivalent $'000
Cash and cash equivalents	19,643	282	13,952	189
Trade receivables	31,598	453	50,073	679
Trade and other payables	8,570	123	6,223	84

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

note 3. financial risk management (cont'd)

(a) Market risk (continued)

(i) Foreign exchange risk

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)	
	2009 $000	2008 $000	2009 $000	2008 $000
AUD/XPF –10%	43	55	43	55
AUD/XPF +10%	(43)	(55)	(43)	(55)

(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 2009 (2008: nil). 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 one large financial institution.
- During the 2009 year, sales to one government customer comprised 11% of revenue (2008: 11%).
- There are a number of individually significant debtors. At 30 June 2009, one government debtor comprised 14% of total debtors, and the ten largest debtors comprised approximately 38% of total debtors (2008: 37%), of which 72% were accounts receivable from a number of government customers (2008: 25%).
- 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 level of bad debt write-offs experienced historically. Bad debt write-offs as a percent of the trade receivables carrying amount was 0.2% for 2009 (2008: 0.1%).
- Financial guarantees have been extended to certain parties (refer to note 26 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'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 for the year ended 30 June 2009 was 10.5% (2008: 11.2%). The bill facility is subject to annual review.

note 3. financial risk management (cont'd)

(c) Liquidity risk (continued)
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 2009. For financial liabilities, the contractual maturities match the expected maturities shown in the tables below.

Consolidated	<= 6	6-12	1-5	Total
As at 30 June 2009	months $'000	months $'000	years $'000	$'000
Financial assets				
Cash and cash equivalents	27,957	-	-	27,957
Trade and other receivables	93,993	-	-	93,993
	121,950	-	-	121,950
Financial liabilities				
Trade and other payables	106,641	-	194	106,835
Net maturity	15,309	-	(194)	15,115
As at 30 June 2008				
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	71,212	-	160	71,372
Net maturity	13,980	60	(160)	13,880

Parent	2009 $'000	2008 $'000
Financial assets		
Cash and cash equivalents	27,673	16,822
Trade and other receivables	10	963
	27,683	17,785
Financial liabilities		
Trade and other payables	8,398	2,637
Amounts payable to subsidiaries	6,097	532
	14,495	3,169
Net maturity	13,188	14,616

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

note 3. financial risk management (cont'd)

(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 has no long-term debt obligations. At balance date the group and parent maintained the following variable rate accounts:

	30 June 2009		30 June 2008	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash at bank and on hand	3.3%	4,957	2.6%	1,014
Deposits at call	6.4%	23,000	6.5%	16,000
Cash and cash equivalents	5.1%	27,957	6.0%	17,014
Parent				
Cash at bank and on hand	3.4%	4,673	2.8%	822
Deposits at call	6.4%	23,000	6.5%	16,000
Cash and cash equivalents	5.1%	27,673	6.0%	16,822

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)	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Consolidated				
+1% (100 basis points)	196	120	196	120
–.5% (50 basis points)	(98)	(60)	(98)	(60)
Parent				
+1% (100 basis points)	194	118	194	118
–.5% (50 basis points)	(97)	(59)	(97)	(59)

(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	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
note 4. other revenue				
Interest	816	849	618	798
Corporate charges – subsidiaries	-	-	7,747	6,606
Dividends – subsidiaries	-	-	7,500	7,000
	816	849	15,865	14,404
note 5. other income				
Foreign exchange gain	243	39	-	-
Reversal of provision against receivables	110	52	-	-
Reversal of provision for lease remediation	-	15	-	-
	353	106	-	-
note 6. expenses				
Cost of goods sold	404,458	244,936	-	-
Depreciation and amortisation of property and equipment (note 15)	880	521	151	162
Amortisation of intangibles (note 16)	170	190	67	71
	1,050	711	218	233

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
note 6. expenses (cont'd)				
Employee benefits expense (excluding superannuation)	45,718	39,297	3,353	2,972
Other charges against assets				
Impairment of trade receivables	218	61	-	-
Impairment of other receivables	60	-	-	-
Impairment of inventory	-	300	-	-
Rental expenses on operating leases				
Minimum lease payments	3,367	2,701	357	201
Contingent rentals	(63)	(45)	-	-
Rental expenses – other	524	565	28	38
	3,828	3,221	385	239
Finance costs				
Interest and finance charges paid/payable	34	16	34	15
Unwinding of discount on provisions and other payables	48	8	-	-
	82	24	34	15
Loss on disposal of property and equipment	-	18	-	11
Loss on disposal of software assets	-	2	-	-
note 7. income tax				
Income tax expense				
The major components of income tax expense are:				
Current income tax expense	4,500	4,216	48	124
Deferred income tax relating to the origination and reversal of temporary differences	(108)	(218)	(7)	4
Adjustments for current tax of prior years	(71)	(102)	-	-
Income tax expense	4,321	3,896	41	128
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	14,153	13,033	7,636	7,426
Income tax calculated at the Australian tax rate: 30% (2008: 30%)	4,246	3,910	2,291	2,228
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:				
Non-taxable dividends	-	-	(2,250)	(2,100)
Non-deductible items	56	88	-	-
Other	90	-	-	-
	4,392	3,998	41	128
Under (over) provision in prior year	(71)	(102)	-	-
Income tax expense	4,321	3,896	41	128

The parent entity, in its capacity as head entity of the tax-consolidated group, paid income taxes of $5,126,000 during financial year 2009 (2008: $4,070,000 for group and parent entity). A subsidiary of the group outside of the consolidated tax group paid income taxes of $164,000 during the year ended 30 June 2009 (2008: nil).

note 7. income tax (cont'd)

	Balance Sheet		Income Statement	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Consolidated				
Deferred income tax				
Deferred income tax for the group comprises:				
Deferred tax assets				
Accrued liabilities	837	796	41	121
Provisions	595	557	129	151
Lease incentive liability	40	99	(59)	(59)
Foreign tax losses	-	-	-	(22)
Other	11	16	(5)	2
	1,483	1,468	106	193
Deferred tax liabilities				
Intangible assets	(45)	(75)	30	15
Lease incentive asset	(40)	(99)	59	59
Other	(156)	(69)	(87)	(49)
	(241)	(243)	2	25
Net deferred tax assets	1,242	1,225		
Deferred income tax revenue			108	218
Parent				
Deferred income tax				
Deferred income tax for the parent comprises:				
Deferred tax assets				
Accrued liabilities	66	75	(9)	(6)
Provisions	127	121	5	16
Lease incentive liability	31	63	(32)	(31)
Other	10	15	(5)	4
	234	274	(41)	(17)
Deferred tax liabilities				
Lease incentive asset	(31)	(63)	32	31
Other	(19)	(35)	16	(18)
	(50)	(98)	48	13
Net deferred tax assets	184	176		
Deferred income tax revenue/(expense)			7	(4)

Unrecognised temporary differences
The parent entity has recorded impairment charges of $6,117,000 (2008: $6,117,000) in respect of its investment in a subsidiary (refer notes 14, 26). No deferred tax asset has been recognised in relation to these accumulated impairment charges (2008: 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.

note 7. income tax (cont'd)

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 (2008: nil).

	Consolidated	
	2009 Number	2008 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	15,421,679	15,501,128

(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 27. No rights or options were on issue during 2009 or 2008; therefore there was no impact on the calculation of diluted earnings per share.

	Parent	
	2009 $'000	2008 $'000
note 9. dividends		
Dividends paid on ordinary shares during the year		
Final fully franked dividend for 2008: 28.0c (2007: 22.0c)	4,329	3,409
Interim fully franked dividend for 2009: 20.0c (2008: 18.0c)	3,080	2,786
	7,409	6,195
Dividends declared (not recognised as a liability at year end)		
Final fully franked dividend for 2009: 30.0c (2008: 28.0c)	4,619	4,329
The tax rate at which dividends paid have been franked is 30% (2008: 30%). Dividends declared will be franked at the rate of 30% (2008: 30%).		
Franking credit balance		
Franking credits available for subsequent financial years based on a tax rate of 30% (2008: 30%)	10,097	9,172

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 $1,980,000 (2008: $1,856,000).

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
note 10. cash and cash equivalents				
Cash at bank and on hand	4,957	1,014	4,673	822
Deposits at call	23,000	16,000	23,000	16,000
Balances per cash flow statements	27,957	17,014	27,673	16,822

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
note 11. trade and other receivables				
Trade receivables	94,169	68,028	-	-
Allowance for impairment (a)	(196)	(122)	-	-
	93,973	67,906	-	-
Other receivables (b)	20	272	10	65
Receivable from Powerlan (Qld)	1,327	1,327	-	-
Allowance for impairment (c)	(1,327)	(1,267)	-	-
	-	60	-	-
Amounts receivable from subsidiaries (d)	-	-	-	898
	93,993	68,238	10	963

(a) Allowance for impairment
An impairment loss of $218,000 (2008: $61,000) 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 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
Provision for impairment recognised during the year	218
Receivables written off during the year	(34)
Unused amount reversed	(110)
Carrying amount at 30 June 2009	196

The ageing of overdue trade receivables for the group as at 30 June 2009 is as follows:

	2009		2008	
	Considered impaired $'000	Past due but not impaired $'000	Considered impaired $'000	Past due but not impaired $'000
31-60 days	-	10,361	-	10,282
61-90 days	-	4,560	-	4,855
91-120 days	74	1,695	61	761
+120 days	122	1,621	61	2,077
	196	18,237	122	17,975

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.

note 11. trade and other receivables (cont'd)

(c) Allowance for impairment – Powerlan
An impairment loss of $60,000 (2008: nil) 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 2007	1,267
Carrying amount at 30 June 2008	1,267
Provision for impairment recognised during the year	60
Carrying amount at 30 June 2009	1,327

(d) Receivables from subsidiaries
These amounts are at call, unsecured, interest-free and repayable in cash.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
note 12. inventories				
Finished goods – at cost	6,116	6,357	-	-
Finished goods – at net realisable value	-	244	-	-
	6,116	6,601	-	-

Finished goods at cost is composed entirely of inventory purchased pursuant to customer orders or letters of intent (2008: $6,057,000).

Inventories recognised as an expense for the year ended 30 June 2009 totalled $404,458,000 (2008: $244,936,000) for the group and are included in the cost of goods sold line item (refer to note 6). For the year ended 30 June 2008 the amount of inventory charged as an expense in other expenses included $300,000 (2009: nil) for the group relating to inventory that was considered obsolete.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
note 13. other current assets				
Prepayments	740	452	643	418
Security deposits	203	200	96	96
Accrued rebates	2,213	727	-	-
	3,156	1,379	739	514
note 14. other financial assets (non-current)				
Shares in subsidiaries – at cost (note 26)	-	-	6,131	6,131
Accumulated impairment	-	-	(6,117)	(6,117)
	-	-	14	14

note 15. property and equipment

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Leasehold improvements – at cost	3,447	3,160	1,042	1,042
Accumulated amortisation	(2,400)	(1,703)	(938)	(834)
	1,047	1,457	104	208
Equipment – at cost	938	799	499	512
Accumulated depreciation	(675)	(526)	(466)	(445)
	263	273	33	67
	1,310	1,730	137	275

	Leasehold improvements $'000	Equipment $'000	Total $'000
Consolidated			
Carrying amount at 1 July 2007	893	191	1,084
Additions	973	184	1,157
Additions through acquisition of business (note 29)	-	28	28
Disposals	(5)	(13)	(18)
Depreciation/amortisation expense	(404)	(117)	(521)
Carrying amount at 30 June 2008	1,457	273	1,730
Additions	287	174	461
Disposals	-	(1)	(1)
Depreciation/amortisation expense	(697)	(183)	(880)
Carrying amount at 30 June 2009	1,047	263	1,310
Parent			
Carrying amount at 1 July 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
Additions	-	13	13
Depreciation/amortisation expense	(104)	(47)	(151)
Carrying amount at 30 June 2009	104	33	137

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
note 16. intangible assets				
Goodwill – at cost	5,036	5,036	-	-
Accumulated impairment	(76)	(76)	-	-
	4,960	4,960	-	-
Software assets – at cost	780	464	531	219
Accumulated amortisation and impairment	(461)	(397)	(215)	(154)
	319	67	316	65
Customer relationships – at cost	300	300	-	-
Accumulated amortisation	(150)	(50)	-	-
	150	250	-	-
	5,429	5,277	316	65

	Consolidated				Parent
	Goodwill $'000	Software assets $'000	Customer relation-ships $'000	Total $'000	Software assets $'000
Carrying amount at 1 July 2007	4,333	137	-	4,470	64
Additions	-	72	-	72	72
Additions through acquisition of business (note 29)	627	-	300	927	-
Disposals	-	(2)	-	(2)	-
Amortisation expense	-	(140)	(50)	(190)	(71)
Carrying amount at 30 June 2008	4,960	67	250	5,277	65
Additions	-	322	-	322	318
Amortisation expense	-	(70)	(100)	(170)	(67)
Carrying amount at 30 June 2009	4,960	319	150	5,429	316

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 2009 (2008: 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 2010. The before-tax discount rate applied to cash flow projections is 10% (2008: 13%). Cash flows beyond the 2010 financial year have been extrapolated using an average growth rate of 7% (2008: 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 17. trade and other payables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Trade payables - secured (note 20)	8,094	10,808	-	-
Trade payables - unsecured	83,860	52,045	-	-
	91,954	62,853	-	-
Other payables - unsecured	14,687	8,359	8,398	2,637
	106,641	71,212	8,398	2,637
Non-current				
Other payables - unsecured	194	160	-	-

Other payables (non-current) comprise amounts payable as contingent consideration for a business acquisition (refer to note 29). The amount recorded is the present value of contingent payments, discounted at 14%, which are due to be made in March 2010. No interest is payable.

note 18. provisions

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Employee benefits	1,060	849	363	353
Non–current				
Employee benefits	487	418	54	45
Lease remediation (note 1(f))	182	168	5	5
	669	586	59	50

Movements in provisions other than employee benefits are as follows:

	Consolidated Lease remediation $'000	Parent 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
Increase to present value	14	-
Balance at 30 June 2009	182	5

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

note 19. other liabilities

Current				
Unearned income	6,517	5,577	-	-
Lease incentives	135	196	104	104
Amounts payable to subsidiaries	-	-	6,097	532
	6,652	5,773	6,201	636
Non–current				
Lease incentives	-	135	-	104

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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

note 20. secured liabilities

Secured liabilities (current and non-current)				
Lease incentives (note 19)	135	331	104	208
Trade payables (note 17)	8,094	10,808	-	-
Total secured liabilities	8,229	11,139	104	208

Assets pledged as security
All of the assets of the group are pledged as security for bank facilities (refer to note 3) and certain trade creditor facilities as noted above. Leasehold improvements (refer to note 15) effectively secure lease incentive liabilities as noted above.

note 21. contributed equity

(a) Movements in ordinary share capital

Details	Notes	Number of shares	Issue price $	$'000
Balance – 1 July 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
Repurchase of ordinary shares	(i)	(34,481)	5.50	(190)
Repurchase of ordinary shares	(i)	(4,000)	5.40	(22)
Repurchase of ordinary shares	(i)	(2,000)	5.35	(11)
Repurchase of ordinary shares	(i)	(1,000)	5.31	(5)
Repurchase of ordinary shares	(i)	(1,641)	5.30	(9)
Repurchase of ordinary shares	(i)	(1,013)	5.25	(5)
Repurchase of ordinary shares	(i)	(1,000)	5.20	(5)
Repurchase of ordinary shares	(i)	(1,000)	5.10	(5)
Repurchase of ordinary shares	(i)	(5,000)	5.00	(25)
Repurchase of ordinary shares	(i)	(1,000)	4.88	(5)
Repurchase of ordinary shares	(i)	(2,000)	4.81	(9)
Repurchase of ordinary shares	(i)	(15,700)	4.80	(75)
Repurchase of ordinary shares	(i)	(1,000)	4.75	(5)
Repurchase of ordinary shares	(i)	(1,000)	4.70	(5)
Repurchase of ordinary shares	(i)	(1,000)	4.60	(5)
Repurchase of ordinary shares	(i)	(5,000)	4.50	(22)
Repurchase of ordinary shares	(i)	(1,000)	4.45	(4)
Repurchase of ordinary shares	(i)	(2,000)	4.40	(9)
Balance – 30 June 2009		15,397,495		8,278

(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 has been extended to 31 August 2009. 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 2009 and 2008 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 2009 (refer to note 27).

(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 2009, the board paid dividends of $7,409,000 (2008: $6,195,000). The board's intent for dividend payments for 2010 - 2014 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 22. contingent liabilities

At 30 June 2009 bank guarantees totalling $410,000 (2008: $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 26.

note 23. commitments

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Future minimum rentals payable under non-cancelable operating leases as at 30 June are as follows:				
Within one year	2,778	3,278	1,397	1,427
Later than one year but not later than five years	2,590	5,400	1,104	2,337
	5,368	8,678	2,501	3,764

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 24. key management personnel

Key management personnel compensation is set out below.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Short-term employee benefits	3,927,905	4,062,232	1,491,808	1,463,727
Long-term employee benefits	62,041	54,049	20,254	19,538
Post-employment benefits	183,840	174,780	73,880	69,748
Termination benefits	-	88,957	-	-
	4,173,786	4,380,018	1,585,942	1,553,013

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 27. No rights or options were granted and no rights or options were outstanding during the 2008 and 2009 financial years.

note 24. key management personnel (cont'd)

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 2007	Other changes*	Balance 30 June 2008	Other changes*	Balance 30 June 2009
Directors:					
Anderson, R.	50,000	10,000	60,000	-	60,000
Grant, J.	861,520	(97,500)	764,020	-	764,020
Johnston, I	-	**60,000	60,000	-	60,000
Powell, W.T.	510,000	(45,000)	465,000	(25,000)	440,000
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	(10,000)	750,100	-	750,100
Hill, B.	50,000	-	50,000	-	50,000
MacPherson, L.	12,000	(7,000)	5,000	(2,000)	3,000
	2,338,820	(89,500)	2,249,320	(27,000)	2,222,320

* Except as noted, other changes refer to the individual's on-market trading.
** Reflects appointment or retirement/resignation of director.

No shares were granted to key management personnel during the year as compensation (2008: nil) nor were any issued on exercise of options (2008: 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.

	2009 $	2008 $
Amounts recognised as expense		
Other expense	20,718	17,695

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

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
note 25. remuneration of auditor				
During the year the following fees were paid or payable to the auditor for audit and non-audit services:				
Audit services				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	102,500	100,000	102,500	100,000
Non-audit services				
Acquisition due diligence services	-	8,300	-	8,300
Tax compliance services	9,000	5,430	9,000	5,430
Total remuneration	111,500	113,730	111,500	113,730

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 26. 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)	
		2009 %	2008 %
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 2009 and 30 June 2008 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 $4,270,000 in relation to its subsidiaries' current tax amounts for the year ended 30 June 2009 (2008: a receivable of $3,940,000).

Loans provided are at call, interest-free and unsecured and have no fixed repayment terms (refer notes 11 and 19). 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 2009. However, Gratesand has net liabilities of $5,045,000 as at 30 June 2009 (2008: $5,592,000). Management believes no provision is necessary in relation to the net deficiency in Gratesand, as Gratesand has traded profitably from financial year 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 2009 and 2008 are set out in the following table.

note 26. related parties (cont'd)

	Closed Group	
	2009 $'000	2008 $'000
Revenues		
Sale of goods	449,982	281,871
Services	77,671	79,286
Other	1,459	849
Total	529,112	362,006
Other income	111	67
Expenses		
Changes in inventories of finished goods	(692)	1,916
Purchase of goods	(403,715)	(246,854)
Employee and contractor costs directly on-charged (cost of sales on services)	(35,860)	(39,370)
Other cost of sales on services	(6,632)	(6,874)
Other employee and contractor costs	(56,914)	(48,404)
Telecommunications	(1,216)	(960)
Software maintenance and licensing	(183)	(40)
Rent	(3,769)	(3,164)
Travel	(1,311)	(1,316)
Professional fees	(623)	(682)
Depreciation and amortisation	(1,046)	(705)
Finance costs	(82)	(24)
Other	(3,320)	(3,147)
Total	(515,363)	(349,624)
Profit before income tax expense	13,860	12,449
Income tax expense	(4,211)	(3,773)
Net profit	9,649	8,676

A summary of movements in consolidated retained earnings for the years ended 30 June 2009 and 2008 of the closed group is set out below.

	Closed Group
	$'000
Retained earnings at 1 July 2007	9,651
Profit after income tax/net profit (total recognised income and expense)	8,676
Dividends provided for or paid	(6,195)
Retained earnings at 30 June 2008	12,132
Profit after income tax/net profit (total recognised income and expense)	9,649
Dividends provided for or paid	(7,409)
Retained earnings at 30 June 2009	14,372

note 26. related parties (cont'd)

The consolidated balance sheet as at 30 June 2009 for the closed group is set out below.

	Closed Group	
	2009 $'000	2008 $'000
Current assets		
Cash and cash equivalents	27,676	16,825
Trade and other receivables	93,777	67,664
Inventories	6,116	6,601
Other	3,149	1,373
Total current assets	130,718	92,463
Non-current assets		
Other financial assets	14	14
Property and equipment	1,306	1,723
Deferred tax assets	1,242	1,225
Intangible assets	5,429	5,277
Total non-current assets	7,991	8,239
Total assets	138,709	100,702
Current liabilities		
Trade and other payables	106,513	71,060
Current tax liabilities	545	1,312
Provisions	1,060	849
Other	7,078	5,773
Total current liabilities	115,196	78,994
Non-current liabilities		
Other payables	194	160
Provisions	669	586
Other	-	136
Total non-current liabilities	863	882
Total liabilities	116,059	79,876
Net assets	22,650	20,826
Equity		
Contributed equity	8,278	8,694
Retained earnings	14,372	12,132
Total equity	22,650	20,826

note 27. 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 27. share-based payments (cont'd)

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 21(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 2009 no shares have been issued under the ESOP. The ESOP is currently being held in abeyance until such time as the directors determine that the plan should be implemented.

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 2009 no shares or incentives have been issued under the DSIP. The DSIP is currently being held in abeyance until such time as the directors determine that the plan should be implemented.

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 2008 or 2009.

note 28. 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 29. 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.

(a) Provisional accounting
The group initially accounted for the acquisition on a provisional basis. Details of the acquisition were as follows:

	$'000
Purchase consideration comprised:	
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 was attributable to the expertise of the consultants of FCS. The fair value of assets acquired was 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 was accounted for provisionally in the event the profit targets are not met, management believed payment of the earn-out was probable and 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 were 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

(b) Adjustments to provisional accounting
During the financial year ended 30 June 2009, management determined that the initial accounting for the acquisition requires the following adjustments, effective as at 1 January 2008, the date of the acquisition:

	Original amount $'000	Revised amount $'000	Increase/(decrease) $'000
Property and equipment	28	28	-
Intangible assets – customer relationships	874	300	(574)
Goodwill	1,791	627	(1,164)
Deferred tax liability	262	89	(173)
Liabilities for acquisition costs and earn-out:			
Trade and other payables – current	457	156	(301)
Other payables – non-current	1,424	160	(1,264)

The adjustments to the initial accounting for the acquisition resulted in a decrease of $1,498,000 to consolidated total assets, a decrease of $1,565,000 to consolidated total liabilities, and an increase of $67,000 to consolidated retained earnings as at 30 June 2008. The adjustments also resulted in increases to consolidated profit before income tax by $96,000, consolidated income tax expense by $29,000, and consolidated profit after income tax by $67,000 for the year ended 30 June 2008.

The adjustments have been reflected by restating each of the affected financial statement line items for the prior year, as described above. Earnings per share for the prior year has also been restated. The adjustment resulted in an increase to both basic and diluted earnings per share of $0.43 cents per share.

In the opinion of the directors:

(a) the financial statements and notes set out on pages 40 to 70 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date;

(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 26 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 26.

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

R A Anderson
Director

Brisbane
24 August 2009

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

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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 2009, 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 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*.

Liability Limited by a scheme approved under Professional Standards Legislation

independent auditor's report to the members of Data#3 Limited (cont'd)

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 2009 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 2009. 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 2009 complies with Section 300A of the *Corporations Act 2001*.

JOHNSTON RORKE
Chartered Accountants

J J Evans
Partner

Brisbane, Queensland
24 August 2009

shareholder information

The shareholder information set out below was applicable as at 20 August 2009.

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	820	-
1,001 - 5,000	1,227	-
5,001 - 10,000	264	-
10,001 - 100,000	162	-
100,001 and over	21	-
	2,494	-

(b) There were 64 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	804,434	5.22
National Nominees Limited	659,516	4.28
ANZ Nominees Limited	569,065	3.70
Citicorp Nominees Pty Limited	541,917	3.52
Oakport Pty Ltd	541,899	3.52
Wood Grant & Associates Pty Ltd	344,169	2.24
Powell Clark Trading Pty Ltd	327,000	2.12
Citicorp Nominees Pty Limited	248,160	1.61
Elterry Pty Ltd	240,000	1.56
Fadmoor Pty Ltd	210,002	1.36
Thomson Associates Pty Ltd	200,000	1.30
M R Esler	179,100	1.16
J E Grant	179,100	1.16
J T Populin	169,014	1.10
JHG Super Pty Ltd	160,771	1.04
A J & L D O'Rourke	141,910	0.92
Perpetual Trustees Consolidated Limited	140,276	0.91
M G Populin	120,444	0.78
UBS Nominees Pty Ltd	116,414	0.76
G R Clark	108,000	0.70
	6,001,191	38.98

3. substantial shareholders

Substantial shareholders in the company are set out below:

Name	Number held	Percentage
Souls Funds Management Limited	1,415,879	9.20
Paradice Investment Management Pty Ltd	935,887	6.08
Commonwealth Bank of Australia	790,077	5.13

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

2009		2010	
24 August	Full year results announcement	By 22 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
10 November	Annual General Meeting	30 June	Year end

our achievements

In 2008/09 the world's leading technology vendors and the Australian IT industry continued to recognise Data#3's expertise, experience and ability to consistently deliver positive outcomes to customers with a range of commendations that give substance to the claim that Data#3 is Australia's leading ICT Solutions company. Data#3 is recognised on local, national, and global stages for its commitment and dedication to its customers and their business challenges as the awards and accolades below recognise:

- IBM Australia Business Partner Hall of Fame 2009
- IBM POWER Systems 2008 Australian Partner of the Year 2008
- Microsoft Worldwide Partner of the Year 2009 – Security Solutions – Infrastructure Security
- Microsoft Asia Pacific Partner of the Year 2009 – Security Solutions – Infrastructure Security
- Microsoft Australia Partner of the Year 2008 – Licensing Solutions – License Delivery
- Microsoft Australia Partner of the Year 2009 – Licensing Solutions – License Delivery
- Microsoft Australia Partner of the Year 2008 – Licensing Solutions – Software Asset Management
- Microsoft Australia Partner of the Year 2008 – Security Solutions
- Microsoft Australia Partner of the Year 2009 – Security Solutions
- Microsoft Australia Partner of the Year 2008 (finalist) – Advanced Infrastructure
- Microsoft Australia Partner of the Year 2008 (finalist) – Information Worker Solutions
- Sophos Partner of the Year 2009 – Australia
- Websense Partner of the Year 2009 – Australia
- Vizioncore Outstanding Australia/New Zealand Partner Award 2009
- ARN Enterprise Reseller of the Year 2009
- CRN Enterprise Reseller of the Year 2009
- Australian Financial Review/MIS Magazine MIS Strategic 100 – Member of the Australia and New Zealand 25 2009
- Skillsoft Industry Achievement Award 2009

corporate directory

CORPORATE HEAD OFFICE
Brisbane
Level 2
Data#3 Centre
80 Jephson Street
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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.

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F: **1300 32 82 32**
E: **info@data3.com.au**
W: **www.data3.com.au**

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NORTH SYDNEY NSW 2060

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NORTH SYDNEY NSW 2059

Melbourne
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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 19
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BRISBANE QLD 4000

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E: registrars@linkmarketservices.com.au
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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

We choose an environmentally friendly waterless printing process to produce this annual report as part of our commitment to eliminate greenhouse gas emissions and save precious water supplies.