

DATA CRAFT ASIA LTD
(Registration no: 199301842Z)

**Second Quarter Financial Statement And Dividend Announcement for the Period Ended
 31 March 2008**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement (for the group) together with a comparative statement for the
 corresponding period of the immediately preceding financial year.**

	Group			Group		
	Q2 2008 US\$'000	Q2 2007 US\$'000	Change %	1H 2008 US\$'000	1H 2007 US\$'000	Change %
Revenue	180,579	143,831	25.5	353,787	272,513	29.8
Cost of sales	(147,720)	(116,868)	26.4	(288,166)	(220,897)	30.5
Gross profit	32,859	26,963	21.9	65,621	51,616	27.1
<i>Gross margin %</i>	18.2%	18.7%		18.5%	18.9%	
Add: Other operating income (Note 1(a)(i))	1,807	1,504	20.1	3,277	2,585	26.8
Less: Operating expenses						
Distribution and sales	(14,060)	(11,271)	24.7	(28,119)	(22,023)	27.7
Administrative	(7,120)	(6,363)	11.9	(14,007)	(12,431)	12.7
Share options expense	(445)	(323)	37.8	(850)	(710)	19.7
Finance costs	-	(25)	(100.0)	(1)	(42)	(97.6)
Profit before tax (Note 1(a)(ii))	13,041	10,485	24.4	25,921	18,995	36.5
Profit before tax %	7.2%	7.3%		7.3%	7.0%	
Income tax expense	(3,516)	(2,859)	23.0	(6,995)	(5,162)	35.5
<i>Effective tax rate %</i>	27.0%	27.3%		27.0%	27.2%	
Profit after tax	9,525	7,626	24.9	18,926	13,833	36.8
Profit after tax margin %	5.3%	5.3%		5.3%	5.1%	
Attributable to:						
Shareholders of the Company	9,506	7,631	24.6	18,918	13,847	36.6
Minority interests	19	(5)	(480.0)	8	(14)	(157.1)
	9,525	7,626	24.9	18,926	13,833	36.8

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

	Group		Group	
	Q2 2008 US\$'000	Q2 2007 US\$'000	1H 2008 US\$'000	1H 2007 US\$'000
Interest income	992	1,005	1,991	2,122
Investment income	235	165	450	309
Foreign exchange gain	580	334	836	154
	1,807	1,504	3,277	2,585

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

	Group		Group	
	Q2 2008 US\$'000	Q2 2007 US\$'000	1H 2008 US\$'000	1H 2007 US\$'000
Disclosure of expenses included in Profit before tax :				
Interest expense	-	(25)	(1)	(42)
Depreciation of plant and equipment	(2,152)	(1,789)	(4,242)	(3,682)
Allowance for doubtful trade receivables	(50)	(150)	(100)	(150)
Allowance for inventory obsolescence	(50)	(107)	(150)	(107)
Loss on disposal of plant and equipment	(11)	-	(11)	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		
	<u>31/03/08</u> (US\$'000)	Note 1 <u>31/12/07</u> (US\$'000)	Note 2 <u>30/09/07</u> (US\$'000)
<u>Current assets</u>			
Cash and short term investments	162,719	165,342	150,491
Receivables from external clients	129,962	129,338	120,678
Advanced billings receivables	6,055	5,608	13,816
Inventories	6,716	12,494	10,163
Other current assets	34,011	32,878	35,818
Total current assets	339,463	345,660	330,966
	=====	=====	=====
<u>Non-current assets</u>			
Plant and equipment	14,060	13,435	14,337
Intangibles	4,419	4,348	648
Available-for-sale investments	1,389	1,218	1,216
Deferred tax assets	1,709	1,599	1,533
Total non-current assets	21,577	20,600	17,734
	=====	=====	=====
<u>Current liabilities</u>			
Trade creditors	74,052	85,832	76,433
Other current liabilities	70,021	65,555	68,145
Total current liabilities	144,073	151,387	144,578
	=====	=====	=====
<u>Non-current liabilities</u>			
Deferred tax liabilities	593	522	634
Net assets	216,374	214,351	203,488
	=====	=====	=====
Shareholders' funds	215,334	213,410	202,536
Minority interests	1,040	941	952
	216,374	214,351	203,488
	=====	=====	=====

Note 1 : Balance sheet as at 31 December 2007 is used for comparison.

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

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

	Holding Company	
	<u>31/03/08</u> (US\$'000)	<u>30/09/07</u> (US\$'000)
<u>Current assets</u>		
Cash and bank balances	7,585	10,785
Receivables from subsidiaries	47,005	45,566
Other current assets	3,050	2,903
Total current assets	57,640	59,254
	=====	=====
<u>Non-current assets</u>		
Investment in subsidiaries	119,609	117,693
Investment in joint venture	408	408
Plant and equipment	2,293	2,364
Total non-current assets	122,310	120,465
	=====	=====
<u>Current liabilities</u>		
Creditors	24,375	23,105
Other current liabilities	3,560	3,320
Total current liabilities	27,935	26,425
	=====	=====
<u>Non-current liability</u>		
Deferred tax liabilities	220	268
Net assets	151,795	153,026
	=====	=====
Shareholders' funds	151,795	153,026
	=====	=====

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

Amount repayable in one year or less, or on demand

As at 31/03/2008		As at 30/09/2007	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/03/2008		As at 30/09/2007	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q2 2008 US\$'000	Q2 2007 US\$'000	1H 2008 US\$'000	1H 2007 US\$'000
Cashflows from operating activities :				
Profit before tax	13,041	10,485	25,921	18,995
Adjustments for				
Depreciation of plant and equipment	2,152	1,789	4,242	3,682
Allowance for doubtful trade receivables	50	150	100	150
Allowance for inventory obsolescence	50	107	150	107
Share options expense	445	323	850	710
Loss on disposal of plant and equipment	11	-	11	-
Interest income	(992)	(1,005)	(1,991)	(2,122)
Interest expense	-	25	1	42
Operating cash flows before movements in working capital	<u>14,757</u>	<u>11,874</u>	<u>29,284</u>	<u>21,564</u>
Inventories	5,864	(5,529)	3,490	(7,757)
Trade and other receivables	1,305	(8,129)	1,565	(11,201)
Trade and other creditors	(11,175)	14,174	(4,008)	7,159
Cash generated from operations	<u>10,751</u>	<u>12,390</u>	<u>30,331</u>	<u>9,765</u>
Interest paid	-	(25)	(1)	(42)
Interest received	992	1,005	1,991	2,122
Income tax paid	(2,382)	(3,061)	(3,909)	(4,748)
Net cash from operating activities	<u>9,361</u>	<u>10,309</u>	<u>28,412</u>	<u>7,097</u>
Investing activities :				
Purchase of plant and equipment	(2,322)	(3,134)	(3,620)	(4,855)
Proceeds from disposal of plant and equipment	2	-	2	-
Cash outflow on acquisition of new business (Note A)	(127)	-	(3,827)	-
Net cash used in investing activities	<u>(2,447)</u>	<u>(3,134)</u>	<u>(7,445)</u>	<u>(4,855)</u>
Financing activities :				
Proceeds from re-issue of treasury shares upon option exercise	46	61	161	168
Cash settlement of share options exercised by employees	(472)	(532)	(472)	(532)
Purchase of treasury shares	(835)	(4,235)	(1,168)	(4,762)
Dividends paid	(9,295)	(21,250)	(9,295)	(21,250)
Repayment of finance leases	-	(3)	-	(45)
Net cash used in financing activities	<u>(10,556)</u>	<u>(25,959)</u>	<u>(10,774)</u>	<u>(26,421)</u>
Net effect of exchange rate changes in consolidating subsidiaries	1,019	1,544	2,035	3,523
Net (decrease)/increase in cash and short term investments	(2,623)	(17,240)	12,228	(20,656)
Cash and short term investments at beginning of period	165,342	147,948	150,491	151,364
Cash and short term investments at end of period	<u>162,719</u> =====	<u>130,708</u> =====	<u>162,719</u> =====	<u>130,708</u> =====

Note (A) Acquisition of new business

The fair values of assets and liabilities acquired were as follow:

	Q2 2008 US\$'000	Q2 2007 US\$'000	1H 2008 US\$'000	1H 2007 US\$'000
Trade and other receivables	-	-	(348)	-
Plant and equipment	-	-	(32)	-
Trade and other payables	-	-	253	-
Goodwill on acquisition	(127)	-	(3,771)	-
Purchase consideration	<u>(127)</u>	-	<u>(3,898)</u>	-
Deferred purchase consideration	-	-	71	-
Cash outflow on acquisition of new business	<u>(127)</u> =====	- =====	<u>(3,827)</u> =====	- =====

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group (US\$'000)	Attributable to shareholders of the Company								Minority interests	Total equity	
	Issued capital	Treasury shares	Share options settlement reserve @	Share options reserve	Statutory reserve	Exchange difference reserve	Goodwill on consolidation	Accumulated profits			Total
Q2 2008 movement											
Balance at 1 January 2008	139,999	(23,868)	(30)	4,947	508	7,963	(130,415)	214,306	213,410	941	214,351
Exchange differences arising during the period	-	-	-	-	39	2,490	-	-	2,529	80	2,609
Recognition of share-based payment	-	-	-	445	-	-	-	-	445	-	445
Net profit for the period	-	-	-	-	-	-	-	9,506	9,506	19	9,525
Dividends paid	18,867	-	-	-	-	-	-	(28,162)	(9,295)	-	(9,295)
Repurchase of shares and held as treasury shares	-	(835)	-	-	-	-	-	-	(835)	-	(835)
Re-issue of treasury shares upon exercise of share options	-	54	14	(22)	-	-	-	-	46	-	46
Arising from the exercise of share options via cash settlement	-	-	(9)	(463)	-	-	-	-	(472)	-	(472)
Balance at 31 March 2008	158,866	(24,649)	(25)	4,907	547	10,453	(130,415)	195,650	215,334	1,040	216,374

@ Share options settlement reserve relates to adjustments arising from the exercise of share options via cash settlement and/or transfer from treasury shares.

1(d)(i) A statement of equity changes (Cont'd)

Group (US\$'000)	Attributable to shareholders of the Company								Minority interests	Total equity	
	Issued capital	Treasury shares	Share options settlement reserve @	Share options reserve	Statutory reserve	Exchange difference reserve	Goodwill on consolidation	Accumulated profits			Total
Q2 2007 movement											
Balance at 1 January 2007	139,999	(17,833)	(32)	4,600	490	735	(149,751)	221,388	199,596	951	200,547
Exchange differences arising during the period	-	-	-	-	(7)	1,867	-	-	1,860	11	1,871
Cost of share-based payment	-	-	-	323	-	-	-	-	323	-	323
Net profit for the period	-	-	-	-	-	-	-	7,631	7,631	(5)	7,626
Dividends paid	-	-	-	-	-	-	-	(21,250)	(21,250)	-	(21,250)
Repurchase of shares and held as treasury shares	-	(4,235)	-	-	-	-	-	-	(4,235)	-	(4,235)
Re-issue of treasury shares upon exercise of share options	-	83	6	(28)	-	-	-	-	61	-	61
Arising from the exercise of share options via cash settlement	-	-	(96)	(436)	-	-	-	-	(532)	-	(532)
Transfer to accumulated profits due to closing down of a subsidiary	-	-	-	-	-	-	4,874	(4,874)	-	-	-
Balance at 31 March 2007	139,999	(21,985)	(122)	4,459	483	2,602	(144,877)	202,895	183,454	957	184,411

@ Share options settlement reserve relates to adjustments arising from the exercise of share options via cash settlement and/or transfer from treasury shares.

1(d)(i) A statement of equity changes (Cont'd)

Holding Company

(US\$'000)

	Issued <u>capital</u>	Treasury <u>shares</u>	Share options settlement <u>reserve</u> @	Share options <u>reserve</u>	Accumulated <u>profits</u>	<u>Total</u>
Q2 2008 movement						
Balance at 1 January 2008	139,999	(23,868)	(30)	4,947	33,625	154,673
Net profit for the period	-	-	-	-	7,233	7,233
Dividends paid	18,867	-	-	-	(28,162)	(9,295)
Recognition of share-based payment	-	-	-	445	-	445
Repurchase of shares and held as treasury shares	-	(835)	-	-	-	(835)
Re-issue of treasury shares upon exercise of share options	-	54	14	(22)	-	46
Arising from the exercise of share options via cash settlement	-	-	(9)	(463)	-	(472)
Balance at 31 March 2008	158,866	(24,649)	(25)	4,907	12,696	151,795
Q2 2007 movement						
Balance at 1 January 2007	139,999	(17,833)	(32)	4,600	27,055	153,789
Net profit for the period	-	-	-	-	3,952	3,952
Dividends paid	-	-	-	-	(21,250)	(21,250)
Recognition of share-based payment	-	-	-	323	-	323
Repurchase of shares and held as treasury shares	-	(4,235)	-	-	-	(4,235)
Re-issue of treasury shares upon exercise of share options	-	83	6	(28)	-	61
Arising from the exercise of share options via cash settlement	-	-	(96)	(436)	-	(532)
Balance at 31 March 2007	139,999	(21,985)	(122)	4,459	9,757	132,108

@ Share options settlement reserve relates to adjustments arising from the exercise of share options via cash settlement and/or transfer from treasury shares.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the quarter ended 31 March 2008, the Company acquired 900,000 of its own shares through on-market purchases on the Singapore Exchange Securities Trading Limited. Such shares are held as treasury shares. The total amount paid to acquire the shares was US\$835,000 and this was deducted against shareholders' equity.

The Company transferred 51,000 shares from treasury shares to employees who exercised their share options during the quarter ended 31 March 2008:

- a) 10,000 shares at US\$0.725 each for cash under the Datacraft Asia Share Option Scheme;
- b) 25,000 shares at US\$0.835 each for cash under the Datacraft Asia Share Option Scheme 2003; and
- c) 16,000 shares at US\$1.147 each for cash under the Datacraft Asia Share Option Scheme 2003.

On 20 March 2008, the Company issued 17,198,744 new shares at US\$1.097 each pursuant to the Datacraft Scrip Dividend Scheme.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 30 September 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	Q2 2008	Q2 2007	1H 2008	1H 2007
Earnings per ordinary share for the period:				
(i) Based on the weighted average number of ordinary shares in issue	2.12 US cents	1.70 US cents	4.24 US cents	3.08 US cents
(ii) On a fully diluted basis	2.11 US cents	1.69 US cents	4.22 US cents	3.06 US cents

Note to item 6(i):

The weighted average number of ordinary shares in issue for Q2 2008 and 1H 2008 is 44 7,825,331 and 446,704,628 respectively (Q2 2007: 449,636,783 and 1H 2007: 450,300,090).

Note to item 6(ii):

The earnings per share on a fully diluted basis is calculated on the adjusted weighted average number of ordinary shares of 449,488,852 (Q2 2008) and 448,663,933 (1H 2008) in issue during the period reported on. (Q2 2007: 452,449,926 and 1H 2007: 452,804,939)

There are no preference shares in the Company.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Holding Company	
	31/03/08	30/09/07	31/03/08	30/09/07
Net asset value per ordinary share based on issued share capital	45.66 US cents	45.30 US cents	32.86 US cents	34.33 US cents

The net asset value per ordinary share is computed based on 461,890,427 (30 September 2007: 445,687,683) ordinary shares.

Note: Net asset value herein refers to net tangible assets.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

For the second quarter of FY2008, Datacraft delivered another set of strong results. Group revenue grew 26% year-over-year to US\$180.6 million while after-tax profit attributable to shareholders increased 25% to US\$9.5 million. The Group grew its order backlog to US\$206 million while its cash position remained strong with an ending cash balance of US\$162.7 million.

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

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

Distribution, selling and administrative expenses (SG&A) totalled US\$21.2 million or 11.7% of revenue for the quarter. This compares with the 12.3% registered in the same quarter last year. In terms of dollar value, SG&A expenses rose 20% year-over-year reflecting increases in sales and solutions headcount in line with the Group's initiative to adopt a vertical market focus.

On the back of robust revenue growth and continued focus on cost/expense management, profit before tax rose 24% to US\$13.0 million. The corresponding pre-tax profit margin was 7.2%, compared to 7.3% for the same quarter last year. At the after-tax level, Group profit of US\$9.5 million was 25% higher than Q2 last year while the after-tax profit margin was maintained at 5.3%.

From a geographical perspective, the 26% Group revenue growth was attributed to strong year-over-year growth from the three regions:- Asean, India & New Zealand, and Greater China, partially offset by a decline in revenue from East Asia. East Asia's revenue performance for the quarter was impacted by a lower contribution from Korea, whose revenue stream is uneven due to a high proportion of business from the media and communications sector. Nevertheless, over the 6 month period to March 2008, East Asia achieved a 7% growth in revenue. Country revenue growth in India, Singapore, Hong Kong and Indonesia was particularly strong.

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

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

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was made previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

While uncertainties in the macroeconomic environment remain, demand for the Group's solutions and services has so far stayed firm, based on its pipeline and bookings. Asia continues to be a growth market. Client interest in solutions that address specific needs such as security and cost reduction continues to be strong. However, pricing pressure is likely to persist in the current environment. The Group will continue to be vigilant on cost/expense management but will selectively invest in developing its sales and solutions capabilities, in line with its vertical market focus strategy. Revenue in the near term is underpinned by the US\$92 million backlog of orders for hardware and short term services, which is similar to the US\$93 million backlog for the prior quarter.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13. Interested Person Transactions (“IPTs”)

In US\$'000

Name of interested person	Q2 FY2008	
	Aggregate value of all IPTs during Q2 FY2008 (excluding transactions less than S\$100,000 and excluding transactions conducted under the shareholders' mandate on 20 January 2006)	Aggregate value of all IPTs during Q2 FY2008 conducted under the shareholders' mandate on 20 January 2006 (excluding transactions less than S\$100,000)
Transactions > S\$100,000	Yes	Yes
Defined by IPT Mandate approved on 29 January 2008 +	Not applicable	Yes
Dimension Data Commerce Centre Ltd	342	3,165
Dimension Data Management Services (Pty) Ltd	353	-
Dimension Data North America Inc	118	-
Dimension Data Australia Pty Limited	90	-
Dimension Data Nederland BV	82	-

+ Shareholders' approval for the renewal of the IPT Mandate was obtained on 29 January 2008 for purchases from Dimension Data Commerce Centre Ltd for servicing certain global clients, mainly HSBC.

BY ORDER OF THE BOARD

Patrick Quarmby
Chairman

Confirmation by the Board

We, William Bruce Grahame Padfield and Frank Yung-Cheng Yung, being two directors of Datacraft Asia Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarterly results of the Company for the three months ended 31 March 2008 to be false or misleading.

On behalf of the Board of Directors

William Bruce Grahame Padfield
Director

Frank Yung-Cheng Yung
Director

14 May 2008