Appendix 4D

Name of entity	**Data#3 Limited**
ABN	31 010 545 267
Reporting period	**Half-year ended 31 December 2019**
Previous corresponding period	Half-year ended 31 December 2018

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Results for announcement to the market

Results				**$'000**
Revenues from ordinary activities	up	11.6%	to	718,869
Profit from ordinary activities after tax attributable to members	up	41.5%	to	8,695
Net profit for the period attributable to members	up	41.5%	to	8,695

Dividends	**Amount per security**	**Franked amount per security**
Current period		
Interim dividend	5.1 cents	100%
Previous corresponding period		
Interim dividend	3.6 cents	100%

The record date for determining entitlements to the dividend is 17 March 2020. The dividend is payable on 31 March 2020.

Brief explanation of the figures reported above

Please refer to the Review of Operations in the Directors' Report which begins on page 1 of the attached Interim Financial Report for the half-year ended 31 December 2019.

Net tangible assets per security	**Current period**	**Previous period**
Net tangible asset backing per ordinary security	$0.09 *	$0.16

* The current period has been impacted by the adoption of the new accounting standard AASB 16 *Leases*. The previous period comparative has not been restated. If right-of-use assets had been included in the calculation of tangible assets, the net tangible asset backing per ordinary security would be $0.19 in the current period.

Data#3 Limited

ABN 31 010 545 267

Interim Financial Report

Half-year ended 31 December 2019

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Directors' report

Your directors present their report on Data#3 Limited and its subsidiaries (together referred to as "Data#3", "the group", or "we, our, or us") for the half-year ended 31 December 2019.

1. Directors

The following persons were directors of Data#3 Limited for the entire half-year and up to the date of this report:

Richard Anderson
Laurence Baynham
Mark Gray
Leanne Muller

Terry Powell was a director until 13 November 2019, the date of his retirement.

Mark Esler was a director from 30 August 2019, the date of his appointment, and up to the date of this report.

2. Review of operations

Summary of our 2020 financial year (FY20) plan
We see ongoing growth in the Australian IT market and believe we remain well positioned to capitalise on those opportunities. We will continue to build on our strengths and enhance shareholder value. Our overall financial goal remains to deliver sustainable earnings growth.

First half performance
We are very pleased with the first half performance, delivering solid growth compared to the previous corresponding period (PCP).

The market is growing as digital transformation fuels the overall information technology spend, and we have seen sustained large project activity as well as steady growth in recurring or contracted revenues. We are delighted with the continued rapid growth in our cloud-based business, and the result clearly demonstrates the inherent strength and relevance of our solution offerings in an evolving market.

Total revenue increased by 11.6% to $718.9 million, fuelled by the continued strong growth in public cloud revenues which increased by 76.5% from $142.7 million to $251.9 million.

Infrastructure sales increased by 4.8% to $180.3 million and Software licensing revenues increased by 18.1% to $425.3 million, boosted by public cloud solutions. Consulting revenues decreased by 36.4% to $8.5 million, reflecting the decision to narrow the business unit's focus in FY20, including the avoidance of large, fixed-price application projects. Project services revenues decreased by 0.5% to $27.6 million, Support services revenues increased by 8.9% to $45.1 million, and Recruitment revenues increased by 5.9% to $28.5 million. Discovery Technology revenues increased from $2.0 million to $2.7 million, and other revenue increased from $0.8 million to $0.9 million, largely comprising interest revenue.

Total gross profit (excluding other revenue) increased by 7.7% from $82.3 million to $88.6 million, and total gross margin decreased from 12.8% to 12.3% due to changes in sales mix, with strong growth in Software licensing and public cloud revenues, and the decrease in Consulting revenue.

Internal staff costs increased by 4.7% from $62.1 million to $65.1 million, reflecting headcount growth of approximately 2% and general salary increases in line with the industry trend. Other operating expenses decreased by 1.1% from $12.0 million to $11.8 million with savings from the decommissioning of the Data#3 Cloud platform.

Net profit before tax increased by 40.6% from $9.0 million to $12.7 million, and net profit after tax (excluding minority interests) increased by 41.5% from $6.1 million to $8.7 million. This represents basic earnings per share of 5.65 cents, an increase of 41.5% from 3.99 cents in the PCP.

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Directors' report (continued)

2. Review of operations (continued)

The net cash flow from operating activities is typically an outflow in the first half due to the timing of receipts and payments around 30 June. The traditional May/June sales peak produces higher than normal collections pre-30 June that generate temporary cash surpluses which subsequently reverse after 30 June when the associated supplier payments occur. The first half net cash outflow from operating activities of $84.8 million was less than the $109.8 million outflow in the PCP, mostly due to the reversal in the PCP of a higher than normal temporary cash surplus at 30 June 2018.

The key trade receivables indicator of average days' sales outstanding remained ahead of target and at 30 days remains industry best practice.

Outlook
The strong first half performance and pipeline of opportunities for the second half give us confidence that we will achieve our full year financial objective, being to deliver sustainable earnings growth.

We also remain confident about delivery of the company's longer-term strategy. We have a robust business, no material debt, solid long-term customer relationships, committed supplier partnerships, and a highly experienced and productive team. We continue to see growth in the Australian IT market, and believe we are well positioned to capitalise on that opportunity as we continue to develop and offer solutions for our customers' changing requirements.

3. Dividends

The directors have declared a fully franked dividend of 5.1 cents per share payable on 31 March 2020, an increase of 41.7% on the previous corresponding period, representing a payout ratio of 90.3%.

4. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

5. Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and financial report. We have rounded off amounts in the directors' report and financial report to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with that instrument unless otherwise noted.

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

R A Anderson
Director

Brisbane
19 February 2020

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF DATA#3 LIMITED

In relation to the independent auditor's review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

PITCHER PARTNERS

DAN COLWELL
Partner

Brisbane, Queensland
19 February 2020

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2019

	Note	Half-year to December 2019 $'000	2018 $'000
Revenue			
Revenue from contracts with customers	3	717,960	643,574
Other		909	776
		718,869	644,350
Expenses			
Changes in inventories of finished goods		2,622	2,994
Purchase of goods		(553,652)	(491,943)
Employee and contractor costs directly on-charged		(36,861)	(37,164)
Other cost of sales on services		(41,421)	(35,133)
Other employee and contractor costs		(65,054)	(62,126)
Telecommunications		(1,119)	(1,155)
Rent		(1,754)	(3,521)
Travel		(1,079)	(1,125)
Professional fees		(532)	(558)
Depreciation and amortisation		(2,396)	(1,240)
Finance costs		(462)	(159)
Other		(4,503)	(4,220)
		(706,211)	(635,350)
Profit before income tax		12,658	9,000
Income tax expense		(3,970)	(2,952)
Profit for the half-year		8,688	6,048
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		8,688	6,048
Profit and comprehensive income is attributable to:			
Owners of Data#3 Limited		8,695	6,147
Non-controlling interests		(7)	(99)
		8,688	6,048
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic earnings per share		5.65c	3.99c
Diluted earnings per share		5.63c	3.99c

The accompanying notes form part of these financial statements.

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Condensed consolidated balance sheet

as at 31 December 2019

	31 December 2019 $'000	30 June 2019 $'000
Current assets		
Cash and cash equivalents	22,841	121,198
Trade and other receivables	152,099	293,645
Contract assets	4,697	2,508
Inventories	9,519	6,913
Other	4,575	7,036
Total current assets	193,731	431,300
Non-current assets		
Trade and other receivables	2,945	5,403
Property and equipment	18,358	2,861
Deferred tax assets	4,516	3,139
Intangible assets	15,646	16,291
Total non-current assets	41,465	27,694
Total assets	235,196	458,994
Current liabilities		
Trade and other payables	128,529	354,724
Contract liabilities	31,095	42,376
Lease liabilities	3,385	-
Borrowings	-	29
Current tax liabilities	2,668	2,868
Provisions	6,041	5,147
Other	1	80
Total current liabilities	171,719	405,224
Non-current liabilities		
Trade and other payables	1,738	2,685
Lease liabilities	13,663	-
Borrowings	-	3
Provisions	2,975	3,625
Other	-	12
Total non-current liabilities	18,376	6,325
Total liabilities	190,095	411,549
Net assets	45,101	47,445
Equity		
Contributed equity	8,278	8,278
Share-based payments reserve	386	165
Retained earnings	36,063	38,621
Equity attributable to owners of Data#3 Limited	44,727	47,064
Non-controlling interests	374	381
Total equity	45,101	47,445

The accompanying notes form part of these financial statements.

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Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2019

	Attributable to owners of Data#3 Limited						
	Shares issued	Contributed Equity	Other Reserves	Retained Earnings	Total	Non-controlling interests	Total Equity
	Number	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Balance at 30 June 2019	153,974,950	8,278	165	38,621	47,064	381	47,445
Change in accounting policy (Note 8)	-	-	-	(321)	(321)	-	(321)
Restated total equity at 1 July 2019	153,974,950	8,278	165	38,300	46,743	381	47,124
Profit for the half-year	-	-	-	8,695	8,695	(7)	8,688
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	8,695	8,695	(7)	8,688
Transactions with owners in their capacity as owners:							
Payment of dividends	-	-	-	(10,932)	(10,932)	-	(10,932)
Employee share schemes – value of employee services	-	-	221	-	221	-	221
	-	-	221	(10,932)	(10,711)	-	(10,711)
Balance at 31 December 2019	153,974,950	8,278	386	36,063	44,727	374	45,101
2018							
Balance at 30 June 2018	153,974,950	8,278	-	36,214	44,492	548	45,040
Profit for the half-year	-	-	-	6,147	6,147	(99)	6,048
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	6,147	6,147	(99)	6,048
Transactions with owners in their capacity as owners:							
Payment of dividends	-	-	-	(10,162)	(10,162)	-	(10,162)
Employee share schemes – value of employee services	-	-	94	-	94	-	94
	-	-	94	(10,162)	(10,068)	-	(10,068)
Balance at 31 December 2018	153,974,950	8,278	94	32,199	40,571	449	41,020

The accompanying notes form part of these financial statements.

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Condensed consolidated cash flow statement

for the half-year ended 31 December 2019

	Note	Half-year ended December 2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		894,479	757,480
Payments to suppliers and employees (inclusive of GST)		(968,885)	(841,543)
GST paid		(5,618)	(23,489)
Interest received		805	670
Interest and other borrowing costs paid		(422)	(159)
Income tax paid (net of refunds)		(5,207)	(2,754)
Net cash outflow from operating activities	4	(84,848)	(109,795)
Cash flows from investing activities			
Payments for property and equipment		(160)	(295)
Payments for software assets		(666)	(709)
Proceeds from sale of property and equipment		-	7
Net cash outflow from investing activities		(826)	(997)
Cash flows from financing activities			
Payment of dividends		(10,932)	(10,162)
Repayment of principal on lease liabilities		(1,751)	-
Repayment of finance lease liabilities		-	(92)
Net cash outflow from financing activities		(12,683)	(10,254)
Net decrease in cash and cash equivalents held		(98,357)	(121,046)
Cash and cash equivalents at the beginning of the reporting period		121,198	128,348
Cash and cash equivalents at the end of the reporting period		22,841	7,302

The accompanying notes form part of these financial statements.

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Notes to the condensed consolidated financial statements

Note 1. Significant accounting policies

Basis of preparation of interim financial report
We have prepared this general purpose interim financial report for the half-year reporting period ended 31 December 2019 in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report and accordingly should be read in conjunction with our annual report for the year ended 30 June 2019 and any public announcements we have made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in this interim financial report are the same as those applied in the previous financial year and the corresponding interim reporting period, except for the adoption of new and amended standards which required us to revise our accounting policies. Information in relation to the adoption of new/amended standards, including disclosure of the new accounting policies, is set out in Note 8.

Rounding of amounts
The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and financial report. We have rounded off amounts in the directors' report and financial report to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with that instrument unless otherwise noted.

Note 2. Segment information

Our business is conducted primarily in Australia. Our management team makes financial decisions and allocates resources based on the information it receives from our internal management system. We attribute sales to an operating segment based on the type of solution provided to the customer. Revenue from customers domiciled in Australia comprised 99% of external sales for the half-year ended 31 December 2019 (2018: 99%).

In previous reporting periods we disclosed two reportable segments: product and services. As the group's business units have evolved the sale of product and services has become increasingly integrated into the IT solutions that each business unit delivers to its customers. Each business unit services a similar customer base, applies similar methods to distribute those products and services to customers, and operates within a similar economic and regulatory environment. On this basis, we have determined that separate reporting of our business units does not add significantly to the understanding of them because there is significant overlap of product and services within each business unit, and there are frequent changes between the business units, resulting in the business units having characteristics that are so similar that they are expected to have the same future outcome. As a result, we have concluded that the company has only one reportable segment, which is that of value-added IT reseller and IT solutions provider. These solutions typically comprise a combination of infrastructure, software and service elements.

The company's revenue, results and assets for this reportable segment can be determined by reference to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Condensed Consolidated Balance Sheet.

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Notes to the condensed consolidated financial statements

Note 3. Revenue

We derive revenue from the following business units:

Business unit	Half-year to December 2019 $'000	2018 $'000
Infrastructure (a)	180,279	171,975
Software licensing (b)	425,342	360,205
Consulting (c)	8,518	13,389
Project services (d)	27,620	27,754
Support services (e)	45,054	41,359
Recruitment and contracting (f)	28,492	26,913
Discovery Technology (g)	2,655	1,979
Total revenue from contracts with customers	717,960	643,574

(a) Infrastructure includes sales of hardware, device-as-a-service and managed print services.
(b) Software licensing includes volume licensing and public cloud subscription services.
(c) Consulting covers management and information technology consulting services delivered by Business Aspect.
(d) Project services include the design and implementation of technology solutions.
(e) Support services include managed services, outsourcing and maintenance services.
(f) Recruitment and contracting includes the provision of contractors and permanent staff.
(g) Discovery Technology (77.4% owned by Data#3) provides wi-fi analytic services and wi-fi infrastructure.

Management exercises judgment in determining the categorisation of revenues as there is an increasing tendency for manufacturers to bundle various elements in the products and services that we resell – for example, some infrastructure offerings include software and/or bundled services, and vendor maintenance offerings can include software licenses.

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Notes to the condensed consolidated financial statements

Note 4. Cash flow statement information

Reconciliation of net profit to net cash flow from operations

	2019 $'000	2018 $'000
Profit for the half year	8,688	6,048
Depreciation and amortisation	2,833	1,677
Goodwill impairment	-	500
Unwinding of discount on provisions	40	14
Bad and doubtful debts	292	137
Excess and obsolete inventory	16	36
Non-cash employee benefits expense – share-based payments	221	94
Loss on disposal of property and equipment	739	97
Other	(67)	(78)
Change in operating assets and liabilities		
Decrease in receivables and contract assets	141,573	65,494
Increase in inventories	(2,622)	(3,032)
Decrease in other operating assets	2,461	4,674
Increase in net deferred tax assets	(1,240)	(1,210)
Decrease in payables	(226,335)	(164,534)
Decrease in contract liabilities/unearned income	(11,281)	(6,427)
Decrease in other operating liabilities	(223)	(13,584)
Decrease in current tax liabilities	(200)	(98)
Increase in provision for employee benefits	257	397
Net cash inflow from operating activities	(84,848)	(109,795)

Note 5. Dividends

Details of dividends paid during the current period or the previous corresponding period are as follows:

Record date	Payment date	Type	Amount per security	Franked amount per security	Total dividend $'000
14/9/2018	28/9/2018	Final	6.60 cents	6.60 cents	10,162
15/03/2019	29/03/2019	Interim	3.60 cents	3.60 cents	5,543
16/09/2019	30/09/2019	Final	7.10 cents	7.10 cents	10,932

Dividends not recognised at the end of the half-year

Since the end of the half-year, the directors have declared an interim dividend of 5.1 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the interim dividend to be paid on 31 March 2020 out of retained earnings at the end of the half-year, but not recognised as a liability at the end of the half-year, is $7,853,000.

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Notes to the condensed consolidated financial statements

Note 6. Subsequent events

No material and unusual events have occurred after the end of the half-year that could affect the financial position and performance of Data#3 Limited or any of its subsidiaries.

Note 7. Contingent liabilities

There have been no material changes in contingent liabilities from those disclosed in the June 2019 annual report.

Note 8. Changes in accounting policies

We adopted AASB 16 *Leases* and Interpretation 23 *Uncertainty over Income Tax Treatments* on 1 July 2019. The effect on the consolidated financial statements for the half year ended 31 December 2019 and the new accounting policies we adopted as a result of the new/amended accounting standards, where they are different to those applied in prior periods, are set out below.

Interpretation 23 *Uncertainty over Income Tax Treatments*

Interpretation 23 had no material effect on the consolidated financial statements for the half year ended 31 December 2019.

AASB 16 *Leases*

This new standard replaced AASB 117 and some lease-related Interpretations. It requires all leases to be accounted for "on balance sheet" by lessees, other than for short-term and low-value asset leases. The standard also provides new guidance on the definition of a lease and on sale and leaseback accounting and requires new and different disclosures about leases. The accounting requirements for lessors remains largely unchanged from AASB 117. We adopted the new standard on 1 July 2019 using the modified retrospective approach. In calculating the effect on adoption, we used an incremental borrowing rate of 5.5% and have applied the following practical expedients available under AASB 16:

- we applied a single discount rate to all our property leases
- we excluded leases expiring within one year of the implementation date
- we excluded leases of low value (less than $5,000)
- we preserved our assessment of whether an arrangement was a lease under the previous lease standards
- we used hindsight when determining the lease term.

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Note 8. Changes in accounting policies (continued)

The recognised right-of-use assets relate to premises and equipment leases. The impact on assets, liabilities and retained earnings as at 1 July 2019 is set out below.

	As previously reported $'000	AASB 16 adjustments $'000	As restated $'000
Right-of-use assets	-	11,707	11,707
Equipment (net of accumulated depreciation)	1,027	(33)	994
Leasehold improvements (net of accumulated amortisation)	1,834	(51)	1,783
Deferred tax assets	3,139	137	3,276
Other payables – current	27,515	(808)	26,707
Borrowings – current	29	(29)	-
Borrowings – non-current	3	(3)	-
Lease liability – current	-	3,260	3,260
Lease liability – non-current	-	9,743	9,743
Lease incentive liability – current	80	(70)	10
Lease incentive liability – non-current	12	(12)	-
Retained earnings	38,621	(321)	38,300

The present value of operating lease commitments disclosed in our 30 June 2019 annual financial statements, discounted using the discount rate at transition date, differed from the lease liabilities recognised on adoption of AASB 16; a reconciliation of the difference is set out below:

	2019 $'000
Operating lease commitments disclosed at 30 June 2019	19,788
Discounted using our incremental borrowing rate at the date of initial application	16,582
Add: finance lease liabilities recognised at 30 June 2019	32
Add: adjustments resulting from different treatment of extension options	3,571
Less: short-term leases recognised on a straight-line basis as expense	(506)
Less: low-value leases recognised on a straight-line basis as expense	(401)
Less: lease committed to but asset not yet available for use at 1 July 2019	(6,275)
Lease liability recognised at 1 July 2019	13,003
Recognised as	
Current lease liability	3,260
Non-current lease liability	9,743
	13,003

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Note 8. Changes in accounting policies (continued)

Accounting for leases

We lease various offices, warehouses, data centres and office equipment under rental contracts that normally range from three to eight years, with many contracts containing extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Under the relevant lease agreements (mainly premises) the rentals are subject to periodic review to market and/or for CPI increases. These leases are under normal commercial lease terms and conditions.

Prior to the 2020 financial year, we classified leases of property, plant and equipment as either finance or operating leases; leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Operating lease payments, net of any incentives received from the lessor, were charged to expense on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset to us by the end of the lease term or the cost of the right-of-use asset reflects that we will exercise a purchase option; in these instances we depreciate the right-of-use asset over the useful life of the asset.

We initially measure assets and liabilities arising from a lease on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Where we are required to return the premises to their original condition at the end of the lease, we record a provision for lease remediation equal to the present value of the estimated liability.

Right-of-use assets are measured at cost and comprise the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

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Directors' declaration

In the opinion of the directors:

(a) the financial statements and notes set out on pages 4 to 13 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 group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Data#3 Limited will be able to pay its debts as and when they become due and payable.

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

R A Anderson
Director

Brisbane
19 February 2020

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Independent Auditor's Review Report to the Members of Data#3 Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Data#3 Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated balance sheet as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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Independent auditor's review report (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Data#3 Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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DAN COLWELL
Partner

Brisbane, Queensland
19 February 2020

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