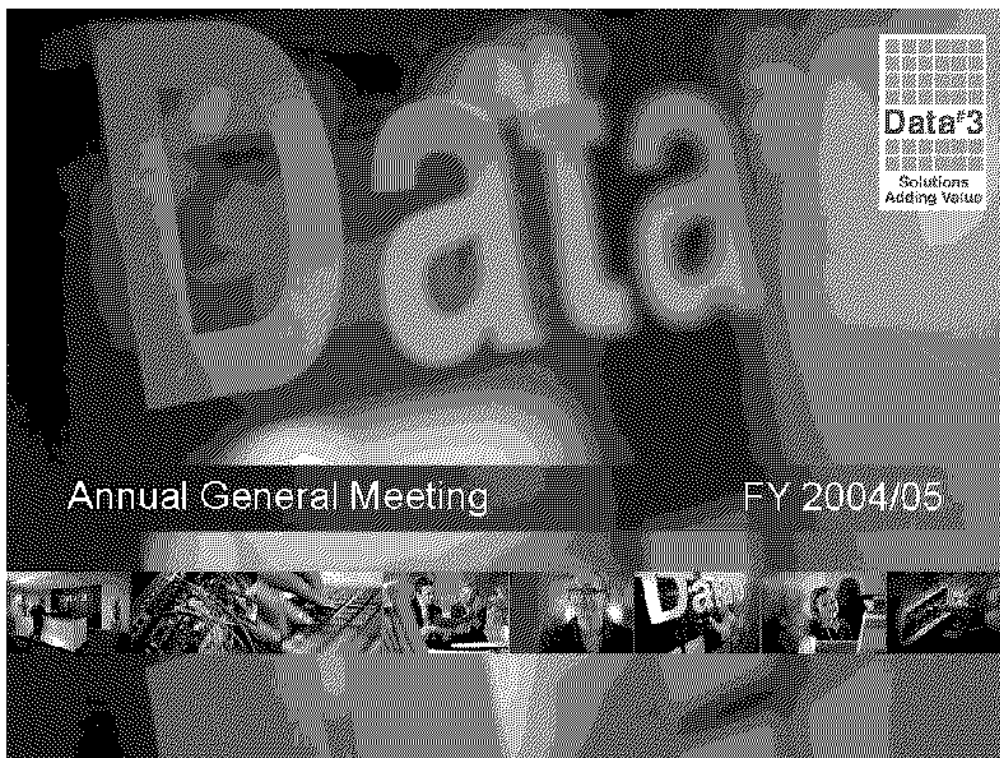




Data#3 Limited
2005 AGM - Chairman's Address
4 November 2005

Data#3 Chairman

Richard Anderson

Ladies and Gentlemen,

Welcome to this 2005 Annual General Meeting of Data^{#3} Limited.

Once again we are particularly delighted to welcome you to the company's Corporate and Brisbane Office, the fifth occasion on which the annual meeting has been held here.

The company's annual report issued with the notice of today's meeting presents the 2005 financial year results and the financial position as at 30 June 2005. The report reveals another excellent result which again demonstrates the company's ability to sustain and improve financial performance. The payment of the full year dividend of 19 cents per share comes directly from this improvement in financial results. In further progress from previous years, this excellent result was achieved through consistently strong business performance across all the company's product and services offerings.

Performance in key areas such as receivables collections, cash management and cost control continues to be first rate. Over the last three financial years our balance sheet has strengthened appreciably with net assets increasing from \$7.8m at 30 June 2002 to \$13.8m at 30 June 2005.

Our prime objectives for the 2006 financial year are to continue to build sustainable profitability through appropriate investments and to improve on the performance of 2005.

At the end of the first quarter we are ahead of plan towards achieving this goal.

All aspects of the company's operations continue to be closely monitored and corrective action is being taken where performance is not satisfactory. Our Managing Director John Grant will provide further details in his address.

While concerns over the global and Australian economic and business climates have dominated our customers' expenditure programs in recent years, there is no doubt that trading conditions, while remaining very competitive on price and hence margin, are strong. We are confident of solid trading results through to the half-year and will be positioning for this to continue for the full year.

The declaration of a final dividend of 11.5 cents per share is very pleasing for all concerned - shareholders, management and the Board. Combined with the first half dividend of 7.5 cents this represents a total dividend of 19 cents per share for the 2005 financial year and 74% of profits available for distribution. Presuming business performance holds, we expect to continue the payment of dividends in line with this established practice.

The policy of geographic and service expansion set out in 1997 when the company listed on the ASX remains in place. We are focusing further expansion clearly in the areas of technology infrastructure and services, recruitment, and software for web-based productivity and information management. We are intent on further growth being predominantly organic but will continue to examine all opportunities that reasonably may be expected to enhance the company's results and financial position.

The Board and senior management's strategic review in February 2005 and the subsequent strategic planning completed by the senior management team further refined the company's business model as the means by which it can produce acceptable total returns to shareholders for the next 3 years. Targets have been established for these returns and the management team's remuneration is structured in line with these targets.

The Board continues to maintain a strong focus on staff and management remuneration and the Annual Report includes the Remuneration Report which will be put to the meeting for adoption. The Board believes that both the levels and structure of remuneration within the business are in line with the market and appropriate to produce the results we are targeting. The actual remuneration of the management team of 10 was on average \$256,000 with 36% based on performance against financial and non-financial targets and hence at risk.

The structure of the business, which underpins the company's financial performance, remains essentially unchanged with five national specialist lines of business operating through a geographical presence in regional Queensland, Brisbane, Sydney, Melbourne and Canberra.

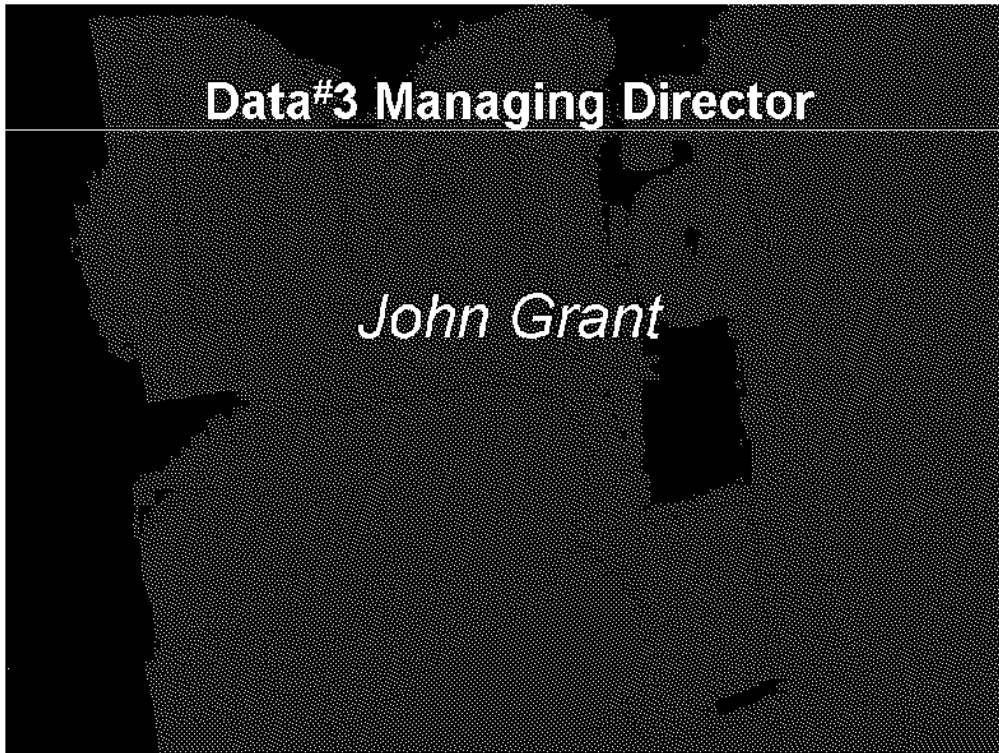
At last year's meeting I commented that we were delighted to see gains in share price reflect the sustained performance. This continued through 2005 with the share price \$2.05 at 30 June 2004, \$3.00 at 30 June 2005 and \$3.06 yesterday. Our intention is to maintain this momentum by further improving dividend returns to shareholders.

I will now ask our Managing Director, Mr John Grant, to the microphone to address operational aspects of the company's performance and the outlook for the current period. At the completion of his address I will invite your comments and questions regarding the annual report, the remuneration report and further information that we have released today.

Thank you.

Richard Anderson
Chairman
Data[#]3 Limited

Data#3 Limited
2005 AGM Address - MD's Review of Operations
4 November 2005



Ladies and Gentlemen

Firstly let me share the Chairman's welcome to you. It's a pleasure once again to have our shareholders, key members of our management team and other supporters to our head office once again.

Our Vision

*Data#3's Vision is to be recognised as
Australia's leading ICT Solutions
Company....
the one that everyone wants to work for
buy from
or own shares in"*

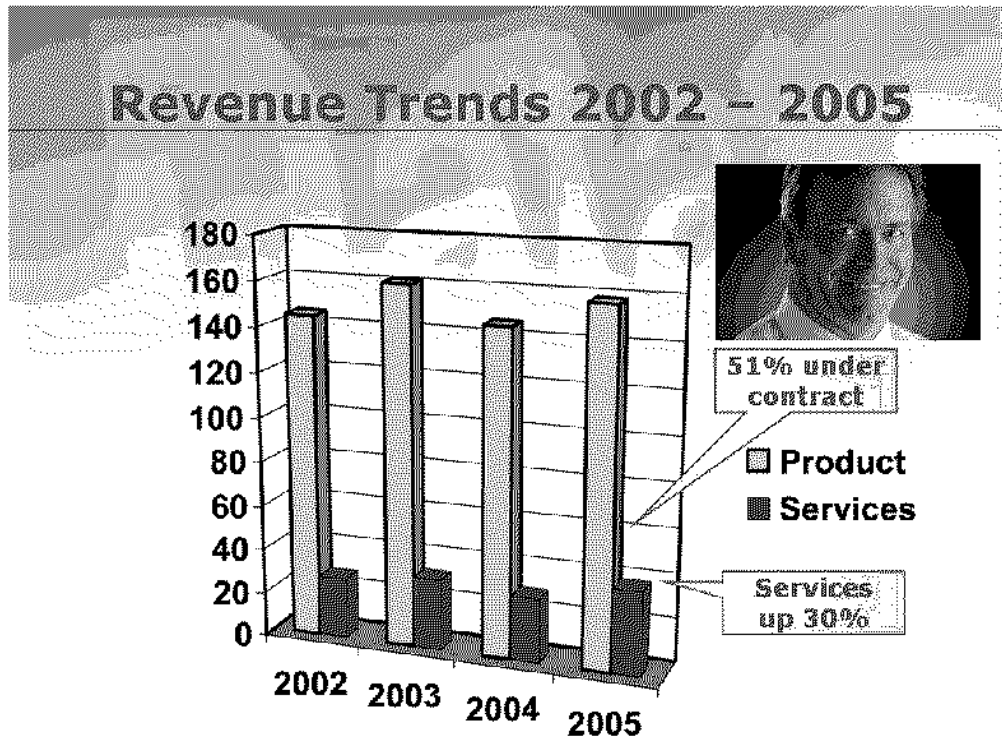
The Vision we have for your company is simple and clearly reflects the interests of all stakeholders:

*Our Vision is for Data#3 to be recognized as Australia's leading ICT Solutions
Company....the one that everyone wants to work for, buy from
or own shares in"*

As you are aware and as the Chairman has indicated, once again your company performed strongly in 2005 – bettering our previous best - both in financial and operational terms. In terms of our Vision, our staff told us in the annual survey in March that 92.4% of them would recommend Data#3 to others in the market as an employer. In a market where the ability to execute and drive growth is dependent on recruiting the right people into the team, this is an excellent result.

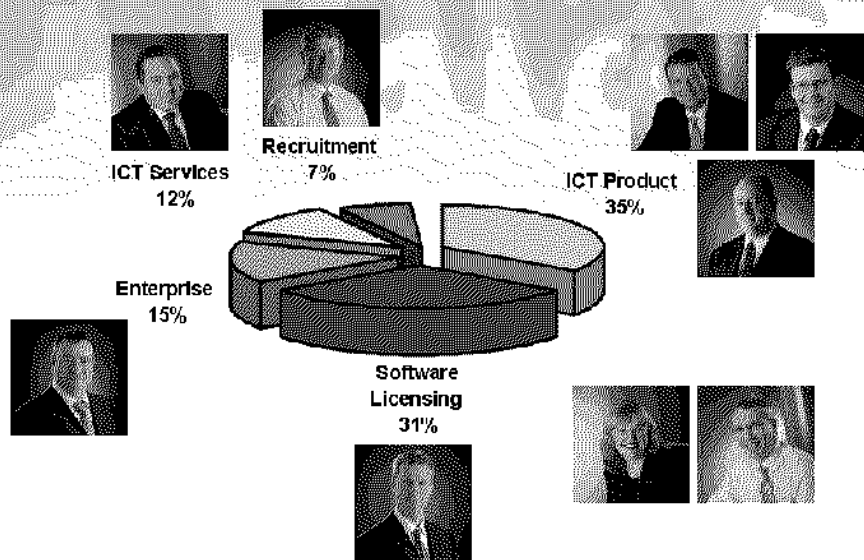
Our customers also told us in their annual survey that for almost 80% we were their preferred IT supplier; and for shareholders, the picture since listing in 1997 is attractive with average total returns on the original investment of 24% per annum. Along the way we have demonstrated an ability to manage

setbacks, to position the business for sustainable performance and to build a company that is amongst the most respected in its field. 2005 financial performance, while consigned to history and covered in detail in the Annual Report has a number of points deserving of comment:



Overseen by General Manager Laurence Baynham, total revenue for the year finished at \$197 million against the previous year's \$176 million – an increase of 12%. In particular, services revenue increased from \$29 million in the previous year to \$38 million – an increase of 30% - and 51% of total revenue was delivered under some form of customer contract.

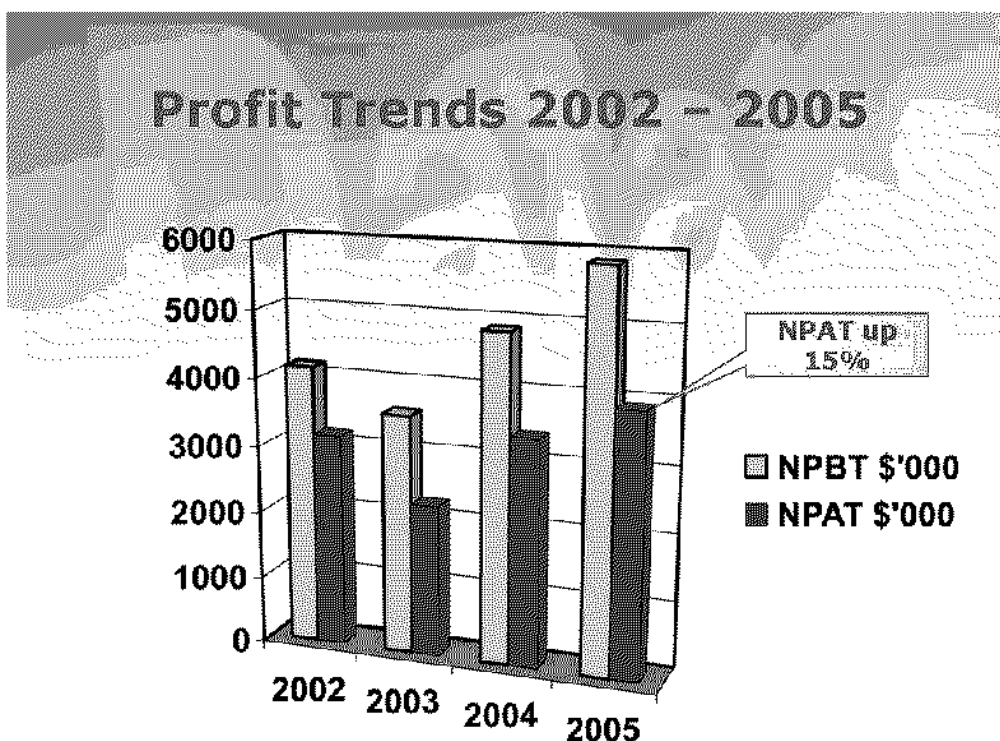
2005 Line of Business Revenues



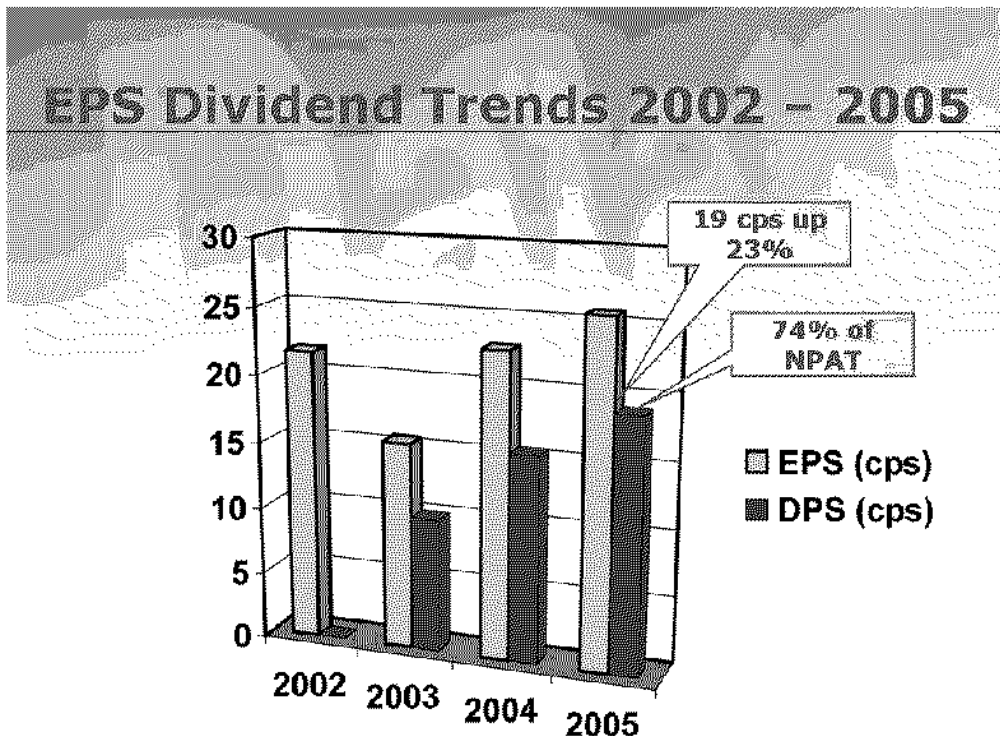
Most of our Lines of Business grew, some very strongly:

- a. Brad Colledge's team in Licensing Solutions achieved an outstanding result representing 31% of overall revenue and growing in terms of gross margin generated by 33% over the previous year. In the process the team introduced 67 new contracted customers to Data^{#3} and received Microsoft's top award for sales excellence – Microsoft Large Account Reseller of the Year for Asia/Pacific
- b. ICT Services under Pat Murphy grew revenue 14% over the previous year confirming the success of the 'expertise' oriented strategy around technologies from Microsoft, Cisco, Citrix and NetIQ and meeting our market share targets. Within ICT Services the Microsoft Application Solutions business maintained a strong position particularly in Queensland Government
- c. The Enterprise Infrastructure business led by Bruce Crouch increased gross margin by 20% as planned. It was successful in a number of major projects with our key vendors IBM and HP and introduced many new 'blue chip' customers to the business. The team received IBM's excellence award for Asia/Pacific – Top Solution Provider/Reseller

- d. Key procurement contracts in Queensland were retained and there was a marginal increase in overall contribution from ICT product sales. For IT products – PCs and servers predominantly – the market was highly competitive and margins declined. Through the efforts of our State Managers, Mark Esler in Queensland, Mike Bowser in NSW and John Lavett in Victoria, this was offset by increases in the volume supply of networking and communications products primarily from Cisco and we ended the year as Cisco's fastest growing partner in Australia
 - e. Warren Peter's Recruitment Solutions had a very strong year in a market where demand clearly exceeded supply. Gross margin generated increased by 80% and new operations were started in Melbourne and the ACT.
- b) The business was supported in its achievements by strong contributions from the teams in Corporate Services led by Brem Hill and in Human Resources led by Lindy MacPherson.

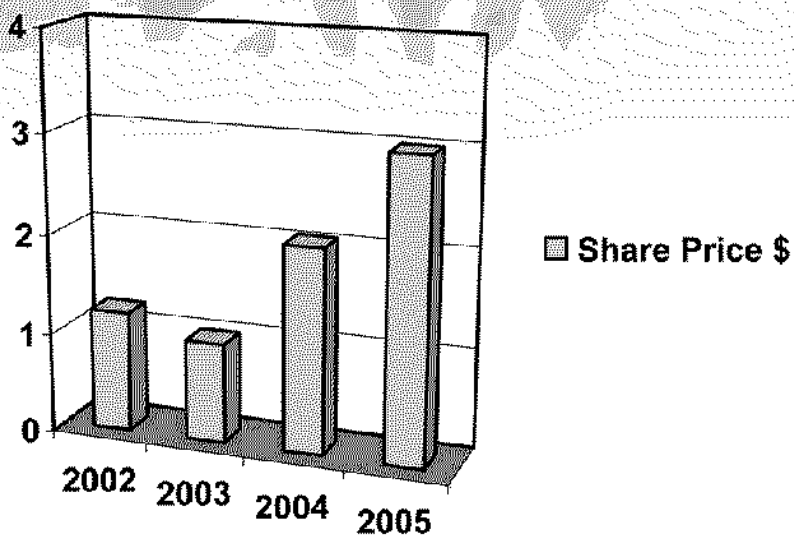


Net profit after tax increased by 15% from \$3.4 million to \$3.9 million and the balance sheet continues to strengthen leaving the company essentially debt free.



Basic earnings per share increased by 13% from 22.8 cents to 25.7 cents and the full year dividend of 19 cents per share was 23% up on the previous year and represented a payout ratio of 74% and a yield of 6% fully franked.

Share Price Trends 2002 – 2005



Share price increased from \$2.05 at 30 June 2004 to \$3.00 at 30 June this year.

2004/05 Summary

"In a relatively buoyant but competitive market, we reported 'best ever' earnings at the top end of our advice. The full year dividend represents a 23% increase on the previous corresponding period and we are well placed for another strong year in 2006"

Overall in a relatively buoyant but competitive market, we reported 'best ever' earnings at the top end of our advice with a full year dividend 23% up on the

previous corresponding period. Your company is in great shape led by a capable and experienced management team and with people across all parts of the business who are the best in the industry and the heart of Data^{#3}. We believe we are well placed for another strong year in 2006.

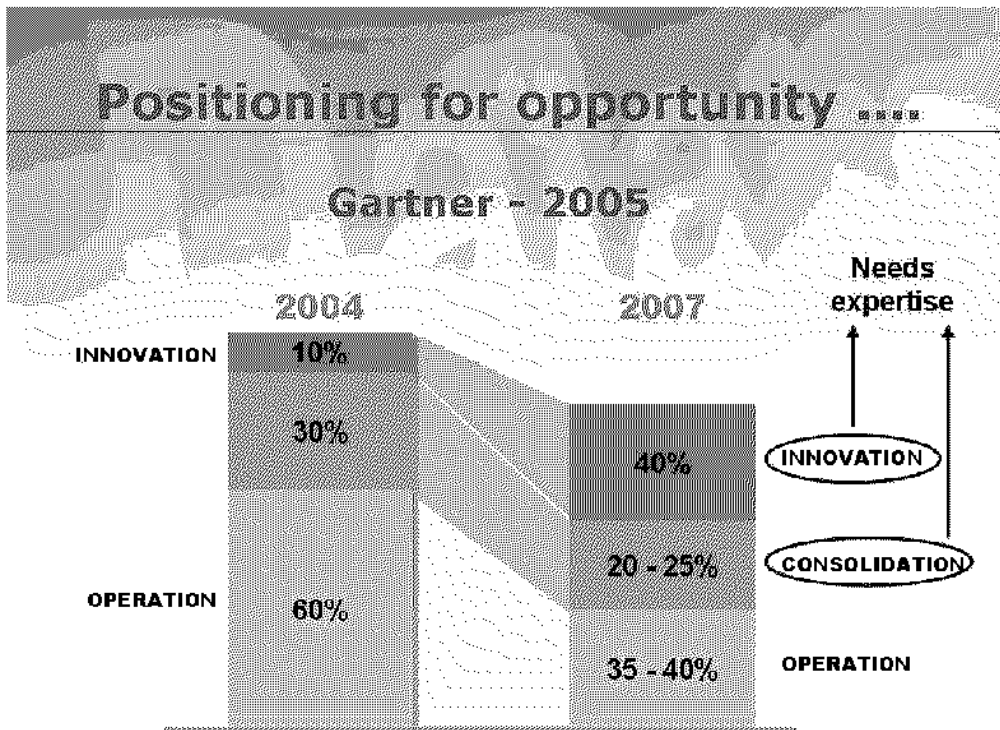


However, as we know, as a listed company 'you're only as good as your last game' and the new game has already started. So let's look forward.

In 2006 we expect buoyant but competitive market conditions to remain in place and are targeting continued organic growth in all areas of the business.

To achieve this we have determined strategically which areas of market opportunity are appropriate to pursue and which technologies from our vendor partners apply to these areas, and tactically, we have a continuing process to develop the complementary expertise of our staff; a program of investment in the associated infrastructure to support these technologies; and a process for engaging with customers to determine their requirements and provide solutions.

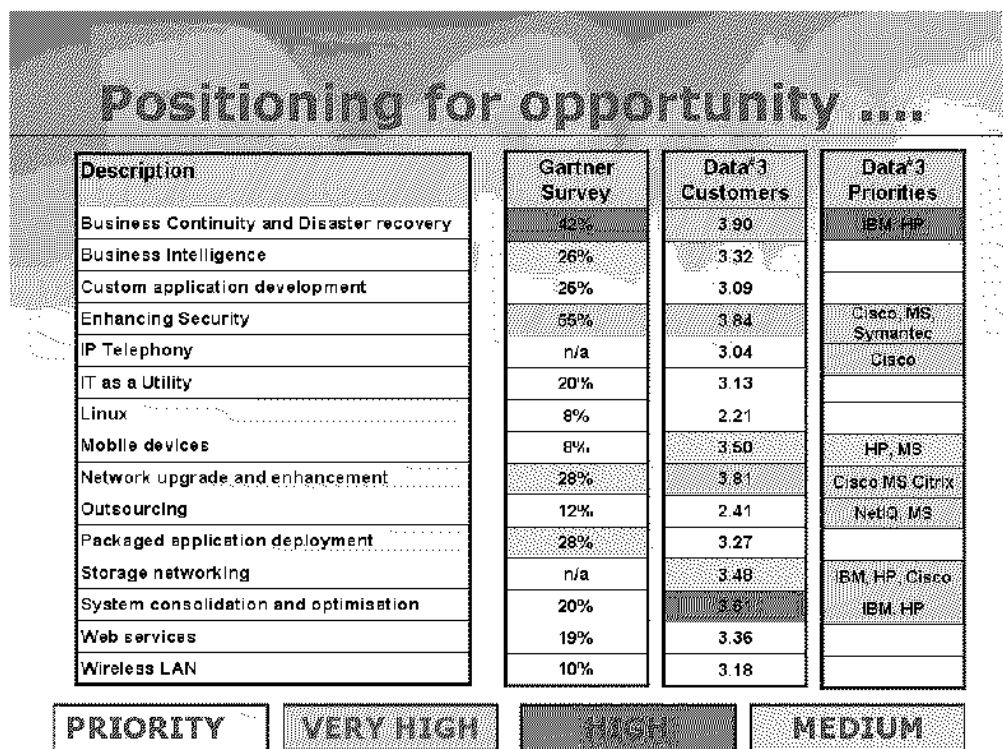
In terms of the critical element of determining areas of market opportunity we use a combination of analyst, customer and vendor input together with our own experience.



At the highest level, Gartner, a leading industry analyst, is proposing significant shifts in customer ICT expenditure. They suggest that if ICT expenditure is classified into three types – firstly that which brings Innovation and hence revenue; secondly that which delivers Consolidation of existing systems leading to lower support costs; and thirdly that which lowers the cost of operating existing systems – then over the period through to 2007, there will be a reduction in overall expenditure and a lowering of support and operating costs in favour of increased expenditure on innovation to drive revenue growth. We have tested this with a number of our customers and, while there are exceptions and timing differences, there is general agreement as to its validity.

The key to competing and participating in these areas is deep expertise particularly in the technologies that deliver innovation and consolidation.

These technologies are becoming increasingly complex and customers need experts to help them. Hence you will see an unwavering focus on deepening our expertise as individuals and as a business.



At a lower level of detail, we have consulted independent studies and conducted our own research to understand where customers are placing their emphasis and hence where there is opportunity.

This chart lists a number of technology areas that Chief Information Officers are giving attention.

Gartner recently surveyed over 400 CIOs across Asia Pacific. The results showed the areas of strongest focus are in the operational and consolidation areas driven by corporate governance requirements for security, business continuity and disaster recovery. At the next level it is all about innovation through business intelligence, network upgrade and enhancement and packaged application deployment.

Our own research conducted in May with almost 300 customer representatives showed similar outcomes but with more emphasis on consolidation through storage networking and on innovation through mobility.

This together with vendor input and our own experience has devolved into the areas of priority for Data^{#3} you can see on the chart and the vendors that will play prime roles. These priorities align with the major areas of opportunity identified in the research. In addition we intend to pursue IP Telephony as an emerging area, selective outsourcing in customer specific operational areas and remote management through our Managed Services Centre where we have invested in leading edge management systems from NetIQ. The focus which these priorities provide gives us direction on investment, skills development and customer engagement and consequently our best chance of producing sustained performance.



No strategy is without risk.

Aside from the global risks that are ever-present these days but which we can do little about, we see our major risks as threefold:

- Attracting and retaining the right staff
- Changes by Vendors to their partner models and
- Retaining existing contracts particularly in the ICT products area.

To address the first we have optimised recruitment processes so that we maximise our chance to get it right; we have invested in an eLearning platform from Skillsoft to build development paths; and we have implemented more detailed performance and career planning for each staff member.

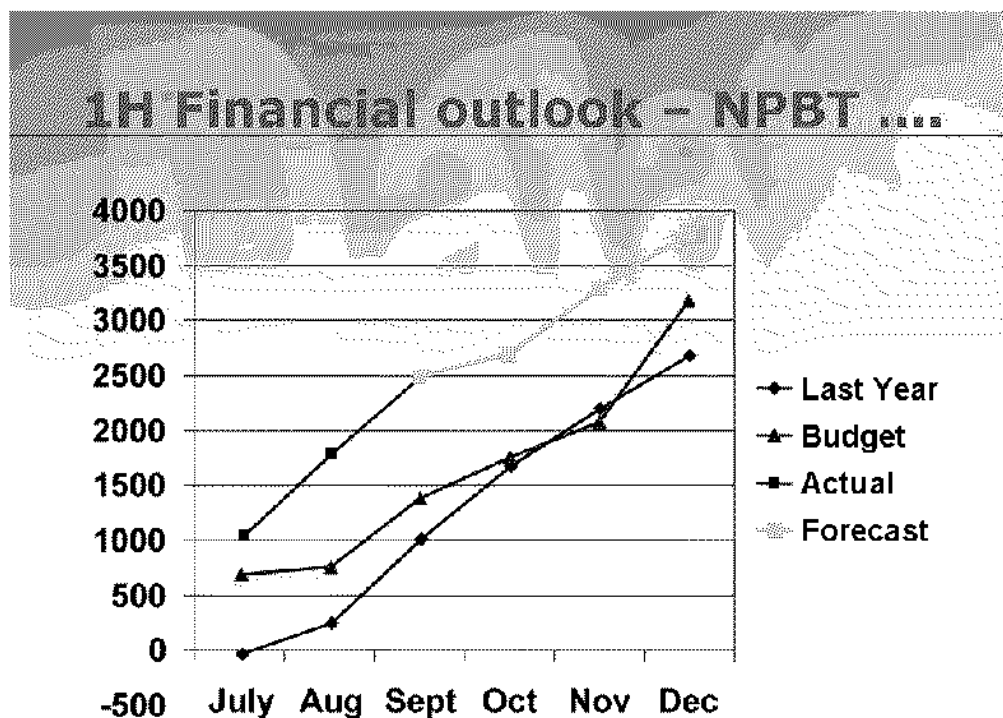
Addressing the second is a little less direct relying on influencing thought through the appropriate forums and demonstrating commitment through allocation of resources and investment.

And we intend to retain existing contracts through performance that exceeds expectation, leveraging vendor contribution to the benefit of the customer and electronically integrating with our customers' business processes wherever possible.

Projected 2006 Performance

"For 2006 we expect the market for our offerings to remain strong but competitive and are projecting financial performance to improve on the record 2005 result"

We stated in the Annual Report that in 2006 we expect the market for our offerings to remain strong but competitive and are projecting financial performance to improve on the record 2005 result.



NPBT in the first half of last year shown in black was a record at that time.

In red, we have set a budget for this year that started strongly based on success with a major Software Licensing contract with Education Queensland and was budgeted to finish the half almost 20% up on last year's first half result.

At the end of the first quarter we are considerably ahead of budget as you can see in blue and the forecast to the half year shown in green, while dependent on a number of favourable customer decisions as you would understand, has us coming in at NPBT of approximately \$3.8 million, just over 40% up on last year. For shareholders, this translates to after tax earnings of approximately 17 cps, up from that for the first half last year of 12 cps.

I need to repeat that this forecast is subject to a number of customer decisions that are yet to occur. Should the situation change materially we will advise you. But as we see it today we clearly have an opportunity to record an outstanding first half.



In the first half also we have been successful in a number of major tenders.

It's my pleasure to announce 5 of these today.

Brisbane City Council has been a key customer of our ICT Products business for 12 years. The tender for the next four years was issued some months ago and we partnered exclusively with HP for PCs, laptops, printers and the associated services. In an extremely competitive process marked by an electronic auction against competitors including Dell and Acer, HP and Data#3 have been successful in winning this new contract for all products. This four year tender is anticipated to yield approximately \$8 million per year and thus remains a foundation contract for the ICT Products business.

Again the ICT Products business has been successful in a similarly competitive opportunity at Suncorp where we have won a 2 year contract with a 1 year option as preferred supplier nationally of ICT product for Commercial and Domestic Claims for Suncorp Insurance, GIO Insurance and a range of Suncorp brokers. In winning this contract, we defeated the incumbent, Harris Technology, and Dell, Getronics and Sony. The annual revenue, while difficult to estimate, is believed to be in the range \$5M to \$9M.

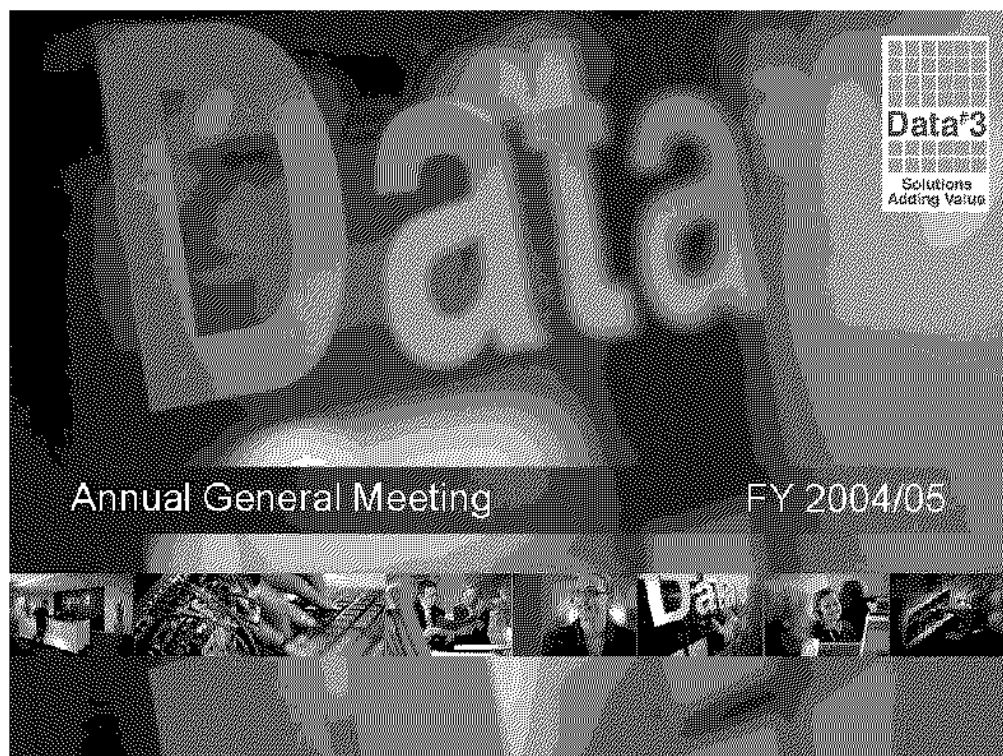
Our Configuration Centre at Milton with its specialist capability has been key in these successes.

ICT Services has had a strong start to the year and this will be enhanced by recent off-shore success with Inco Australia Management in outsourcing contracts associated with its Goro Nickel mine development in New Caledonia. The first is a three year contract for ICT product and support services for INCO staff involved in the construction both in Noumea and in Goro in New Caledonia. This will see us provide scalable support on the island and its estimated revenue per year is \$1M AUD. The second contract, which is currently in the final stages of negotiation, is to provide similar services to Inco's subcontractors on the island for the period to commissioning of the mine in late 2007. This is thought to be at least equal in size to the first contract. To support these two contracts we are opening an office in New Caledonia and will work with local IT providers to grow its operations over time.

SPARQ Solutions, the shared service provider to Ergon Energy and Energex, recently went to Tender for a 150 user Voice over Internet Protocol (VOIP) Telephony Solution. This is a critical project for SPARQ as they have committed to new premises and Data#3 was successful against other Cisco Gold Certified integrators including Dimension Data and Getronics. We have designed a 'turn-key' VOIP solution for the 150 users and will implement and support and train these staff in this new Cisco solution. Success in this project can provide continuing opportunities for VOIP solutions within SPARQ and elsewhere in Government.

Last year as you may recall, we made a decision to invest in new management software from NetIQ to bring our ICT Services Managed Services Centre in Sydney into a market leadership position. As a result of this I am delighted to announce today our first win with a three year remote management and support contract for Brazin Limited – operators of the retail chains Sanity Entertainment, Virgin entertainment, BNT (formally Bras n Things), Dome Exchange (Aztec Rose & Cheetah), EzyDVD, HMV and Dusk. Supporting over 1,000 users over 600 sites across Australia, this contract is expected to generate revenue of \$1 million and is the first of a strong pipeline of prospective customers we have developed since upgrading the centre.

We continue to look for strategic initiatives that can yield higher than organic growth rates and have reviewed a number of opportunities over the last 12 months. However as expected in a buoyant market, value is hard to find.



In closing, in 2005 we had a terrific result both in financial and operational terms. We are comfortable about the outlook for the half-year and believe we have a strategy that will sustain our performance through the full year and

beyond. The management team and staff are to be congratulated for their commitment to the task and are well prepared for 2006.

Thank you.

John Grant
Managing Director
Data[#]3 Limited