

Dicker Data Limited

ABN: 95 000 969 362

Appendix 4D and
Interim Financial Report
Half-year ended 31 DECEMBER 2013

Dicker Data Limited

ABN 95 000 969 362

Results for announcement to the market

Reporting period: Half-year ended 31 December 2013
Previous Corresponding Period: Half-year ended 31 December 2012

RESULTS

| | Movement | | | Dec-13 (in 000's) | Dec-12 (in 000's) |
|--|----------|-------|----|----------------------|----------------------|
| Revenues from ordinary activities | Up | 5.2% | to | \$224,581 | \$213,533 |
| Net profit before tax | Up | 11.3% | to | \$5,246 | \$4,713 |
| Net profit after tax attributable to members | Up | 12.8% | to | \$3,689 | \$3,270 |

BRIEF EXPLANATION OF FIGURES REPORTED ABOVE

- Total revenue increased by 5.2% to \$224m mainly attributable to timing of education orders shipping in December which occurred in January in the previous corresponding period. Increase is also due to extension of HP agreement to include full range of HP printing and supply products.
- Net profit before tax increased by 11.3% to \$5.2m as a result of an increase in gross margin for the period. The increase in margin was driven by the higher revenue and therefore meeting or exceeding vendor rebate targets.

Refer to the attached Interim Financial Report and Directors' Report for further commentary on half-year results.

DIVIDENDS

| | Payment Date | Amount Per Share | Franked Amount |
|-----------------------|-----------------|------------------|----------------|
| Final Dividend 2013 | 10 October 2013 | 0.0275 | 100% |
| Interim Dividend 2014 | 17 January 2014 | 0.0100 | 100% |

NET TANGIBLE ASSETS PER SECURITY

| | Dec-13 | Dec-12 |
|----------------------------------|--------|--------|
| Net tangible assets per security | \$0.15 | \$0.14 |

COMPLIANCE STATEMENT

This report is based on financial statements which have been reviewed by the auditor, copies of which are attached.

Signed



David Dicker
CEO

Dated: 26 February, 2014

Director's Report

Your directors submit the financial report of the company for the half-year ended 31 December 2013.

Directors

The names of the directors who held office during or since the end of the half-year:

David John Dicker
Fiona Tudor Brown
Mary Stojcevski
Chris Price
Michael Demetre

The Directors were in office from the beginning of the half-year until the date of this report, unless otherwise stated.

Principal activities

The principal activities of the company during the half-year were wholesale distribution of computer hardware and related products. No significant change occurred in the nature of these activities for the half-year.

Review of operations

A review of the operations of the company for the half year and the results of those operations are as follows:

Total revenue for the half year was \$224.5m (2012: \$213.5m), representing a 5.2% increase against previous corresponding period. This was an exceptional result with increases in revenues attributable to the timing of education orders in December which occurred in January in previous period. Also driving our increase in revenues in the half year is the extension of our HP agreement to include the full range of HP printing and supply product at the beginning of FY14. This has more than offset our decline in revenues from some of our traditional PC vendors, including HP.

Gross profit increased to \$18.2m (2012: \$15.9m) representing an increase in gross margins to 8.1% (2012: 7.5%). Whilst our front end margins were down on a year on year basis with increased pressure from our competitors on pricing and keeping inventory at moderate levels, higher revenues has meant an increase in our rebates as we have constantly met and exceeded our vendor expectations that have helped offset some of the lower margins we have seen in first half of FY14.

There was an increase in operating expenses mainly relating to employment expenses and financing costs. Employment expenses increased with a higher headcount in the first half of FY14 and increase in profit based commission payments. Finance expenses were higher with the additional interest charges not in prior corresponding period due to new financing facility with Macquarie bank from January 2013 that enabled us to take advantage of early settlement discounts on HP inventory purchases.

Net profit before tax was \$5.2m (2012: \$4.7m) an increase of 11.3% against previous corresponding period.

Net profit after tax was \$3.7m (2012: \$3.3m) an increase of 12.8% against previous corresponding period. This represents basic earnings per share of 2.89cents (2012: 2.58 cents) an increase of 12.0% on the previous corresponding period

We anticipate that the market will continue to be soft, with continued decline in the PC market. However, we expect to address this issue with the acquisition of Express Data Holdings, expected to complete on 01 April 2014, giving us access to a varied vendor portfolio.

Significant changes in the state of affairs

Acquisition of Express Data

On February 10, 2014 Dicker Data Ltd entered into a Share Purchase Agreement to acquire 100% of the issued capital of Express Data Holdings Pty Ltd. The acquisition includes both the Australian and New Zealand operations and Express Online. Express Data offers a comprehensive selection of software and hardware products from a blue-chip vendor base which has very little overlap with Dicker Data's existing vendor portfolio. The acquisition is scheduled to complete on 01 April 2014, subject to certain conditions being met.

As a result of this transaction Dicker Data will become one of the largest distributors of IT products in the Australian market. The acquisition also includes a well-established operation in New Zealand presenting additional growth opportunities in the future.

Change in banking arrangements

The acquisition of Express Data is fully funded by Westpac Bank with a \$130 million facility under a trade receivables securitisation program. As part of the funding arrangement Westpac will replace our current receivables finance facility and transactional banking facility provided by St George Bank.

Extension of Warehouse

As a result of the acquisition of Express Data the Company has entered into a contract to complete the last stage of the warehouse facility at Kurnell, expanding by an additional 5,000 square metre. The extension will provide a further 4,000 square metres of warehouse and 1,000 square metres of office space. This will allow the Company to accommodate the integration of the Express Data business into the one location. The extension is being funded by drawing on existing finance facilities.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Dividends

During the reporting period the following fully franked dividends were declared:

| Record Date | Payment Date | Amount per share (in Cents) | Total Dividend (in 000's) | Type |
|--------------------|---------------------|--|--|--------------|
| 01-Oct-13 | 10-Oct-13 | 0.0275 | \$3,512 | Final 2013 |
| 06-Jan-14 | 17-Jan-14 | 0.0100 | \$1,277 | Interim 2014 |
| | Total | 0.0375 | \$4,789 | |

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is attached to this financial report.

The report is signed in accordance with a resolution of the Board of Directors:

Signed



David Dicker

CEO

Dated: 26 February, 2014

DECLARATION OF INDEPENDENCE BY KIERAN GOULD TO THE DIRECTORS OF DICKER DATA LIMITED

As lead auditor for the review of Dicker Data Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Kieran Gould
Partner

BDO East Coast Partnership

Sydney, 26 February 2014

Statement of profit or loss and other comprehensive income

For the half year ended 31 December, 2013

| | 31-Dec-13 \$'000 | 31-Dec-12 \$'000 |
|---|---------------------|---------------------|
| REVENUE | | |
| Sales revenue | 224,422 | 213,368 |
| <i>Other revenue:</i> | | |
| Interest received | 2 | 2 |
| Recoveries | - | 41 |
| Other revenue | 157 | 122 |
| | 224,581 | 213,533 |
| EXPENSES | | |
| Changes in inventories | (10,852) | 2,734 |
| Purchases of inventories | (195,350) | (200,106) |
| Employee benefits expense | (8,415) | (7,433) |
| Depreciation and amortisation | (353) | (318) |
| Finance costs | (1,993) | (1,442) |
| Other expenses | (2,372) | (2,255) |
| | (219,335) | (208,820) |
| Profit before income tax expense | 5,246 | 4,713 |
| Income tax expense | (1,557) | (1,443) |
| Profit after income tax expense for the half year | 3,689 | 3,270 |
| Profit attributable to members of the company | 3,689 | 3,270 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income for the half year | 3,689 | 3,270 |
| Total comprehensive income attributable to members of the company | 3,689 | 3,270 |
| Earnings per share | | |
| basic earnings per share (cents) | 2.89 | 2.58 |
| diluted earnings per share (cents) | 2.89 | 2.56 |

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Statement of financial position

As at 31 December, 2013

| | 31-Dec-13 | 30-Jun-13 |
|--------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| | \$ | \$ |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 140 | 505 |
| Trade and other receivables | 59,288 | 64,429 |
| Inventories | 38,833 | 49,685 |
| Total Current Assets | 98,261 | 114,619 |
| Non-Current Assets | | |
| Property, plant and equipment | 19,949 | 19,573 |
| Intangibles | 167 | 173 |
| Deferred tax | 849 | 783 |
| Total Non-Current Assets | 20,965 | 20,529 |
| TOTAL ASSETS | 119,226 | 135,148 |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 46,497 | 47,190 |
| Borrowings | 49,933 | 63,187 |
| Current tax | 522 | 1,539 |
| Provisions | 992 | 902 |
| Total Current Liabilities | 97,944 | 112,818 |
| Non-Current Liabilities | | |
| Borrowings | 400 | 588 |
| Deferred tax | 1,466 | 1,254 |
| Provisions | 368 | 341 |
| Total Non-Current Liabilities | 2,234 | 2,183 |
| TOTAL LIABILITIES | 100,178 | 115,001 |
| NET ASSETS | 19,048 | 20,147 |
| EQUITY | | |
| Issued capital | 1,145 | 1,145 |
| Reserves | 369 | 369 |
| Retained profits | 17,534 | 18,633 |
| TOTAL EQUITY | 19,048 | 20,147 |

The statement of financial position is to be read in conjunction with the attached notes.

Statement of changes in equity

For the half year ended 31 December, 2013

| | Issued Capital \$'000 | Retained Profits \$'000 | Share Option Reserve \$'000 | Capital profits reserve \$'000 | Total Equity \$'000 |
|--|-----------------------------|-------------------------------|--------------------------------------|---|---------------------------|
| Balance at 1 July 2012 | 844 | 17,334 | 1 | 369 | 18,548 |
| Profit after income tax for the half year | | 3,270 | | | 3,270 |
| Other comprehensive income for half year net of tax | | - | | | - |
| Total comprehensive income for the half year | | 3,270 | | | 3,270 |
| <i>Transactions with the owners in their capacity as owners:</i> | | | | | |
| Share Issue | 25 | | | | 25 |
| Dividends Paid | | (3,796) | | | (3,796) |
| Balance at 31 December 2012 | 869 | 16,808 | 1 | 369 | 18,047 |
| Balance at 1 July 2013 | 1,145 | 18,634 | - | 369 | 20,148 |
| Profit after income tax for the half year | | 3,689 | | | 3,689 |
| Other comprehensive income for half year net of tax | | - | | | - |
| Total comprehensive income for the half year | | 3,689 | | | 3,689 |
| <i>Transactions with the owners in their capacity as owners:</i> | | | | | |
| Dividends Paid | | (4,789) | | | (4,789) |
| Balance at 31 December 2013 | 1,145 | 17,534 | - | 369 | 19,048 |

The statement of changes in equity is to be read in conjunction with the attached notes.

Statement of cash flows

For the half year ended 31 December, 2013

| | 31-Dec-13 | 31-Dec-12 |
|--|-----------------|----------------|
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers (inclusive of GST) | 251,923 | 248,968 |
| Payments to suppliers and employees (inclusive of GST) | (228,608) | (231,651) |
| Interest received | 2 | 2 |
| Interest and other finance costs paid | (1,993) | (1,442) |
| Income tax paid | (2,426) | (2,088) |
| NET CASH FROM (USED IN) OPERATING ACTIVITIES | 18,898 | 13,789 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property plant and equipment | (708) | (3,012) |
| Payments for intangibles | (17) | (87) |
| NET CASH FROM (USED IN) INVESTING ACTIVITIES | (725) | (3,099) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issue | - | 25 |
| Repayment of borrowings | (13,442) | (4,607) |
| Payment of dividends | (5,096) | (4,421) |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | (18,538) | (9,003) |
| NET CASH FLOWS | (365) | 1,687 |
| Cash and cash equivalents at the beginning of the period | 505 | 222 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 140 | 1,909 |

The statement of cash flows is to be read in conjunction with the attached notes.

Notes to the financial statements

For the half-year ended 31 December 2013

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

The company has applied all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

AASB 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. No differences were found in the valuation approach of financial instruments and therefore no adjustments to any of the carrying amounts or disclosures in the financial statements are required as a result of the adoption of AASB 13.

- AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119

The company has applied AASB 119 and its consequential amendments from 1 January 2013. The standard changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. DIVIDENDS

During the reporting period the following fully franked dividends were declared:

| Record Date: | Payment Date: | Dividend (in Cents) | Total Dividend (in 000's) | Type |
|--------------|---------------|------------------------|---------------------------------|--------------|
| 01-Oct-13 | 10-Oct-13 | 0.0275 | \$3,512 | Final 2013 |
| 06-Jan-14 | 17-Jan-14 | 0.0100 | \$1,277 | Interim 2014 |
| Total | | 0.0375 | \$4,789 | |

3. SEGMENT REPORTING

For the half year the company operated in one segment being wholesale distribution of computer and related products throughout Australia.

4. CONTINGENT LIABILITIES

There were no contingent liabilities at reporting date.

5. EVENTS SUBSEQUENT TO REPORTING DATE

Acquisition of Express Data

On February 10, 2014 Dicker Data Ltd entered into a Share Purchase Agreement to acquire 100% of the issued capital of Express Data Holdings Pty Ltd. The acquisition includes both the Australian and New Zealand operations and Express Online. Express Data offers a comprehensive selection of software and hardware products from a blue-chip vendor base which has very little overlap with Dicker Data's existing vendor portfolio. The acquisition is scheduled to complete on 01 April 2014, subject to certain conditions being met.

As a result of this transaction Dicker Data will become one of the largest distributors of IT products in the Australian market. The acquisition also includes a well-established operation in New Zealand presenting additional growth opportunities in the future.

Change in banking arrangements

The acquisition of Express Data is fully funded by Westpac Bank with a \$130 million facility under a trade receivables securitisation program. As part of the funding arrangement Westpac will replace our current receivables finance facility and transactional banking facility provided by St George Bank.

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6. FAIR VALUE DISCLOSURES

The company has a number of financial instruments which are not measured at fair value in the statement of financial position, including cash, receivables, payables and borrowings. The fair value of these financial assets and financial liabilities approximates their carrying amount.

Director's declaration

In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes thereto give a true and fair view of the entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

Signed



David Dicker

CEO

Dated: 26 February, 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dicker Data Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dicker Data Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement 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 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 company's financial position as at 31 December 2013 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 Dicker Data Limited, 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.

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 Dicker Data Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 Dicker Data Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

Kieran Gould

Kieran Gould
Partner

Sydney, 26 February 2014