

Dicker Data



DICKER DATA LIMITED | ACN 000 969 362

PROSPECTUS FOR AN
OFFER OF 5 MILLION
SHARES AT AN ISSUE
PRICE OF 20 CENTS EACH
TO RAISE \$1 MILLION

IMPORTANT DOCUMENT

This Prospectus is an important document and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered for subscription under the Prospectus, then you should consult your professional advisor.

DATE OF PROSPECTUS

This Prospectus is dated 26 October 2010. The expiry date of this Prospectus is 13 months after the date of this Prospectus.

ALLOTMENT OF SECURITIES

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus. A copy of this Prospectus was lodged with ASIC on 26 October 2010. Neither ASIC nor ASX and their respective officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates. The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered under this Prospectus.

APPLICATION FOR LISTING

Application will be made to ASX within 7 days after the date of this Prospectus for the Shares offered pursuant to this Prospectus to be listed and quoted on ASX.

FORWARD LOOKING STATEMENTS

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

SUITABILITY OF INVESTMENT AND GENERAL RISK FACTORS

This Prospectus provides information to help investors decide whether they wish to invest in the Company. Before deciding to invest in the Company, potential investors should read the entire Prospectus, and in particular the risk factors (Section 9) that could affect the future operations and activities of the Company. The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of the investor. Please read the Application Form carefully. Professional advice should be sought before deciding to invest in any securities the subject of this Prospectus.

DISCLAIMER

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company in connection with the Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus except as required by law and then only to the extent so required. Refer to Section 9 for details relating to risk factors.

JURISDICTION

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared to conform to the securities laws in Australia.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of the Exposure Period is to allow this Prospectus to be examined by market participants prior to the acceptance of the Applications. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Act. Any Applications received prior to the expiration of the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

PROPERTY OF THE COMPANY

Unless otherwise stated, assets and property portrayed in photographs in this Prospectus are not owned by the Company.

DEFINED TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Prospectus are defined in the 'Definitions' section. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

DIRECTORS	David Dicker Chairman & CEO Fiona Brown Non-executive Director Mary Stojcevski Executive Director Chris Price Executive Director Michael Demetre Executive Director
COMPANY SECRETARY	Mary Stojcevski
REGISTERED OFFICE AND CONTACT DETAILS	Unit 8, 18-28 Sir Joseph Banks Drive, Kurnell NSW 2231 Telephone: (02) 9589 8400 Facsimile: (02) 9525 0481 Website: www.dickerdata.com.au
CORPORATE ADVISOR	Newport Capital Group Pty Limited Level 5, 153 Walker Street, North Sydney NSW 2060
SPONSORING BROKER	Stonebridge Securities Limited Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000
LEGAL ADVISOR	Middletons Level 26, 52 Martin Place, Sydney NSW 2000
INVESTIGATING ACCOUNTANT	PKF Corporate Advisory (East Coast) Pty Limited Level 10, 1 Margaret Street, Sydney NSW 2000
AUDITOR	PKF East Coast Practice Level 10, 1 Margaret Street, Sydney NSW 2000

1	CHAIRMAN'S LETTER.....	6
2	INVESTMENT HIGHLIGHTS.....	7
3	DETAILS OF THE OFFER.....	10
4	THE AUSTRALIAN IT HARDWARE SECTOR.....	15
5	COMPANY OVERVIEW.....	17
6	ORGANISATION.....	23
7	FINANCIAL INFORMATION	26
8	INVESTIGATING ACCOUNTANT'S REPORT	33
9	RISK FACTORS.....	36
10	ADDITIONAL INFORMATION.....	42
	DEFINITIONS.....	53
	APPENDIX.....	56

1. CHAIRMAN'S LETTER

Dear Investor,

I am pleased to invite you to become a shareholder in Dicker Data Limited as we move forward to list Dicker Data on the ASX. The ASX listing of Dicker Data will bring many benefits including:

- As an ASX listed company, the credibility and standing of the Company will be enhanced. This is important in attracting new, high quality vendors (suppliers).
- The listing will provide listed scrip for use in mergers and acquisitions.
- The listed scrip will provide a means - through share purchase plans - to reward and motivate all staff.
- Listed scrip will enable the Company to offer participation in its share capital and future growth to our loyal customers and business partners.
- Over time, the Company will have access to the public markets to raise further capital to support growth.
- The listing will provide liquidity to the founding shareholders, Fiona Brown and I, over time. Having said this, Fiona and I are pleased to offer a voluntary escrow on our shares until 30 June 2011.

In July of 1978 I started what would become Dicker Data with my then wife Fiona. Travelling to the US I sourced supply of the new microcomputers from a company, now long defunct, called Vector Graphic. Our initial aim was to sell 10 computers a month.

Today Dicker Data sells and ships on average, more than a million dollars worth of computer equipment each working day. While our roots are deep within the computer industry, in many ways we are now a specialist logistics company.

We spent most of the 1980's designing and building our own interpretation of what a general purpose computer should be. While that project failed commercially, it gave us a very strong understanding of how computer systems work. And it forced us to build a company strong enough to fund that project and continue on after its failure. When we stopped the project, we continued and expanded on the distribution area of the business first with Toshiba, then Compaq and then HP, when they acquired Compaq.

In February of 2004, Fiona left day-to-day operations of the Company. However, our management team - Chris Price, Mary Stojcevski and Michael Demetre - have driven the performance of the Company ahead.

This Prospectus contains detailed information about Dicker Data and I encourage you to read it carefully before making your investment decision.

I look forward to welcoming you as a Dicker Data Limited shareholder, and to a long and mutually rewarding relationship with the Dicker Data team.

Yours faithfully,



David Dicker

Chairman & CEO

This Section provides an overview of the Company and the Offer and should be read in conjunction with the remainder of this Prospectus.

2.1 VALUE PROPOSITION

Established in 1978, Dicker Data is a prominent and established IT products distributor in Australia. Over the past 32 years the Company, the Founders and the executive team have developed knowledge of and expertise in the complex logistics of high volume IT products distribution. The Company has acquired and further developed necessary operational and financial systems which enable monitoring and close management of key aspects of the Company's business to drive the operations in accordance with established key business metrics.

The Company has developed a significant customer base now extending to over 3,000 active resellers which rely on the Company for the timely and reliable supply of products to meet the needs of their end user customers.

The Company has grown to be one of the largest Hewlett-Packard distributors in Australia and also has strong established business relationships with other well known and respected brands such as Toshiba, Samsung and Canon. HP is a global vendor in the market sectors on which the Company is focused. Currently, the Company distributes products in HP's major volume segments. The Directors anticipate that over time HP may broaden its relationship with the Company to encompass other significant additional product sectors such as imaging and printing, but there is no certainty that this will occur.

The Company has a primary focus on small and medium sized resellers Australia wide. The Company's largest market is New South Wales where it has approximately 60% market share in its target segments. The Company also has a solid customer base in all other states of Australia.

Dicker Data has been profitable in every year of operation since its inception and profit before tax has been constantly growing for 6 years.

Chart 1 - Sales Revenue

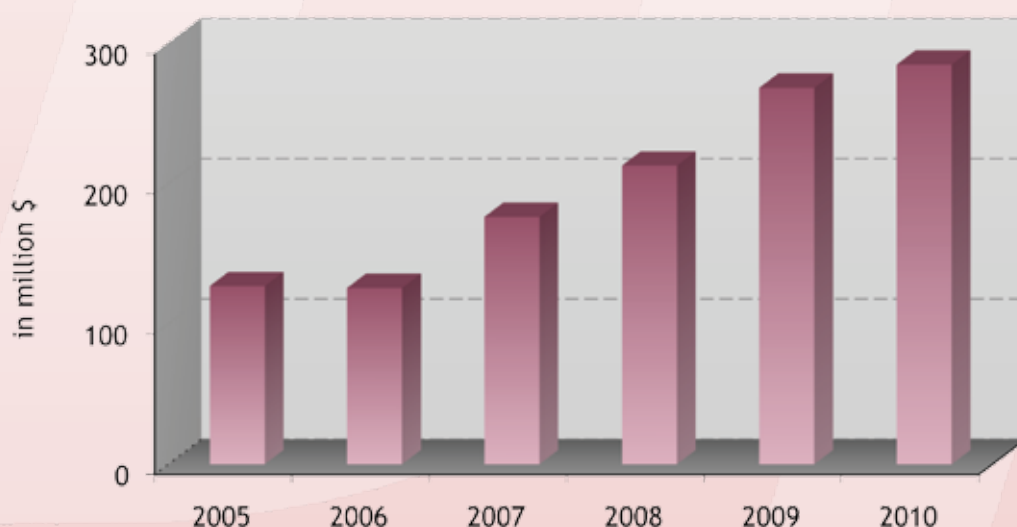
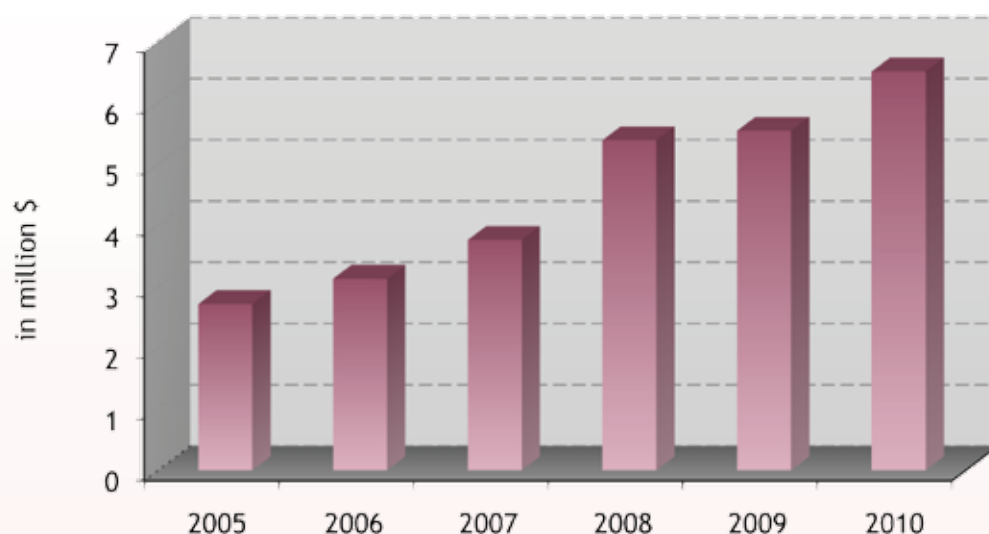


Chart 2 - Net Profit Before Tax



In FY 2010, the Company earned an after tax profit equal to a 31% rate of return on its shareholders equity of \$14.5 million. Other distributors may have higher profit margins, due to their less prominent product portfolios, but the Directors believe that the key success factors in the IT products distribution sector are volume revenue growth which can be achieved from prominent brand products, teamed with high efficiency in logistics and cost controls. The combination of high volume, growing revenues from prominent brands, plus operational efficiency and logistical cost management place the Company in a strong market position.

Over recent years the Company has adopted a dividend policy to distribute 50% of net profit after tax on a fully franked basis. At the date of this Prospectus, the Directors anticipate that this divided policy is sustainable and it is their intention to further improve this dividend payout ratio in the future. However, continuity of the past dividend policy, and future increases in dividend payout ratio is subject to the Company's future performance and market conditions. Consequently there is no certainty that dividend payout ratios will be continued or increased. If a 50% of after tax earnings dividend had been paid on the FY2010 results of the Company, and had been based on the total number of Shares on issue at completion of the Offer, the dividend would have been 1.8 cents per Share - a 9.0% dividend yield on each 20 cents share.

In achieving material revenue growth while providing dividend distributions, the Company relies on credit terms established with its major suppliers - including HP - plus banking facilities provided by the Company's bankers - ANZ. The Directors expect the Company will maintain sound relationships with its suppliers and bankers. The Company insures its debtors and so has limited bad debt exposure.

2.2 SUMMARY FINANCIAL INFORMATION

The Company's historical financial results are shown below. The below summary of financial information should be read in conjunction with Section 7 'Financial Information' and Section 8 'Investigating Accountant's Report'.

MILLION \$	FY2010	FY2009
Revenue	286.7	268.2
Gross profit	19.8	16.8
EBITDA	8.8	7.9
EBIT	8.3	7.4
NPAT	4.5	3.8

2.3 SUMMARY OF THE OFFER

This Prospectus invites subscriptions for 5 million Shares in Dicker Data at an issue price of 20 cents per Share. The objective of the Offer is to build a sufficient spread of shareholders to satisfy the relevant ASX listing criteria (minimum of 500 investors with at least \$2,000 of marketable parcels of shares each) as well as to provide the Company with additional working capital.

Indicative timetable of the Offer

ACTION	DATE
Prospectus lodged with ASIC	26 October 2010
Opening Date	10 November 2010
Closing Date	1 December 2010
Expected date for allocation of Shares	7 December 2010
Expected date of quotation of the Share on ASX	13 December 2010

The above dates are indicative only and may change without notice. The Company reserves the right to vary the Opening Date and the Closing Date - including closing the Offer after a shorter than indicated period - without prior notice, which may have a consequential effect on the date the Shares are expected to commence trading on ASX.

2.4 RISK FACTORS

As with any investment in ASX listed shares, an investment in the Company has a number of risks. These include but are not limited to the following risks:

- **dependence on HP relationship** - the contract between the Company and HP, Dicker Data's largest supplier, can be terminated by HP unilaterally without cause and without any significant penalty with 30 days notice;
- **low liquidity** - an active market may not develop for the Shares and any transaction in the Shares may have a significant adverse impact on the Share price;
- **concentrated ownership** - the combined shareholding of the Founders, who will own 96% of the Company upon the successful completion of the Offer, will enable them to pass shareholder resolutions by virtue of their combined voting power.

Applicants should read this document carefully and in its entirety with emphasis on the risk factors detailed in Section 9 before deciding to invest in the Company.

Applicants should consider these matters in light of their personal circumstances (including financial and taxation affairs), their own risk profiles and investment parameters and, where necessary, seek professional advice before deciding whether or not to apply for Shares.

3.1 THE OFFER

The Company seeks to raise a minimum of \$1 million in fresh capital from a minimum of 500 new investors under this Prospectus. Accordingly, a total of 5 million Shares in Dicker Data at 20 cents per Share are offered for subscription. Each interested investor may subscribe for a parcel of 10,000 Shares representing an investment of \$2,000.

The Shares to be offered pursuant to this Offer are of the same class and will rank equally in all respects with existing Shares. The rights and liabilities attaching to the Shares are further described in Section 10.1.

Following the successful completion of the Offer, the issued capital of Dicker Data will be 125 million fully paid Shares, of which the Founders - David Dicker and Fiona Brown - will hold between them 120 million Shares, or in aggregate 96% of the total issued capital of the Company.

The Directors reserve the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

Applications for Shares must be made on the relevant Application Form contained in the Appendix of this Prospectus and received by the Company on or before the Closing Date.

3.2 PURPOSE OF THE OFFER AND USE OF FUNDS

The principal purpose of the Offer is to build a sufficiently large shareholder base for the Company which satisfies all related listing criteria of ASX.

The proceeds from the Offer will be used to pay the costs of the Offer estimated at \$492,000. The remaining portion of the raised funds will be added to the Company's cash reserves and will be used to provide the Company with additional working capital.

3.3 APPLYING FOR SHARES

Accompanying and forming part of this Prospectus is an Application Form for use by Applicants in applying for Shares. To participate in the Offer, the Application Form must be completed in accordance with the instructions on its reverse side.

Applications must be for 10,000 Shares for an amount of \$2,000.

All Application Forms must be received by the Closing Date, together with the Application Monies, at Stonebridge at the following address:

Stonebridge Securities Limited

Level 27, Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Telephone: +61 2 8336 7353

Facsimile: +61 2 8336 7553

Application Monies can be paid electronically or by cheque. Direct deposits should be made to the bank account specified in the Application Form. Cheques must be in Australian currency and made payable to "Dicker Data Limited Share Offer" and crossed "Not Negotiable".

There is no facility for Applications to be accepted electronically.

3.4 ALLOTMENT OF SHARES

Subject to ASX granting approval for the Company to be admitted to the Official List, the Directors will finalise the allotment of the Shares as soon as possible after the Closing Date. The Company reserves the right to authorise the issue of a lesser number of Shares than those for which an Application has been made or to reject any Application. The final allocation of Shares between Applicants will be determined solely by the Company. If no issue or allocation of Shares is made or the number of Shares allotted is less than the number applied for, the surplus Application Monies will be refunded to the Applicant. Interest will not be paid on any refunded Application Monies.

Any Applicants who sell Shares before they receive their transaction confirmation statements will do so at their own risk.

A completed and lodged Application Form, together with the payment of the Application Monies, constitutes a binding and irrevocable Application for the number of Shares specified in the Application Form, or any lesser number allotted by the Company.

If the Application Form is not completed correctly, or if the accompanying payment of the Application Monies is for the wrong amount, it may still be treated as a valid Application. The Directors may complete any blanks or spaces left in any Application Form and the Applicant, by lodging the Application, appoints the Directors severally as its attorneys in this regard and authorises all such amendments. The Directors' decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than can be subscribed for by the amount of the payment of the Application Monies. The Company's decision on the number of Shares to be allocated to an Applicant will also be final.

No securities will be allotted or issued under this Prospectus later than 13 months after the date of this Prospectus.

3.5 CAPITAL STRUCTURE

Assuming that the Offer is fully subscribed, the capital structure of the Company after the completion of the Offer will be as set out below:

Table 1 - Capital structure on completion of the Offer

Amount to be raised	\$1 million
Offer price per Share	\$0.20
Number of existing Shares (immediately prior to the allotment of new Shares under the Offer)	120,000,000
Number of Shares being offered under this Prospectus	5,000,000
Total number of Shares immediately after allotment of new Shares under the Offer	125,000,000
Indicative market capitalisation on quotation of the Company at the Offer Price	\$25 million

In addition, Stonebridge, sponsoring brokers to the Offer and Newport Capital, corporate advisors to the Company will be granted 1,200,000 and 1,500,000 Options respectively upon the quotation of the Shares on ASX. Further details of these Options are set out in Section 10.8.

3.6 APPLICATION MONIES HELD ON TRUST

All Application Monies will be held on trust in a separate bank account, opened only for this purpose, until the Shares are issued and allotted under the Offer or the Application Monies are returned to the Applicants.

3.7 MINIMUM SUBSCRIPTION

The minimum total amount of subscriptions to be raised pursuant to this Prospectus is \$1 million.

No shares will be allotted or issued under this Prospectus until the Minimum Subscription has been received. In the event that the Minimum Subscription has not been received within 4 months after the date of this Prospectus, all Applications will be dealt with in accordance with the Act.

3.8 UNDERWRITING

The issue of securities pursuant to this Prospectus is not underwritten therefore there is no guarantee that the Offer will be successful.

3.9 ASX LISTING

The Company will apply to ASX within 7 days of the date of this Prospectus for admission to the Official List and for Official Quotation of its securities.

The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the value or merit of the Company or the Shares offered under this Prospectus. Official Quotation, if granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

If the Company has not been admitted for Official Quotation within 3 months of the date of issue of this Prospectus, then the Company will refund all Application Monies in full. Interest will not be paid on Application Monies refunded.

3.10 OVERSEAS INVESTORS

This Prospectus does not, and is not intended to constitute an Offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company has not taken any action to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia.

It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all approvals have been obtained. Applicants who are nominees or persons proposing to act as nominees should seek independent advice as to how they should proceed.

3.11 CHESS

The Company will apply to be admitted to participate in the Clearing House Electronic Sub-register System, known as CHESS.ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASX Settlement operating rules.

On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of shares.

The Company will not issue certificates to Shareholders. Shareholders who are allotted Shares under this Prospectus will be provided with a transaction confirmation statement which sets out the number of Shares allotted to the Shareholder. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), which sets out the number of Shares allotted to the Shareholder under this Prospectus. For Shareholders who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Shareholder under this Prospectus. At the end of the month of allotment, CHESS, acting on behalf of the Company, will provide Shareholders with a holding statement that confirms the number of Shares held and any transactions during that month.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number in the case of a holding on the CHESS sub-register or Shareholder Reference Number in the case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements to all Shareholders, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

A Shareholder may request a holding statement at any other time. However, a charge may be made by the Share Registry for additional statements.

3.12 FORWARD LOOKING STATEMENTS

To the extent that there may be matters discussed in this Prospectus that are forward-looking, such statements are only predictions and actual events or results may differ materially. In addition, there are statements in this Prospectus concerning the envisaged operations of the Company following the completion of the Offer. These forward looking statements are subject to numerous risks. For a discussion of the important risk factors which could cause actual events or results to differ materially from such forward looking statements, please refer to Section 9.

3.13 PRIVACY DISCLOSURE

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses, ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder in the Company, the Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder in the Company. Information contained in the Company's registers is also used to facilitate dividend payments and corporate

communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process the Applicant's Application.

3.14 ENQUIRIES

If after reading this Prospectus Applicants have any queries about the terms of the Offer or how to apply for Shares, Applicants should contact their financial advisor or Stonebridge at:

Stonebridge Securities Limited

Level 27, 1 Farrer Place, Sydney NSW 2000

Telephone: +61 2 8336 7353

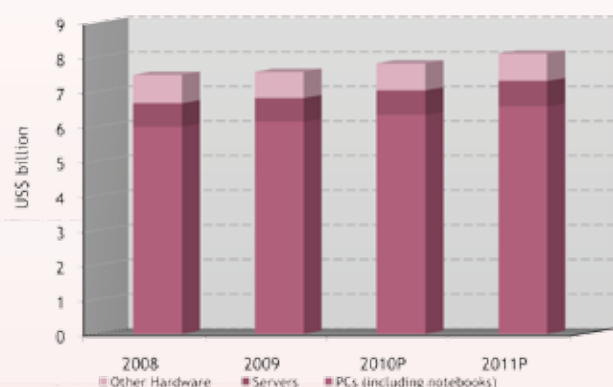
Facsimile: +61 2 8336 7553

The IT wholesale market in Australia is dominated by global distribution companies such as Ingram Micro, Synnex, Avnet (which is in the process of acquiring ASX listed ITX Group Limited) and Express Data (a business unit of London Stock Exchange listed Dimension Data Holdings PLC which is in the process of being acquired by the Japanese telecommunications company, Nippon Telegraph and Telephone Corporation).

Beyond the larger global distributors, the Australian domestic market participants are generally smaller value added resellers focusing on a well-defined segment of the market (e.g. specialised in niche brands or product groups).

The total size of the Australian IT hardware market was estimated at approximately \$7.5 billion in 2009. The global financial crisis took its toll on the Australian IT market, but sales volumes have recovered since mid-2009. The market may continue to grow as a result of improving business confidence and government IT spending.

Chart 3 - The Australian IT hardware market



International manufacturers such as HP, Dell, Acer and Lenovo (which purchased IBM Corporation's PC operations in 2008) directly sell their products to a limited number of tier-1 resellers and/or top-tier retailers. Tier-1 distributors supply a number of small retailers and tier-2 value added resellers which sell the products to end users.

The gross margins available to major distributors from product importers/vendors vary from a low of 5% on their selling price for major brand, high volume products to as much as 30% for low volume, highly specialised products which require considerable pre and post sales support services - which are bundled in with the product sale. Over the past ten years, distributor gross margins have declined in the IT hardware sector for high volume, major vendor products - especially for desk-top and server devices and peripherals - from 12% to the current level of 6.5%.

The unit selling price of IT hardware products - servers and PCs - has also progressively reduced partly due to technological innovations and manufacturing innovations.

4.1 PERSONAL COMPUTERS

The Australian PC market is mature with 99% of businesses and over 78% of households having access to a computer according to the Australian Bureau of Statistics. Therefore, market growth is primarily driven by replacements and upgrades.

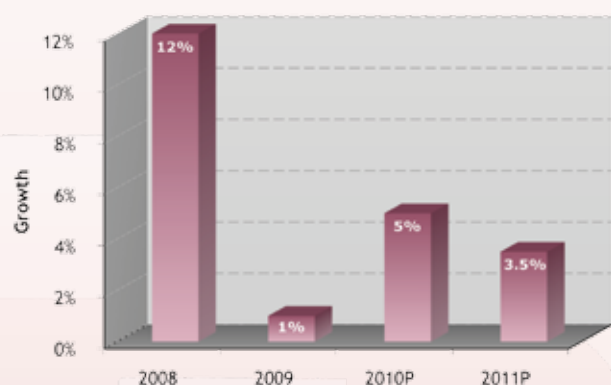
The size of the market was estimated to be around 6.0 million units in 2009. Laptop sales accounted for approximately one third of the market and have gained importance in recent years mainly due to the popularity and spread of wireless technologies. The growth of the notebook market is expected to continue not only because of the netbook's above market average growth but also due to the appearance of new light and thin notebook platforms.

During the GFC business spending was low and sales were primarily led by consumer demand for low-cost notebooks. Over the past 9 to 12 months, PC sales have bounced back sharply driven by general economic recovery. Customers bought 1.3 million units of notebooks and PCs in the last quarter of 2009 in Australia, representing a 10% year-on-year growth in number of units shipped.

The launch of Windows 7 in March 2009 played an important role in the recovery of sales volumes as improved sales figures have been driven by replacement of older hardware in order to upgrade to Windows 7 from older versions such as Windows XP or Vista.

HP, Dell, Asus, Lenovo and Toshiba are among the leading PC vendors in Australia.

Chart 4 - Australian PC market, growth (%)



4.2 SERVERS

The server and storage market has recovered after the impact of the GFC. While shipments declined by 3.8% in 2009, the first quarter of 2010 recorded a 27.3% increase in the number of shipped units from the same quarter in 2009. Vendor revenue was up 8.8% over the same period compared to a 6.2% decrease in 2009.

In Australia and New Zealand, vendor revenue grew by 21% and 36.4% year-on-year in the last quarter of 2009 and the first quarter of 2010 respectively. Improving business confidence and economic indicators may help the market to grow at an annual rate of 5% to 7% in the medium term.

Growth has been driven by server consolidation in data centres and virtualisation, with the strongest demand coming from the financial services and public sectors.

5.1 HISTORY

Dicker Data was established by current controlling shareholders David Dicker and Fiona Brown (formerly Fiona Dicker) in 1978, as an importer and distributor of microcomputers. The initial objective of the Company was to sell 10 microcomputers per month which it sourced from US-based manufacturer Vector Graphics. Since inception, the Company has been involved in the wholesale distribution of IT products but it has also ventured into other activities. The Company embarked on a project to develop its own computer - including the design of both the hardware and software architecture - in the 1980's. This project failed to produce any commercial products due to market dominance by large global vendors such as Compaq and IBM at the time. In the 1990's, the Company launched a venture to roll out a franchise retail network.

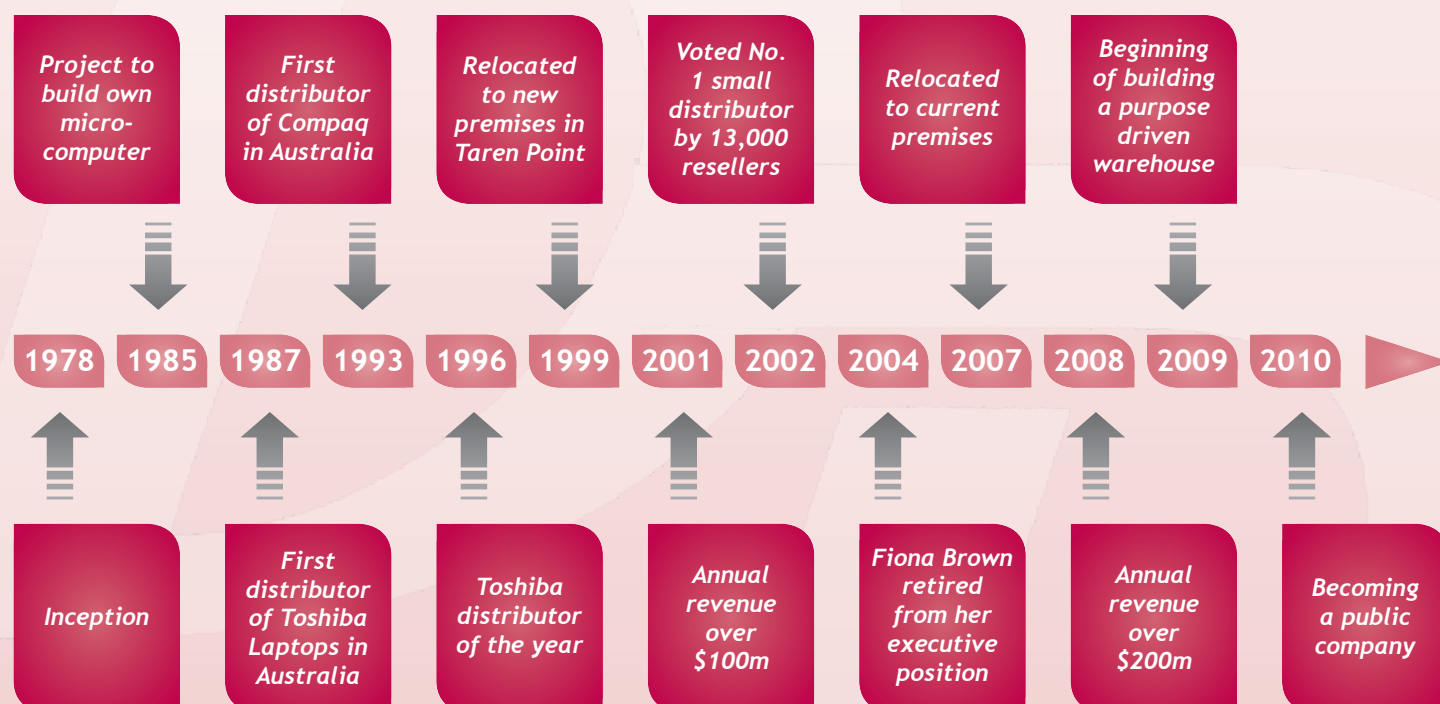
In 1987, the Company commenced distribution of Toshiba notebooks, becoming the first Toshiba distributor for notebooks in Australia. In 1993, Dicker Data was appointed as a Compaq distributor in Australia, and Compaq was subsequently purchased by HP. In the past, Dicker Data has been the distributor of various prominent brands including but not limited to Brother, Epson, Lenovo, Panasonic and Kyocera.

Since 2000, Dicker Data's revenues have grown almost threefold. Today, the Company is one of the largest Australian owned participants in the industry. It distributes products for various prominent-brand vendors, and supplying more than 3,000 value added resellers across Australia.

The Company has won several industry awards including No. 1 distributor for prompt delivery and technical support in 2000 and No.1 small distributor in Australia in 2002. In October 2010 David Dicker was inducted into the 2010 ARN Hall of Fame for his contribution to the Australian IT industry over a significant period of time.

After more than 30 years of successful operation, the shareholders of Dicker Data have decided to list the Company on the ASX.

Chart 5 - Major milestones



5.2 OPERATIONS

Dicker Data is a specialist IT hardware distributor of various prominent brands including HP, Toshiba, Canon and Samsung.

The Company orders and buys products from Australian subsidiaries or distributors of international brands, and receives large volumes of products into the Company's warehouse facility. Products are de-consolidated and warehoused, then supplied to meet customer orders. Vendors are responsible for the shipment of the products to Dicker Data's warehouse while Dicker Data delivers the products to its customers by third party freight operators. In some cases goods are shipped directly from the vendor to Dicker Data's customers. All products shipped by Dicker Data are insured for loss or damage.

Dicker Data earns margins above its costs of goods, based on negotiated pricing from its vendors. Dicker Data also earns "soft margins" in the form of rebates from various vendors - including HP. The soft margins are intended to provide incentives for Dicker Data to maximise sales efforts on particular products or product groups, based on the relevant vendor's inventory holdings, pending new product announcements and other factors.

The Company has progressively acquired and enhanced sophisticated IT systems to manage the large and growing volumes of shipments, and provide real time management information tracking key business performance indicators. The management team "enforces" the KPIs on a daily basis to ensure efficiency and profitability in accordance with business plans mandated by the Board.

At the date of this Prospectus, the Company is operating from premises in Kurnell that it purchased in 2007. The premises include 1,290 sqm warehouse space and 374 sqm office space. The Company is planning to move to its new, purpose built warehouse in Kurnell in the last quarter of 2010. The new premises are located on 2.6 hectare site with 1,000 sqm of office space and 4,000 sqm of warehouse space. The Board expects the new purpose-built facility to enable the Company to achieve various operational business efficiencies.

5.3 DISTRIBUTED BRANDS

Currently, Dicker Data distributes IT hardware and software products from 12 vendors. The Directors are continuously monitoring the product mix and enter into new distribution agreements or arrangements and in some cases, terminating existing distribution agreements or arrangements which do not meet the Board's financial and volume criteria. Also, it is the Directors' desire to focus resources and skills on HP products, where Dicker Data has achieved satisfactory returns on capital employed.

At the date of this Prospectus Dicker Data distributes the products of the following brands. For each brand's contribution to total revenues please see Section 7.2.

HP

According to publicly available information, HP provides a comprehensive range of hardware, software, and services to its clients in more than 170 countries. HP's hardware products include PCs, servers, storage devices, printers, and networking equipment.

Dicker Data has a long established business relationship with HP - and previously Compaq which was acquired by HP in 2001 - which dates back to 1993 when Dicker Data became a Compaq distributor in Australia. Dicker Data enjoys a close relationship with HP. The Company distributes a range of HP products including desktops, laptops, monitors, servers, storage units, networking products (routers, switches, etc.) and software.

	Dicker Data is one of the largest HP distributors in Australia, selling over \$200 million of HP products annually. Dicker Data is positioned to take advantage of HP's integrated enterprise storage, server and networking go-to-market strategy. Dicker Data has been distributing HP storage and server products for many years but the networking product line has not been available to the Company until May 2010. The Board anticipates that integration of HP networking (including 3COM branded) products into the existing enterprise server/storage business will result in material revenue and margin gains against competitors such as Cisco and IBM. The Directors are expecting this integrated offering to be a major opportunity for business growth, but such anticipated growth cannot be guaranteed due to various market and competitive factors.
TOSHIBA	Toshiba, a prominent manufacturer of IT products, provides technology products to consumers, businesses, and industrial environments. According to publicly available information, Toshiba has over 25 years of notebook PC manufacturing experience and is strongly focused on mobile computing technology. Toshiba offers a wide range of portable computers. Dicker Data was the first official distributor of Toshiba laptops in Australia and has been selling Toshiba's products since 1987. Dicker Data distributes the following Toshiba products: - Notebooks, - Notebook accessories (e.g. memory, battery, etc.), - Projectors.
SAMSUNG	Samsung is a diversified conglomerate with businesses operating in advanced technology, semiconductors, finance, hotels, televisions, home appliances, cellular devices, cameras, and laptop computers. The electronics division of Samsung is a prominent participant in high-tech electronics manufacturing and digital media. Dicker Data added Samsung monitors to its offering in 2008 based on the Board's view of Samsung's position and activities in this particular market segment. Currently the Company does not sell any other Samsung product line. It is not the intention of the Board to broaden its offering of Samsung products in the short term, but this intention may change based on the Board's continuing review of opportunities to broaden the Company's relationship with Samsung - which would be dependent on Samsung's consent and approval.
MICROSOFT	Microsoft Corporation is one the world's largest software developers for consumers, businesses, and cloud computing services providers. Microsoft also develops hardware for digital media, computer accessories, business servers, mobile devices and gaming consoles. Dicker Data has been distributing Microsoft software products since mid 2007. The Company distributes the complete range of Microsoft products including full packaged product (FPP or retail boxes), OEM, open licensing and Microsoft hardware. Dicker Data does not have a direct distribution relationship with Microsoft. The Company has access to Microsoft products as an associate distributor, sourcing the product from Microsoft distributors which include Synnex, Ingram Micro and Altech.

CANON	Canon manufactures a wide range of electronic equipment including office imaging products, computer peripherals, cameras and optical products. Canon's key products are digital cameras and video recorders, printers, copying machines, scanners and binoculars. Dicker Data has operated as an authorised Canon distributor since 1999 and currently distributes the majority of Canon's product lines including - - Printers - Scanners - Faxes - Digital cameras - Binoculars - Calculators
NETGEAR	Netgear is a prominent provider of technologically advanced, branded networking products which address the specific networking, storage, and security needs of small- to medium-sized businesses and small office/home office users. Netgear's products include wireless routers, switches, storage, security, VPN firewalls, home theatre, adapters, accessories, cables, and software. Dicker Data commenced distribution of Netgear products in 2007. The Board considers that Netgear's networking products have been an excellent add-on to the Dicker Data product portfolio, as the Company did not previously have an offering in this particular market segment.
SONY	Sony is a prominent manufacturer of electronics, video, communications, video game consoles, and information technology products for the consumer and professional markets. Sony is also a large "entertainment" organisation, with content properties across consumer electronics, computing, cameras, film, music, video, gaming and telecommunications. Dicker Data has been an authorised Sony reseller since 2009. Today, the Company offers Sony branded digital cameras, video cameras and projectors.
TARGUS	Targus is a prominent vendor in the notebook carrying case category, partnering with corporations, retailers, and OEMs to provide physical protection for notebook PCs. In addition to its core products Targus also offers a range of computer accessories including computer mice, wireless keyboards, memory storage, and iPod accessories. Dicker Data distributes Targus notebook cases.
KINGSTON	Kingston is a manufacturer specialising in memory products, and according to publicly available information, offers more than 2,000 product categories which support a wide range of devices that use memory - from computers, servers and printers to MP3 players, digital cameras and mobile phones. Kingston serves an international network of distributors, resellers, retailers and OEM customers on six continents. Dicker Data distributes Kingston memory products for PCs, flash drives and flash cards.

In addition to the above listed brands, Dicker Data also distributes selected products from the product ranges of Blade Network Technologies, NEC, Belkin and Chelsio.

5.4 PRODUCTS

Since its establishment the Company has gained expertise in the distribution of an extensive range of technology products. The Directors have selected the current product portfolio of the Company with a view to providing products which meet the needs of Australian SMEs.

SERVERS	The Board believes that developments in cloud computing, managed services and virtualisation may cause structural changes to the server market. The ownership of the servers may shift from end user to intermediaries providing services and such intermediaries are likely keep their server parks updated to the latest technologies to remain competitive. As a result, the Board anticipates that the demand for server usage and storage capacity will grow in the medium term - subject to various market drivers which are beyond the control of the Company. Dicker Data distributes a comprehensive range of servers ranging from basic servers to high reliability servers which are required for mission-critical applications. The Company offers the full range of HP Intel servers which are a major contributor to total revenue.
PCs	The Board anticipates that PC usage is expected to continue to grow as older hardware becomes outdated and as many younger generations continue to attend universities and become increasingly computer literate. Also, PC usage in the home and small office/home office markets has expanded as the internet has become a larger source of entertainment and knowledge and business processes increasingly depend on the internet. Increasingly, families have purchased multiple PC's instead of the traditional single PC for family usage. Dicker Data distributes HP and Toshiba PCs ranging from desktops through to powerful, multi-media rich laptops as well as low cost netbooks.
OTHER STORAGE	With the computer becoming a part of everyday life, as opposed to a novelty, data storage and portability have become increasingly important issues to users. Data formats have also changed, and many users now use portable hard drives for storing photos, music, movies, and to back up any information on their PCs instead of using compact discs. As relevant technology products became more available and affordable, the market for other storage devices has experienced growth over the last 10 years. Dicker Data distributes the storage products of HP and Kingston.
SOFTWARE	Software is continually changing due to new developments and consumer input, and the demand for software has been steady. The Board believes that the Company has new business opportunities in software and services, neither of which are a significant part of the Company's current business model. Such new business opportunities may not require significant resources or funding and are seen by the Board as complementary to the existing business operations of the Company. The Directors are closely examining possible initiatives to expand the Company's activities in these business sectors, which may have the capacity to become major margin contributors. Dicker Data distributes software products from Microsoft and HP.

OTHER PRODUCT SECTORS

Dicker Data distributes a number of products which the Board considers are complementary to the core product groups outlined above, such as computer accessories and peripherals as well as other selected devices. Distribution of a wide range of these add-on complimentary products allows Dicker Data to increasingly provide a single source of products for the Company's resellers for sourcing computers and related products.

This product group includes monitors, printers, copying machines, keyboards, digital photo cameras, notebook cases and accessories.

5.5 CUSTOMERS

Dicker Data's customer base consists of over 3,000 active resellers.

These resellers service a wide spectrum of the IT sector, including retail, SMB, corporate and enterprise markets. The Company provides integration and configuration services related to products which are sold to resellers. Products supplied by the Company are subject to manufacturers' warranties and the Company assists the manufacturers to execute their warranty responsibilities.

Dicker Data has limited visibility of the resellers' end users, but in some cases ships products to resellers' end users in accordance with instructions received from the resellers.

5.6 GROWTH STRATEGY

The Directors believe that there is potential to further grow the Company's revenues and earnings both organically and inorganically through acquisitions. Such acquisitions may expand the Company's geographic reach outside Australia, provide new services oriented revenues and earnings streams, or expand the scope of the Company's distribution products portfolio. Any such acquisitions will be carefully and prudently assessed by the Board, and with the assistance of external advisers as the Board deems appropriate. The Board enjoys a sound relationship with Newport Capital, which has established expertise in the technology market sectors, and has - through established collaborations - reach into key markets in Asia, Europe and the US.

As of the date of this Prospectus, the Board has no advanced or approved plans to undertake any acquisitions, but expects that any such value adding acquisition opportunities which may arise in the future will be facilitated by the availability of ASX listed shares as a result of the Company's listing on the ASX.

6.1 BOARD OF DIRECTORS

DAVID DICKER

Chairman & Chief
Executive Officer



David is the co-founder of the Company. He began his career of entrepreneur and businessman by taking over his father's steel fabrication business and successfully growing its operations over a short period. A self-trained programmer, David developed a keen interest in microcomputing technologies in the 1980's and he continued to challenge his entrepreneurial ability by establishing a new microcomputer distribution company - Dicker Data, for which, he believed, there was a growing market. David's role as Managing Director required focus on Dicker Data's business strategy and decision making, rather than on day-to-day operations, which were the responsibility of the co-founder Fiona Brown, David's then wife. Under David's strategic guidance the Company enjoyed material growth, establishing Dicker Data as one of the leading Australia-based distributors of IT products. In 2004, Fiona Brown left her management role in Dicker Data resulting in David's deep involvement as CEO of the Company.

Beyond his CEO duties with the Company, David designed and programmed a computerised trading system to trade on the US stock market. The original version of CTS was successfully completed in 2004 and ran over the internet - this proved problematic and David then located computers in the US. This project is now fully operational but is unrelated to the Company's operations.

FIONA BROWN

Non-Executive
Director



Fiona Brown is the co-founder of Dicker Data. Fiona currently serves as Non-Executive Director of the Company. Fiona acted as General Manager and Marketing Manager of Dicker Data from the inception of the Company until 2004 when she left her executive position due to family commitments. Fiona's business development, negotiation, management and leadership skills were of material importance to the success and growth of Dicker Data. During the period of Fiona's executive involvement, Dicker Data was voted several times as the No. 1 Distributor by resellers - based on customer service levels, speed of delivery and technical support.

As Non-Executive Director, Fiona brings her knowledge of the business and 25 years of experience in the IT distribution industry. The Board believes that Fiona possesses qualities and abilities to run Dicker Data in the future, should David Dicker for any reason be incapacitated or otherwise leave his position of CEO.

Fiona was voted one of the top 5 figures in the Australian computer industry in July 2002 by Australian Reseller News.

**MARY
STOJCEVSKI**

Chief Financial
Officer



Mary joined Dicker Data as Financial Controller in 1999. Her responsibilities include the management of all financial and management accounting duties and functions, all Company compliance, liaising with external parties and management of administration staff. Mary is also a Director of the Company.

Mary has over 15 years of experience in accounting and taxation. She started her career as an Accountant Trainee at Jago, Apolloni & Associates Chartered Accountants. She quickly progressed to an Intermediate Accountant at Horwath & Horwath Chartered Accountants and then to Senior Accountant at Quinn Consultants Chartered Accountants, which position she held for about seven years. Prior to joining Dicker Data, Mary spent about 18 months at Colonial Ltd as Assistant Tax Manager.

Mary holds a Bachelor of Commerce Degree with major in Accounting from the University of New South Wales and has completed a number of subjects towards a Postgraduate Diploma in Tax at Sydney University.

**CHRIS
PRICE**

Commercial
Director



Chris joined Dicker Data as Sales Manager in 2006. His sales experience and IT industry knowledge have been instrumental in the Company's growth over recent years. Dicker Data's revenues have grown materially since Chris has been heading the Company's sales team. Chris is also a Director of the Company.

Chris brings over 13 years of IT industry experience to the Company. Prior to joining Dicker Data, Chris worked in various positions with distributors Ingram Micro and Tech Pacific as well as with vendors Dell and IBM.

Chris holds a Bachelor of Commerce degree from the University of Newcastle.

**MICHAEL
DEMETRE**

Logistics Director

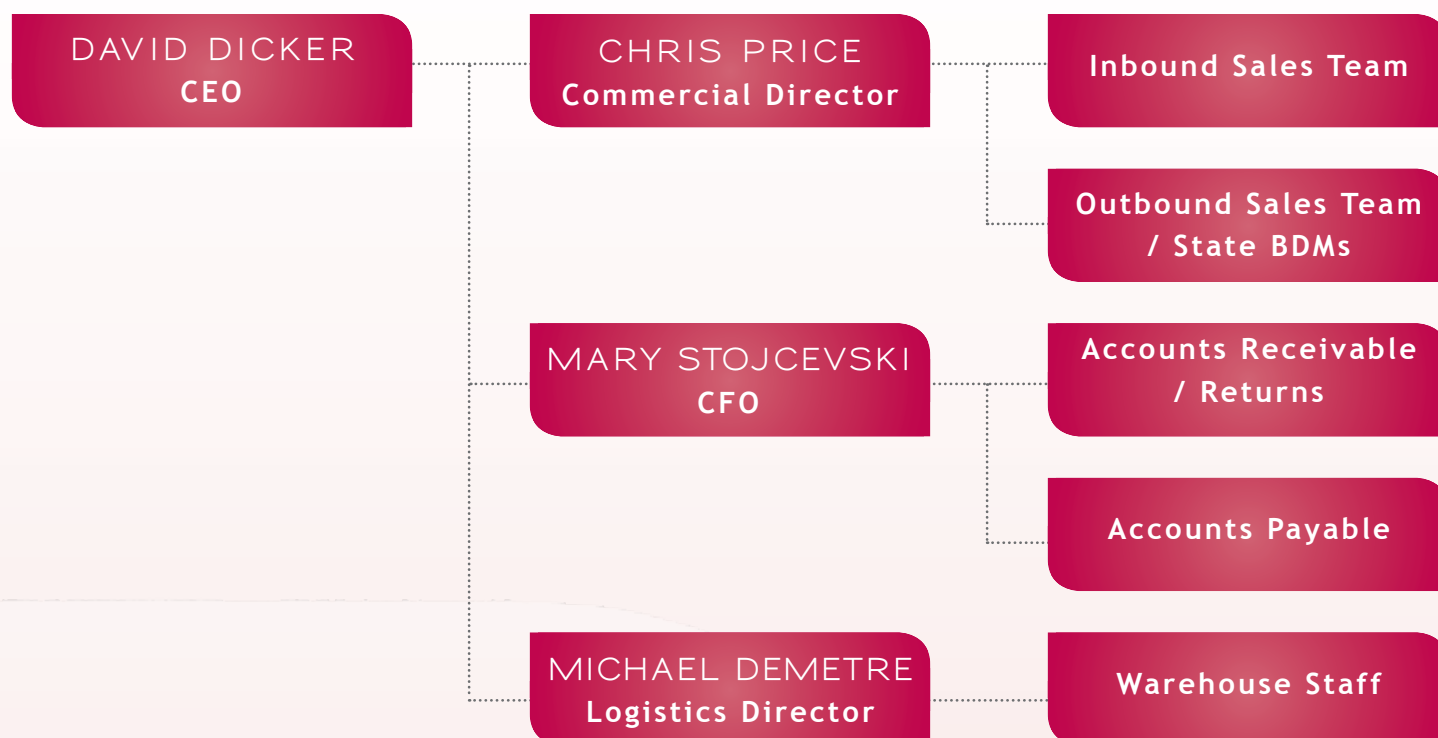


Michael joined Dicker Data in 2001 as a Web/System Maintenance Administrator. He later took up the position of Warehouse Storeman which he held for about 5 years. Michael's experience in the operations of the warehouse, general knowledge of the Company and established relationships with other employees allowed him to undertake the position of Logistics Director. He has successfully held this position since 2007. Michael is also a Director of the Company.

The Directors intend to expand the Board over time, by the appointment of one or more non-executive Directors. Such non-executive Directors will be selected on the basis of their capacity to add value to the business, and to provide independent governance to the operations of the Company. As at the date of this Prospectus, the Board has made no offers to any person to join the Board. Expansion of the Board is subject to various contingencies over which the Board has no control, including but not limited to the availability of suitably qualified and experienced individuals with a desire to join the Board.

6.2 MANAGEMENT TEAM

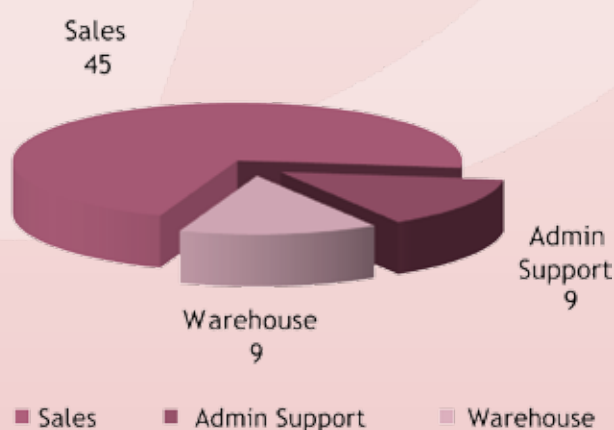
Chart 6 - Organigram



6.3 EMPLOYEES

Dicker Data currently employs 63 staff. This is a material increase from the headcount in 2000 which is a direct reflection of the growth of the business over these years. Being a technology products distributor, the highest proportion of Dicker Data's staff are business development managers and other sales related staff who are a driving force behind the Company's growth. The sales team - led by the Commercial Director - includes 2 casual and 43 full-time employees. Warehouse management and shipments are coordinated by the 9 full-time warehouse staff. Central administration including accounting, debtors collections, and HR, are executed by 5 full-time and 4 casual administration staff.

Chart 7 - Employee breakdown by function



The financial information in this section includes:

- Historical statements of comprehensive income for the years ended 30 June 2009 and 2010;
- Historical statement of financial position as at 30 June 2010 & a pro-forma statement as at 30 June 2010.

The historical financial information has been extracted from audited financial information. The historical financial performance does not include any costs associated with operating as a listed public company.

The historical financial information has been prepared in accordance with the Company's accounting policies which are in accordance with the generally accepted accounting principles in Australia. The Company's significant accounting policies are set out in Section 7.3.

No detailed future performance guidance is included in this Prospectus as the Directors do not have the necessary information to provide reliable projections and forecasts. Once the Company's shares are ASX listed, the Company will progressively provide the market with forward looking guidance on projected revenues and earnings.

The content of this section should be read in conjunction with Section 8 'Investigating Accountant's Report'.

7.1 HISTORICAL & PRO FORMA FINANCIAL INFORMATION

7.1.1 Statements of Comprehensive Income

'000 \$	NOTE	FY2010	FY2009
Total revenue	1	286,731	268,194
Cost of sales		266,882	251,365
Gross profit		19,849	16,829
Employee benefits expense	2	6,381	5,492
Other expenses	3	4,659	3,423
EBITDA		8,809	7,914
Depreciation and amortisation		507	493
EBIT		8,302	7,421
Interest expense		1,793	1,877
Income tax		1,986	1,720
Net Profit After Tax		4,523	3,824
Revaluation of land		(1,000)	-
Tax benefit		300	-
Total comprehensive income attributable to shareholders	4	3,823	3,824

7.1.2 Statements of Financial Position

The Company's statement of financial position as at 30 June 2010 and a pro-forma statement of financial position are set out below. The pro-forma statement of financial position represent statement of financial position as at 30 June 2010 adjusted to reflect the proceeds of \$1 million from the Offer and the payment of \$188,000 of the 492,000 costs of the capital raising. All capital raising costs have been charged against contributed equity.

'000 \$	NOTE	AUDITED 30 JUNE 2010	PRO-FORMA 30 JUNE 2010
Cash		20	832
Trade and other receivables	5	38,255	37,951
Inventories		24,377	24,377
Property held for sale	6	2,000	2,000
Total Current Assets		64,652	65,160
Property, plant and equipment	7	18,169	18,169
Deferred tax assets		255	403
Total Non-Current Assets		18,424	18,572
TOTAL ASSETS		83,076	83,732
Trade and other payables	8	35,164	35,164
Borrowings	9	30,372	30,372
Current tax liabilities		1,004	1,004
Other		465	465
Total Current Liabilities		67,005	67,005
Borrowings	9	293	293
Deferred tax liabilities		1,163	1,163
Provisions		72	72
Total Non-Current Liabilities		1,528	1,528
TOTAL LIABILITIES		68,533	68,533
NET ASSETS		14,543	15,199
Contributed equity	10	10	666
Reserves		722	722
Retained earnings		13,811	13,811
TOTAL EQUITY		14,543	15,199

7.2 NOTES TO THE HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION

Note 1 – Revenue

'000 \$	FY2010	FY2009
HP	202,899	183,474
Toshiba	24,093	23,768
Samsung	9,766	4,048
Lenovo*	25,143	31,747
Canon	8,785	13,871
Microsoft	9,170	5,325
Other vendors**	4,933	4,694
Other	1,942	1,267
Total revenue	286,731	268,194

* Distribution agreement terminated in February 2010

** Includes Sony, NEC, Netgear, Panasonic, LG, Kingston, Targus, Kyocera and Blade Network Technologies

Note 2 – Employee benefits

David Dicker, CEO did not receive any salary or share-based compensation during the period.

Note 3 – Other expenses

Other expenses include office related expenses, insurance, professional fees, advertising, bad debts and other fees and charges.

Note 4 – Comprehensive income

The Company has written down the value of land held for sale by \$1.0 million. This amount, and the income tax effect, has been charged to the statement of comprehensive income and the asset revaluation reserve.

Note 5 – Receivables

'000 \$	FY2010	PRO-FORMA
Net trade debtors	33,255	33,255
Other receivables	3,633	3,633
Loans to related parties	1,063	1,063
Prepaid float expenses	304	-
Total accounts receivables	38,255	37,951

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. It is expected that these balances will be fully repaid to the Company. The Company carries insurance over its trade receivables.

Note 6 – Property held for sale

The Company owns a block of freehold land in Taren Point that is surplus to the Company's needs and is in the process of being sold.

Note 7 – Property, plant and Equipment

'000 \$	FY2010	PRO-FORMA
Freehold land at independent valuation	8,434	8,434
Property improvement	444	444
Buildings	8,561	8,561
Plant and equipment	366	366
Vehicles	364	364
Total property, plant and equipment	18,169	18,169

The Directors have revalued freehold land in accordance with independent valuations completed in 2008 by W.K. Wotton & Partners and Jones Lang LaSalle.

Note 8 – Payables

'000 \$	FY2010	PRO-FORMA
Trade creditors	34,392	34,392
Other creditors	772	772
Total accounts payables	35,164	35,164

Note 9 – Borrowings

'000 \$	FY2010	PRO-FORMA
Debtors finance and bank overdraft	20,149	20,149
Bank loan	10,174	10,174
Lease liability	49	49
Total current borrowings	30,372	30,372
Lease liability	293	293
Total non-current borrowings	293	293
Total borrowings	30,665	30,665

The bank overdraft, debtor finance and loans are secured by a first registered company charge over all assets and undertakings of the Company, a fixed charge over all debtors, first registered mortgages over each of the freehold properties owned by the Company, a deed of priority between the financier and a major supplier to the aggregate of the debtor finance facility and credit card facility limits and assignment of trade debtor insurance. The carrying amounts of non-current assets (land and buildings) pledged as security were \$19.4 million as at 30 June 2010.

The covenants within the bank borrowings require meeting minimum interest cover ratios and tangible net worth calculations, restrictions on dividend payments and loans to related parties and a limit on the maximum amount of debt.

Note 10 – Contributed equity

'000 \$	PRO-FORMA
Contributed equity prior to IPO	10
Capital raised	1,000
Cost related to IPO less tax effect	344
Pro-forma contributed equity	666

7.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.3.1 Basis of Preparation

Dicker Data prepares its financial reports in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Act.

The principle accounting policies adopted in the preparation of the historical financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

7.3.2 Revenue Recognition

Revenue from the sale of goods is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed and is stated net of the amount of GST.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

7.3.3 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

7.3.4 Inventories

Inventories are measured at the lower of cost and net realisable value.

7.3.5 Property, plant & equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent appraisers, less subsequent depreciation for buildings.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charges against fair value reserves directly in equity; all other decreases are charged to the income statement.

7.3.6 Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the Company commencing from the time the asset is held ready for use.

The assets' residual and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

7.3.7 Impairment

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external as well as internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

7.3.8 Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties.

Loans and receivables are measured at amortised cost and are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instrument, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

7.3.9 Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date.

7.3.10 Employee benefits

Provisions made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

7.4 DIVIDEND POLICY

The Company's policy is to return a material proportion of after tax profits as dividends to shareholders. The Company paid out a total of \$4.1 million or 50% of profit after tax as fully franked dividend in the last two full financial years.

At the date of this Prospectus the Directors' intention is to pay out at least 50% of the Company's profit after tax as dividends to Shareholders. The Company has paid \$2.85 million in fully franked extraordinary dividends - which includes dividends for the July - September 2010 period.

In the long-term, the Company intends to maintain an appropriate dividend payout ratio subject to capital expenditure and working capital requirements and also subject to inorganic growth opportunities. However, the Directors cannot give any assurance to the proportion, timing or payment of any dividends in the future due to factors beyond their reasonable control.



26 October 2010

The Directors
Dicker Data Limited
Unit 8
18-28 Sir Joseph Banks Drive
KURNELL NSW 2231

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

As requested, we have prepared this Investigating Accountant's Report (the "**Report**") in relation to certain financial information of Dicker Data Limited (the "**Company**") included in a prospectus to be issued by the Company on or around 26 October 2010 (the "**Prospectus**") relating to the offer of ordinary shares in the Company (the "**Issue**").

The financial information to which this Report relates comprises:

- Statements of comprehensive income of the Company for the years ended 30 June 2009 and 30 June 2010 ("**Historical Statements of Comprehensive Income**") as set out in Section 7.1.1 of the Prospectus;
- a statement of financial position of the Company as at 30 June 2010 ("**Historical Statement of Financial Position**") and a pro forma statement of financial position as at that date ("**Pro forma Statement of Financial Position**") as set out in Section 7.1.2. The Pro forma Statement of Financial Position assumes completion of the proposed transactions disclosed in that Section ("**Pro forma Transactions**");
- Detailed notes to the Historical Statements of Comprehensive Income and Historical and Pro forma Statements of Financial Position as set out in Section 7.2; and
- a summary of Significant Accounting Policies as set out in Section 7.3.
(collectively, the "**Historical Financial Information**").

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information to which it relates for any purpose other than that for which it was prepared.

Directors' Responsibility

The Directors are responsible for the preparation and presentation of the Historical Financial Information. This responsibility includes establishing and maintaining internal control relevant to the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The Historical Financial Information has been extracted from audited financial statements of the Company which were audited by PKF East Coast Practice.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au

PKF Corporate Advisory (East Coast) Pty Limited | Australian Financial Services Licence 247420 | ABN 70 050 038 170

Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia

DX 10173 | Sydney Stock Exchange | New South Wales

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Scope of review of the Historical Financial Information

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- an analytical review of the audited financial performance and financial position of the Company for the relevant historical periods;
- a review of work papers, accounting records and other documents;
- a review of the Pro forma Transactions used as the basis to compile the Pro forma Statement of Financial Position; and
- enquiry of Directors, management and others.

These procedures do not provide all evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion on the Historical Financial Information.

Review statement on the Historical Financial Information

Based on our review, which is not an audit, of the Historical Financial Information nothing has come to our attention which causes it to believe that:

- the Pro forma Statement of Financial Position has not been properly prepared on the basis of the Pro forma Transactions; and
- in all material respects the Historical Financial Information is not presented fairly in accordance with the recognition and measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards, other mandatory professional reporting requirements and the accounting policies adopted by the Company as disclosed in Section 7.3 of the Prospectus.

Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of the Company not described in the Prospectus has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence

PKF Corporate Advisory (East Coast) Pty Limited ("PKFCA") is a member of the PKF East Coast Practice, Chartered Accountants and Business Advisers. PKFCA does not have any interest in the outcome of the Issue other than in connection with the preparation of this Report and participation in Due Diligence procedures, for which professional fees will be received.

PKFCA has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

Financial Services Guide

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

PKF Corporate Advisory (East Coast) Pty Limited



Arthur Milner
Director

FINANCIAL SERVICES GUIDE

26 October 2010

PKF Corporate Advisory (East Coast) Pty Limited

PKF Corporate Advisory (East Coast) Pty Limited ("PKFCA"), Australian Financial Services Licence No. 247420, has been engaged by Dicker Data Limited (the "Company") to provide a report in the form of an Investigating Accountant's Report ("Report") for inclusion in the Company's prospectus to be dated on or about 26 October 2010 ("Prospectus").

Our Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but have been provided with a copy of our Report as a retail client because of your connection to the matters set out in the Report.

Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

General Financial Product Advice

Our Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments. An individual's decision in relation to the Offer Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

We have charged fees for providing our Report. The basis on which our fees are determined has been agreed with, and will be paid by, the person who engaged us to provide the Report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of the Report our fees are disclosed in Section 10.8 of the Prospectus.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our Report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

PKFCA is the licensed corporate advisory arm of PKF East Coast Practice, Chartered Accountants and Business Advisers ("PKF"). The directors of PKFCA may also be partners in PKF. PKF is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients. PKFCA's contact details are as set out on our letterhead.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory (East Coast) Pty Limited, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("FOS"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Any potential investor should be aware that subscribing for Shares involves various risks. The Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares.

There are factors, both specific to the Group and of a general nature, which may affect the future operating and financial performance of the Company and the value of Shares. Many of these factors are outside the control of the Directors.

This Section identifies some, but not all, of the risks associated with an investment in the Company. Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether or not to apply for Shares.

9.1 SPECIFIC RISKS ASSOCIATED WITH THE COMPANY

9.1.1 Dependence on HP relationship

HP is Dicker Data's largest supplier and the Company's relationship with HP has a significant impact on the profit generating capability of the Company. There has been a contractual relationship between Dicker Data and HP (and previously to HP with Compaq) for over 15 years. However, the contract between the parties can be terminated by HP unilaterally without cause and without any significant penalty with 30 days written notice. If the contract with HP were terminated or there were any adverse change in the terms of the agreement or HP fails to act as expected or in accordance with its contractual obligations, then such events could have a substantial negative impact on the performance and profitability of the Company. Such termination of the HP distribution contract could put the Company's operation as a going concern into jeopardy.

As of the date of this Prospectus, the Directors have no expectation that HP will terminate the distribution contract with the Company. To the contrary, the Company is engaged in discussions with HP which may lead to the broadening of the range of HP products which the Company distributes.

9.1.2 Dependence on other supplier relationships

Dicker Data has a limited number of suppliers. Most of the supplier agreements can be terminated on short notice without any cause. Also, purchases from the suppliers are restricted by credit limits that can be modified unilaterally by the supplier. Any adverse change in the terms of these agreements and credit lines may have a negative impact on the Company's financial performance.

In addition, several of the Company's supply agreements have been entered into on a non-exclusive basis, many do not contain minimum supply obligations and in some cases the supplier reserves the right to refuse orders or discontinue supply of product without notice. This poses the risk that suppliers may reduce their supply to the Company under existing contractual arrangements. Any such reduction may have a material impact on the Company's operations.

Also, for several of the Company's suppliers, a distribution agreement has not been entered into, or such formal agreement has since expired and the business relationship of the parties is governed by the general terms and conditions of trade of the relevant supplier. In some cases the terms of trade of suppliers provide that each order is subject to rejection by the supplier and that the Company has no right to require the supplier to sell goods to the Company. It is possible such suppliers may cease supply of goods to the Company without cause and without notice. Such cessation by a supplier of supply of goods to the Company may have a material impact on the Company's operations.

9.1.3 Dependence on market share of major suppliers

If one or more of the Company's suppliers lose significant market share to a competitor; this could have a material adverse effect on the financial prospects and performance of the Company.

9.1.4 Emerging technologies and trends

The IT industry is a fast changing environment where innovations and new trends can transform the market rapidly. If the technologies of the Company's suppliers become obsolete and the Company does not have access to new innovative and market leading products and brands that may have an adverse effect on the Company's revenues and earnings.

9.1.5 Competition

The industry in which the Company is involved is subject to domestic and global competition. The Company faces competition from a number of organisations, some of which may have greater financial, technical and marketing resources. Increased competition could result in margin reductions, under-utilisation of employees, reduced operating margins and loss of market share. Any of these occurrences could adversely affect the Company's business, operating results and financial condition. Whilst the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

9.1.6 Earnings margins

The Directors anticipate that market consolidation and margin pressures in the IT distribution sector may continue, but possibly at a reduced rate, as a result of the progressive impact of new market entrants and competitive pressures on the major (and other) vendors. The rise of IT product manufacturing in China has contributed and is expected to remain a major driver behind continued margin pressures. Such market consolidation and margin pressures may affect the operating and financial performance of the Company.

9.1.7 Reliance on key staff

The Company relies on the contribution of its executive management and its employees. The loss of one or more of the key employees particularly the CEO, CFO, Commercial Director and Logistics Director could have a material adverse effect on the Company's business, financial position and results of operations. The resulting impact from such an event would depend on the timing and quality of any replacement. Competition for such personnel is intense and there can be no assurance that the Company will be successful in attracting and retaining such personnel. As a mitigating factor Fiona Brown, currently a non-executive director of the Company, is prepared to step into the role of CEO and run the Company as CEO if for any reason David Dicker is temporarily or permanently unavailable to perform the role of CEO. Fiona Brown is also capable of assuming the role of Sales Manager in the event that Chris Price should be temporarily or permanently unavailable.

9.1.8 Current funding and future capital needs

The Company heavily relies on external - bank and vendor - financing to satisfy its working capital needs. There is no certainty that the Company will always be able to meet its payment obligations. Failing to pay interest or repay debt on time may have an immediate and substantial negative impact on the value of the Shares.

Current credit facilities are sufficient to cover the Company's day-to-day financing needs. However, this funding adequacy may change in the future, in which event further funding would be required. There is no guarantee that funding will be available on commercially acceptable terms, or will be available at all.

Any inability to obtain additional finance, as required, would have a materially adverse effect on the Company's business and financial prospects.

9.1.9 Value of Company's assets

The market value of the Company's assets that are used as collaterals for the financing facilities may diminish in the future. Therefore the Company may realise less than their value as reflected in the Company's financial statements. Such a decline may have a negative impact on Dicker Data's liquidity and solvency as the Company may fail to repay its borrowings or to obtain the necessary funds for its operation.

9.1.10 Acquisitions and business ventures

The Company may, as part of its business strategy, acquire or make significant investments in companies of a similar nature, although no such acquisitions or investments are currently committed. The Board may also decide to establish new business ventures which may prove to be detrimental to the performance of the Company.

Any future investment of this nature would be subject to the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements and achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships. The Company cannot guarantee that there will be no future write-downs of any of its investments. Any material write-downs of any of its investments in the future may have an adverse effect on the Company's future financial performance and position.

As of the date of this Prospectus the Board has not approved any new venture or any acquisition, and nor are there any advanced discussions which may result in new ventures or acquisitions.

9.1.11 IT and telecommunications systems

Any material damage to the Company's IT (including all hardware and software) and telecommunications systems may materially and adversely affect the Company's operation and financial performance. The Company is materially dependent on its systems and telecommunications facilities for the effective day-to-day operation of the Company's business. Notwithstanding this future risk, the Company's systems and telecommunications facilities have been stable, with high levels of availability, and no known outage has resulted in any material impact on the business of the Company.

9.1.12 Relocation to new premises

As of the data of this Prospectus, the Company is in advanced preparation for relocation to its new purpose built premises. Such relocation to new premises may cause damage to the Company's assets or delays or disruptions which have a negative impact on the performance of the Company.

9.1.13 Credit risk

The main source of credit risk to the Company is considered to relate to trade and other receivables. Although the Company has no significant concentration of credit risk with respect to any single counterparty or group of counter parties, an unlikely simultaneous default of a significant portion of the Company's business partners may jeopardise the Company's financial liquidity and solvency. To mitigate this risk the Company carries insurance over its trade receivables. As a result of the insurance held, the Company's exposure to bad debt with respect to its trade and other receivables is limited to 10% of the individual debtor's balance and any excess payable under the policy.

9.1.14 Limited liquidity in the Shares

The Founders, whose combined shareholding in the Company upon successful completion of the Offer is expected to be approximately 96%, will entered into a voluntary escrow agreement and have no intention to dilute their shareholdings in the Company in the near future. Therefore, there is no certainty that an active market in the Shares will develop. Even if a market in the Shares does develop, there will be limited liquidity in the Shares and any transaction in the Shares may have a significant impact on the share price of the Shares.

9.1.15 Concentrated shareholding

Upon the successful completion of the Offer and satisfaction of the Minimum Subscription, the Founders will have a combined 96% shareholding in the Company. This very significant combined shareholding enables the Founders to pass Shareholder resolutions by virtue of their combined voting power. Investors issued Shares under this Prospectus will hold only 4% of the aggregate share capital of the Company. As such, these investors will have limited ability to influence the management, operation and control of the Company. The Founders will be in a position to exert significant influence over the outcome of matters relating to the Company, including the election of Directors. The interests of the Founders may be different from those of investors who subscribe for Shares under the Offer. In addition, large shareholdings reduce the likelihood of a takeover of the Company.

9.1.16 Contractual Risk

As a party to many contracts, the Company will have various contractual rights in the event of non compliance by a contracting party. However, no assurance can be given that all contracts will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each contract by the relevant third party.

There are contracts which the Company is a party to which are, or will be, governed by laws other than the laws of Australia. There may be difficulties in enforcing contracts in jurisdictions other than Australia. Apart from the usual vicissitudes of litigation, there may be regulatory or practical considerations which may hinder the enforceability, or enforcement, of such contracts against foreign or foreign owned counterparties. These matters may have a significant adverse effect on the Company's ability to enforce its contracts and may have a significant adverse effect more generally on the Company's financial performance.

Moreover, the Company's business dealings are necessarily exposed to the potential of third party insolvency. If a third party (with whom the Company has dealings with) becomes insolvent, this may also have a significant adverse effect on the Company and on its business and profitability. It should be noted that foreign insolvency laws are not necessarily similar to Australian insolvency laws.

9.1.17 ASX Listing Risk

The Company will incur new, additional costs, and the Directors will assume new responsibilities and obligations as a result of listing on the ASX. Such additional costs will include, but not necessarily be limited to, ASX listing fees. Such new responsibilities of Directors will include, but not necessarily be limited to, responsibility for continuous disclosure, transparency, corporate governance and avoidance of conflicts. The Directors will be required to secure shareholder approvals for certain transactions and initiatives, which may involve Extraordinary General Meetings of shareholders. Such additional costs and responsibilities may, or may not, have an impact on the future performance of the Company.

9.2 GENERAL INVESTMENT RISKS

Most of the general risks discussed below are outside the control of the Company and the Directors and cannot be mitigated.

9.2.1 Laws, regulations and government policy

Changes in laws, regulations, Listing Rules and government policy as well as political decisions may affect the Company and the attractiveness of an investment in the Company.

9.2.2 Economic conditions

The Company may be adversely affected by a protracted slow down of the Australian economy or other economies in which it currently operates or intends to operate. Factors such as inflation, currency fluctuation, interest rates, and industrial disruption may impact on operating costs and prices. The Company's income may also be affected by changes in the supply and demand for goods and services offered by its technology and licensing partners within its chosen market sectors.

9.2.3 "Black swan" events

Events beyond the control of the Company including but not limited to fire, flood, earthquake, other natural disaster, civil unrest, war, strike can lead to delays or cancellation of the delivery of products to the customers of Dicker Data and accordingly may adversely affect the Company's revenue and profitability.

9.2.4 ASX Listing Requirements

ASX imposes certain requirements on the continued listing of companies on the ASX. Investors cannot be assured that the Company will continue to meet the requirements necessary to maintain listing on the ASX. In addition the ASX may change the listing rules and the Company may be unable to meet the changed requirements necessary to maintain listing on the ASX.

9.2.5 Operational Risk

Operating costs can be influenced by a wide range of factors, many of which may not be under the control of the Company, including the breakdown or failure of equipment or processes, labour disputes, increases in freight costs, wages, insurance expenses, depreciation of equipment, industrial accidents and the need to comply with the directives of central and local government authorities. Significant increases in operational costs may adversely affect the Company's revenue and profitability.

9.2.6 Share Market Risk

The price of Shares may rise or fall depending upon a range of factors beyond the Company's control and which are unrelated to the Company's operational performance. Investors who decide to sell their Shares after listing may not receive the entire amount of their original investment. The price of Shares listed on ASX may also be affected by a range of factors including the Company's financial performance and by changes in the business environment specifically affecting the IT sector.

The Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of national and international market factors that may affect the Share price including movements on international stock markets, economic conditions and general economic outlook, interest rates and exchange rates, inflation rates, commodity supply and demand, government taxation and royalties, legislation, monetary and other policy changes and general investors' perceptions. Neither the Company nor its Directors have control of these factors.

9.2.7 Taxation

There may be tax implications arising from applications for Shares, the receipt of dividends (both franked and unfranked) (if any) from the Company, participation in any on-market Share buy-back and on the disposal of Shares.

9.2.8 Litigation Risk

The Company is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Litigation risks relating to the Company include, but are not limited to, debtor claims, contractual claims, occupational health and safety claims, employee claims and regulatory disputes. There is a risk that material or costly disputes could affect the financial performance or condition of the Company.

9.2.9 Accounting

Changes in accounting or financial reporting standards may impact the financial performance of the Company generally.

9.2.10 Insurance

The availability of insurance at an appropriate price and terms is important to the Company's operations and is not guaranteed. The occurrence of an event that is not fully covered, or covered at all, by insurance, may have an adverse effect on the Company's future financial performance and position.

9.2.11 Other risks

The above risks are not exhaustive of the risks faced by Shareholders. The risks outlined above and other risks may have an adverse effect on the Company's future financial performance and position. Therefore, no assurances or guarantees of future performance, profitability, distributions or return of capital are given by the Company in respect of the Company.

This Section of the Prospectus contains information which the Board considers material to the Offer regarding:

- a summary of the rights attaching to the Shares;
- shareholding structure;
- certain material agreements relating to the Company or its operations; and
- the interests of, and consents of, the Directors, advisors and the costs of the Offer.

10.1 RIGHTS ATTACHING TO THE SHARES

A summary of the key rights attaching to the Shares is set out below. The provisions of the Constitution relating to the rights attaching to the Shares must be read subject to the Act and the Listing Rules and ASX Settlement operating rules. This summary is not intended to be exhaustive and does not constitute a definitive statement of the rights, liabilities and restrictions attaching to the Shares. To obtain such a statement, Applicants should seek independent legal advice.

10.1.1 Ranking

The Shares will be fully paid ordinary shares and will rank equally in all respects with the existing fully paid ordinary shares in the Company.

10.1.2 Reports and Notices

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution and the Act.

10.1.3 General Meetings

Members are entitled to be present in person, or by proxy, attorney or representative (where the member is a body corporate) to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Act and the Constitution.

10.1.4 Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares in the Company (at present there is only one class of shares), at a general meeting of the Company:

- a) every ordinary member present in person, or by proxy, attorney or representative has one vote on a show of hands; and
- b) upon a poll every member present in person or by proxy, attorney or representative has one vote for every fully paid share held.

10.1.5 Dividends

The Directors may declare and authorise the distribution of dividends to be distributed to members according to their rights and interests.

10.1.6 Winding Up

Members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.

10.1.7 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a member's shares, a member may transfer any of the member's shares by a proper ASX Settlement transfer, a written transfer in any usual form or in any other form approved by the Directors.

The Directors may decline to register a transfer of shares or apply for a holding lock to prevent a transfer in accordance with the Act or Listing Rules:

- a) if the Company has a lien on the shares the subject of the transfer;
- b) if the Company is served with a court order that restricts a member's capacity to transfer the shares;
- c) if registration of the transfer may break an Australian law; or
- d) during the escrow period of restricted securities;
- e) if the transfer is paper-based, either a law related to stamp duty prohibits the Company from registering it or the Company is otherwise allowed to refuse to register it under the Listing Rules; or
- f) if the transfer does not comply with the terms of any employee incentive scheme of the Company.

10.1.8 Future Increases in Capital

The allotment and issue of shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of shares to Directors or their Associates contained in the Constitution and the Act, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.

10.1.9 Variation of Rights

The rights, privileges and restrictions attaching to ordinary shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a 75% majority of those holders who, being entitled to do so, vote at that meeting, or with the written consent of the holders of at least 75% of the ordinary shares on issue.

10.1.10 Directors

The Constitution of the Company contains provisions relating to the rotation of Directors (other than the CEO).

10.1.11 Application of Listing Rules

On admission to the Official List, despite anything in the Constitution, if the Listing Rules prohibit an act being done, then the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require a constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

10.2 SHAREHOLDING STRUCTURE

The below table shows the shareholding structure of the Company before and after completion of the Offer.

Table 2 - Shareholding structure

	PRIOR TO THE OFFER		UPON COMPLETION OF THE OFFER	
	No. of Shares	Ownership	No. of Shares	Ownership
David Dicker	60,000,000	50%	60,000,000	48%
Fiona Brown	60,000,000	50%	60,000,000	48%
Other Shareholders	-	-	5,000,000	4%
Total	120,000,000	100%	125,000,000	100%

In addition, Stonebridge, sponsoring brokers to the Offer and Newport Capital, corporate advisors to the Company will be granted 1,200,000 and 1,500,000 Options respectively upon the quotation of the Shares on ASX (please see Section 10.8 for further details of these Options).

In addition, as referred to in Section 10.3 below, it is intended that Fiona Brown will transfer a percentage of her shareholding in the Company to David Dicker so that after admission of the Company to the Official List, the shareholding of David Dicker and Fiona Brown in the Company will be 51%-45% respectively.

10.3 BLOCK AGREEMENT

On 26 October 2010, the Founders entered into a Block Agreement.

The purpose of the Block Agreement is to allow the Founders to act as a unified block in relation to decisions regarding the Company and to protect their collective interest in the Company.

The Agreement will not become binding or effective on the parties until the Company is admitted to the Official List.

Upon the admission of the Company to the Official List, it is intended that David Dicker's shareholding in the Company will be 6% greater than that of Fiona Brown's shareholding in recognition of the additional duties and responsibilities that he has accepted as CEO of the Company.

Where a Founder resigns as CEO of the Company and the other Founder is appointed to that position, the Founder resigning as CEO must transfer to the other Founder a number of Shares (calculated under a formula in the Block Agreement) for an aggregate consideration of \$1.00.

Where the Company appoints a CEO who is not a party to the Block Agreement, the Founder who resigns as CEO must transfer 3,750,000 Shares to the other Founder for the aggregate consideration of \$1.00.

The Founders have agreed that whilst one of them is CEO of the Company they will cast any vote or give or withhold any consent they are entitled to exercise or give as a Shareholder of the Company in accordance with the directions of the CEO. If requested by the CEO they will also give an irrevocable proxy to the CEO in relation to casting any vote or giving or withholding any consent they are entitled to exercise in their capacity as Shareholders.

Where a Founder wishes to transfer any or all of their Shares they must first give notice (Transfer Notice) to the other Founder. The other Founder will then have 20 Business Days in which to either accept or reject the offer made under the Transfer Notice.

Where the relevant Founder accepts the offer under the Transfer Notice it will have 20 business days in which to complete the acquisition of the other Founder's Shares offered under the Transfer Notice. The price for the Shares offered for sale under the Transfer Notice will be the lesser of the market price for those Shares (calculated as the average of the highest traded price for the Shares and the lowest traded price for the Shares published in the Australian Financial Review) on the last day on which the Shares were traded on the ASX immediately preceding the date of the Transfer Notice. The sale price for the Shares offered under the Transfer Notice must always be a single instalment cash price.

If a Founder does not accept the offer made under a Transfer Notice, the other Founder may sell the Shares offered to a third party at a price and on terms no more favourable to that party than those offered to the other Founder.

Where a Founder dies, is determined to be mentally incapacitated by a registered psychiatrist, or transfers to a third party (including by way of power of attorney) the right to cast or control the casting of any votes which the Founder would otherwise have been entitled to cast at a general meeting of the Company, the Founder must transfer all of its Shares to the other Founder and will be taken to have issued a Transfer Notice to that effect.

The Founders are prohibited from exercising any voting rights attached to their Shares until such time as the Founder who is suffering from an incapacity transfers all of their Shares to the other Founder.

The Block Agreement will terminate when the Founders mutually agree to terminate it in writing or when the Company is deregistered or wound up voluntarily or by an order of the Court.

The Founders, as continuing major Shareholders, do not have any reason to believe that the provisions of this Agreement will in any way prejudice the performance of the Company.

10.4 ESCROW AGREEMENT

The Founders of Dicker Data intend to enter into a voluntary escrow agreement relating to their Shares. The agreement will restrict the Founders from disposing of their Shares or an interest in their Shares or agreeing to dispose of their Shares or an interest in their Shares. The term of the escrow period will expire on 30 June 2011.

However, these restrictions will not prohibit any Founder from accepting a takeover offer provided holders of not less than 50% of the remaining Shares then on issue have accepted the takeover offer. Additionally, the restrictions will not prevent each Founder from transferring any or all of their Shares to the other Founder.

The Founders are not intending any material reduction of their holdings in the Company in the immediate future. This intention is based on their expectation that the Company will continue to trade successfully, and achieve organic and inorganic growth in revenues and earnings. Such intentions of the Founders are based on various factors including their personal circumstances, market conditions and the status of the Company as of the date of this Prospectus. However, such factors may vary and in such event the intentions of the Founders may change at any time.

10.5 MATERIAL CONTRACTS

The Directors consider that the material contracts summarised below and elsewhere in this Prospectus are the contracts which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

The following is a summary only of the material contracts and their substantive terms:

10.5.1 Distribution Agreement between HP and the Company

HP has appointed the Company as an authorised, non-exclusive reseller for the purchase and resale of hardware, software, documentation, accessories, supplies, parts and upgrades (Products) and support and other services including installation services, education, training and other services (Services).

The Company must only sell the Products and Services to HP authorised second tier sellers. The Company must conduct its business under the Agreement in Australia only. Directly or indirectly exporting products outside of Australia is a cause for termination under the Agreement.

The Agreement does not provide for a specified term and will remain in effect until terminated. Either party may terminate the Agreement without cause at any time upon 30 days written notice or with cause at any time on 15 days written notice to the other party. The Agreement may also be terminated immediately upon notice in writing by either party, if either party:

- a) is in material breach of any of its obligations under the Agreement and fails to remedy the breach within 15 days of written notice being given by the other party; or
- b) ceases to carry on business or an insolvency event occurs.

Upon request from the Company, HP may at its discretion grant special pricing to the Company for particular end-user transactions.

HP reserves the right to make variations to Product access, and discounts such as adding or deleting Products, changing list prices or discounts at HP's sole discretion without notice to the Company. All other variations to the HP Agreement must be by written amendment.

The Company has the right to determine its own resale prices, and no HP representative can require any particular resale price to be charged by the Company.

10.5.2 Other distribution arrangements

The Company also distributes IT hardware and other IT products supplied by other vendors including Toshiba, Canon, Samsung, Netgear, Targus and Sony. In some cases a formal distribution agreement governs the relevant distribution arrangement. However, in other cases a distribution agreement has not been entered into, or such formal agreement has since expired and the business relationship of the parties is governed by the general terms and conditions of trade of the relevant supplier.

In general, the distribution arrangements are terminable by either party without cause by giving notice in writing. The notice period under the agreements generally ranges between 30 to 90 days. Events giving rise to termination rights for either party include the occurrence of insolvency events or if a party fails to remedy a material breach of the agreement within 30 days of receiving written notice of that breach.

In some cases the terms of trade of suppliers provide that each order is subject to rejection by the supplier and that the Company has no right to require the supplier to sell goods to the Company.

The Company's purchases from certain suppliers are restricted by credit limits, which can be restrictive. The Company has entered into credit arrangements with suppliers including Ingram Micro, NEC, Samsung, Targus and Altech.

Credit limits under the accounts can be varied from time to time but are payable within 30 days from the invoice date.

10.5.3 Deeds of Access, Indemnity and Insurance

The Company has agreed to indemnify officers of the Company against any liability, damages, costs or expenses which the officer incurs or becomes liable for due to an act or omission that occurs when the officer is an officer of the Company or any subsidiaries, including liability for legal costs reasonably incurred in connection with a claim. The indemnity period is for either 6 years after the officer ceases to be an officer of the Company or the date on which any claims to which the indemnity in the deed relates are settled (whichever occurs earlier) (Access and Indemnity Period).

The Company has also agreed to maintain an insurance policy for its officers against all liabilities for costs and expenses (including those incurred by the officer in defending criminal or civil proceedings) for the Access and Indemnity Period.

The Company must also allow its officers access to and, if required for the purposes of any actual or threatened claim, copies of documents (including all written communications made available to the Board of the Company such as accounts, reports and contracts).

10.5.4 Executive Service Agreements

Consultancy Agreement for Rodin FZC (a company incorporated in Dubai)

The Company has engaged Rodin FZC (a company incorporated in Dubai) (Rodin FZC) to provide the services of David Dicker to act as the Chief Executive Officer and Executive Director of the Company on an as-needed basis. The Consultancy Agreement is dated 26 October 2010. The engagement is for an indefinite term. Either party may terminate the agreement on the provision of 6 months notice. No fee is payable by the Company to Rodin FZC for the provision of the services. The agreement contains a number of post-termination restraints.

Deed of Adherence for David Dicker

The Company and David Dicker have entered into a Deed of Adherence whereby Mr Dicker has agreed to adhere and comply with all covenants and obligations of Rodin FZC (a company incorporated in Dubai) (Rodin FZC) set out in the Consultancy Agreement (between the Company and Rodin FZC) to the maximum allowable extent permitted by law as if Mr Dicker was named as Rodin FZC therein. The Deed is dated 26 October 2010.

Executive Service Agreement for Christopher Price

The Company has appointed Christopher Price as Commercial Director and Director of the Board of the Company by way of an Executive Service Agreement (ESA). The ESA is dated 25 October 2010. The ESA confirms Mr Price's continuous service with the Company for all purposes commenced from 21 September 2010. The appointment of Mr Price is for an unspecified time. Either the Company or Mr Price may terminate the ESA with 3 months notice. The remuneration payable to Mr Price in any month is the higher of the following two entitlements:

1. in any month where the Company generates a net profit, the remuneration will be equal to 6.75% of the Company's net profit per month less the Executive's total motor vehicle expenses for that month; and
2. in any month where the Company does not generate a net profit, Mr Price has no entitlement to payment of remuneration unless the parties have otherwise agreed (save that in no case shall his remuneration be lower than the then current National Minimum Wage).

Mr Price is also entitled to a company car (with expenses to be deducted from his remuneration) and a mobile telephone and laptop, of which all business related telephone calls and service plan fees are paid for by the Company. The ESA also contains a number of post-termination restraints.

Executive Service Agreement for Michael Demetre

The Company has appointed Michael Demetre as Logistics Director and Director of the Board of the Company by way of an Executive Service Agreement (ESA). The ESA is dated 25 October 2010. The ESA confirms Mr Demetre's continuous service with the Company for all purposes commenced from 21 September 2010. The appointment of Mr Demetre is for an unspecified time. Either the Company or Mr Demetre may terminate the ESA with 3 months notice. The remuneration payable to Mr Demetre comprises a remuneration package of \$218,000 per annum (inclusive of mandatory employer superannuation contributions). Mr Demetre is also entitled to a performance bonus equal to 1% of the Company's net profit each month before tax subject to the following conditions:

1. the Company's net profit margin (from sales) before tax being not less than 2.5% in each month; and
2. in any month where the Company does not generate a net profit, no performance bonus is payable.

The ESA also contains a number of post-termination restraints.

Executive Service Agreement for Mary Stojcevski

The Company has appointed Mary Stojcevski as Chief Financial Officer and Director of the Board of the Company by way of an Executive Service Agreement (ESA). The ESA is dated 25 October 2010. The ESA confirms Ms Stojcevski's continuous service with the Company for all purposes commenced from 31 August 2010. The appointment of Ms Stojcevski is for an unspecified time. Either the Company or Ms Stojcevski may terminate the ESA with 3 months notice. The remuneration payable to Ms Stojcevski comprises of a base remuneration of \$218,000 per annum (inclusive of mandatory employer superannuation contributions). Ms Stojcevski is also entitled to a performance bonus equal to 1% of the Company's net profit each month before tax subject to the following conditions:

1. the Company's net profit margin (from sales) before tax being not less than 2.5% in each month; and
2. in any month where the Company does not generate a net profit, no performance bonus is payable.

The ESA also contains a number of post-termination restraints.

10.6 CORPORATE GOVERNANCE

The composition of the Board is subject to Shareholder approval. All nominations for appointment to the Board are reviewed by the current Board. Currently, the Board comprises David Dicker (Chairman & CEO), Fiona Brown (Non-Executive Director), Mary Stojcevski (CFO), Chris Price (Commercial Director) and Michael Demetre (Logistics Director).

The Board does not currently have any independent directors. The only non-executive director is Fiona Brown, who represents a major Shareholder. The Board will consider the appointment of an independent director (or directors) in due course.

The Board is the vehicle to facilitate the identification of significant areas of business risk, to implement procedures to manage such risks and to develop policies regarding the establishment and maintenance of appropriate ethical standards. In relation to these matters, the Board specifically:

- ensures compliance in legal, statutory and ethical matters;
- monitors the business environment;
- identifies business risk areas;
- identifies business opportunities; and
- monitors systems established to ensure prompt and appropriate responses to Shareholder complaints and enquiries.

10.7 EMPLOYEE INCENTIVE PLAN

At the date of this Prospectus, the Board has determined that it will not introduce an executive and employee share option plan immediately following the listing of the Shares on the Official List. This decision by the Board will be reconsidered in or about the first quarter of 2011 and then every 6 months thereafter.

10.8 INTERESTS OF ADVISORS AND NAMED PERSONS

This applies to persons named in the Prospectus as performing a function as a financial services licensee or in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or promoters of the Company (collectively referred to as Prescribed Persons). Except as otherwise set out below or elsewhere in this Prospectus, no Prescribed Person has or during the last 2 years has had any interest in the formation or promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer.

Further, no sums have been paid or agreed to be paid to a Prescribed Person for services rendered by the Prescribed Person in connection with the promotion or formation of the Company or the Offer except as set out below:

- PKF Corporate Advisory (East Coast) Pty Limited will receive professional fees of approximately \$26,000 (plus GST) for accounting services in connection with this Prospectus including the provision of the Investigating Accountant's Report.
- Middletons will receive professional fees of approximately \$120,000 (plus GST) for legal work undertaken in connection with this Prospectus and the Offer. Middletons will also render additional charges at its standard rates for general corporate work undertaken for the Company (which is not undertaken in connection with this Prospectus and the Offer).
- Stonebridge Securities Limited will receive professional fees of \$175,000 (plus GST) for its role as Sponsoring Broker to the Offer (plus a further fee of \$100 per investor name submitted by Stonebridge). Furthermore, Stonebridge will be granted 1,200,000 Options which will be exercisable at \$0.25 any time within 36 months of the date of the listing of the Company on the Official List.
- Newport Capital Group Pty Limited will receive fees of \$115,000 (plus GST) for its role as Corporate Advisor to the Company. In addition, Newport Capital will be granted 1,500,000 Options which will be exercisable at \$0.20 any time within 36 months of the date of the listing of the Company on the Official List.
- Registries Limited has been appointed as the Share Registry and will be paid for these services on normal commercial terms.

10.9 DIRECTORS' INTERESTS

Other than as set out below or elsewhere in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- a) the formation or promotion of the Company;
- b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

The Constitution provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The sum fixed by the Company as the aggregate limit for the payment of non-executive Directors is \$250,000.

A Director may be paid fees or other amounts as the Directors determine where a Director renders or is called upon to perform extra services or to make any special exertions in connection with the affairs of the Company. A Director may also be reimbursed for any disbursements or any other out of pocket expenses properly incurred as a result of the directorship or any special duties.

As at the date of this Prospectus, the interests of the Directors (or proposed Directors) in Shares and options over Shares, held directly or indirectly, are:

Table 3 - Directors' interest

DIRECTOR	ORDINARY SHARES	OPTIONS
David Dicker	60,000,000	None
Fiona Brown	60,000,000	None

10.10 DIRECTORS' REMUNERATION

The executive directors of the Company are entitled to the remuneration payable to them as executives under their Executive Service Agreements. Please see Section 10.5.4 for further details of this remuneration.

10.11 CONSENTS

Each party referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus or any statement on which a statement made in the Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

PKF Corporate Advisory (East Coast) Pty Ltd has given its written consent to the inclusion of the Investigating Accountant's Report in Section 8 and to all references to that report in this Prospectus in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Each of the following parties has consented to being named in the Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- PKF East Coast Practice as auditors of the Company;
- PKF Corporate Advisory (East Coast) Pty Limited as the Investigating Accountant;
- Stonebridge Securities Limited, the Sponsoring Broker the Offer;
- Newport Capital Group Pty Limited, the Corporate Advisor to the Company;
- Middletons as solicitors to the Offer; and
- Registries Limited as the Share Registry.

10.12 EXPENSES OF THE OFFER

The expenses of the Offer are expected to comprise the following estimated costs and are exclusive of any GST payable by the Company.

Table 5 - Expenses of the Offer

	'000 \$
Legal fees	120
Brokerage fees	175
Corporate advisory fees	115
ASX listing fees	56
Investigating Accountant's fees	26
Total expenses of the Offer	492

10.13 Litigation

The Company is involved in a \$413,000 law suit against a defaulted debtor. The Company has obtained a judgement against the defaulted debtor for this amount but the debtor may or may not have the capacity to pay such amount. Ninety per cent of the amount that the defaulted debtor fails to repay to the Company will be recoverable under the Company's debtors insurance policy less any excess payable.

The Company is not involved in any other litigation as of the date of this Prospectus, either as litigant or defendant, nor is the Board aware of any other pending litigation.

10.14 Directors' Responsibility Statement

The Directors of the Company state that for the purposes of section 731 of the Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by section 716(2) of the Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

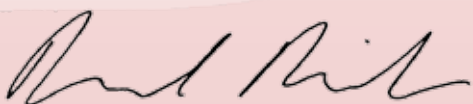
Each Director consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisors of the kind with whom Applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisors by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Prospectus is dated 26 October 2010.

Signed on behalf of Dicker Data Limited



David Dicker
Chairman & CEO

"\$ " or "A\$ " or "AUD "	means references to dollar amounts in Australian currency.
"Acer"	means Acer Computer Australia Pty Ltd (ACN 003 872 768), a subsidiary of Taiwan-based Acer Group, being a manufacturer and distributor of computer products.
"Act"	means the Corporations Act 2001 (Cth).
"AEST"	means Australian Eastern Standard Time.
"Altech"	means Altech Computers Corporation Pty Ltd (ACN 095 774 262), an Australian IT distribution company.
"ANZ"	means Australia and New Zealand Banking Group Limited.
"Applicant"	means a person who makes an application for Shares.
"Application Form"	means the form accompanying this Prospectus after this Section by which an Applicant may apply for Shares under the Offer.
"Application Monies"	means monies received by the Company from Applicants with respect to Applications.
"Application"	means an application for Shares under this Prospectus made by an Applicant under an Application Form.
"ASIC"	means the Australian Securities and Investments Commission.
"Associates"	has the meaning given to that term in the Act.
"Asus"	means Asus Australia Pty Ltd (ACN 090 386 584), a subsidiary of Taiwan-based ASUSTeK Computer Incorporated, being a computer product manufacturer and distributor.
"ASX"	means ASX Limited (ACN 008 624 691).
"ASX Settlement"	means ASX Settlement Pty Ltd (ACN 008 504 532).
"Avnet"	means Avnet Technology Solutions (Australia) Pty Ltd (ACN 145 620 293), a subsidiary of US-based Avnet Inc. (NYSE:AVT).
"Belkin"	means Belkin Limited (ACN 095 402 663), a subsidiary of US-based Belkin International Inc.
"Blade Network Technologies"	means Blade Network Technologies Inc, a US-based supplier of network infrastructure solutions that reside in BLADE servers and storage racks.
"Brother"	means Brother International (Australia) Pty Ltd (ACN 001 393 835), a subsidiary of Brother Industries Ltd (Tokyo:6448).
"Business Day"	means a day that is not a Saturday, Sunday or a public holiday in Sydney, New South Wales.
"Canon"	means Canon Australia Pty Ltd (ACN 005 002 951), being a subsidiary of Japan-based Canon Inc. (NYSE:CAJ).
"CEO"	means chief executive officer.
"CFO"	means chief financial officer.
"Chelsio"	means Chelsio Communications Inc., a US-based subsystems company providing protocol engines and server adapters for Ethernet.
"CHESS"	means the Clearing House Electronic Sub-Register System.
"Cisco"	means Cisco Systems Australia Pty Ltd (ACN 050 332 940), a subsidiary of Cisco Systems Inc. (NASDAQ:CSCO).
"Closing Date"	means 5:00pm (AEST) on the date the Offer closes, which is set out in Section 2.3 and may be varied by the Company.

"Company" or "Dicker Data"	means Dicker Data Limited (ACN 000 969 362).
"Constitution"	means the constitution of the Company.
"Compaq"	Compaq Computer Australia Pty. Ltd (ACN 002 955 722), subsidiary of Compaq Computer Corporation, a US-based IT hardware vendor that merged with HP in 2001.
"CTS"	means computerised trading system.
"Dell"	means Dell Australia Pty Ltd (ACN 003 855 561), a subsidiary of US-based Dell Inc. (NYSE:DELL), being a developer and distributor of computers and related products and services.
"Directors" or "Board"	means the board of directors of the Company.
"Epson"	means Epson Australia Pty Ltd (ACN 002 625 783), a subsidiary of Seiko Epson Corporation (Tokyo:6724).
"Exposure Period"	means the period of 7 days (or 14 days if extended by ASIC) after the lodgement of this Prospectus with ASIC during which period the Company may not accept Applications.
"Founders"	means Mr David Dicker and Ms Fiona Brown.
"FY2009"	means the financial year ending 30 June 2009.
"FY2010"	means the financial year ending 30 June 2010.
"GFC"	means the global financial crisis.
"Group"	means the Company and its wholly owned subsidiaries.
"GST"	means Goods and Services Tax.
"HP"	Hewlett-Packard Australia Pty Ltd (ACN 004 394 763), a subsidiary of Hewlett-Packard Company (NYSE:HPQ).
"IBM"	means IBM Australia Ltd (ACN 000 024 733), a subsidiary of US-based International Business Machines Corp. (NYSE:IBM).
"Ingram Micro"	means Ingram Micro Pty Ltd (ACN 112 487 966), a subsidiary of US-based Ingram Micro Inc. (NYSE:IM), being a technology distribution, sales, marketing and logistics company.
"Issue"	means the issue of Shares pursuant to this Prospectus.
"IT"	means information technology.
"Kingston"	means Kingston (Australia) (ACN 115 398 537), a subsidiary of US-based Kingston Technology Company, Inc.
"KPI"	means key performance indicator.
"Kyocera"	means Kyocera Mita Australia Pty Ltd (ACN 003 852 444), a subsidiary of Kyocera Corporation (Tokyo:6971).
"Lenovo"	means Lenovo (Australia/New Zealand) Pty Ltd, a subsidiary of China-based Lenovo Group Limited (992:Hong Kong).
"Listing Rules"	means the listing rules of ASX.
"Microsoft"	means Microsoft Pty Ltd (ACN 002 589 460), a subsidiary of US-based Microsoft Corporation (NYSE:MSFT).
"Middletons"	means Middletons, the solicitors to the Offer.

"Minimum Subscription"	means the minimum total amount of subscriptions to be raised pursuant to this Prospectus, being \$1 million.
"NEC"	means NEC (Australia) Pty Ltd (ACN 119 722 486), a subsidiary of Japan-based NEC Corporation (6701:Tokyo).
"Netgear"	means Netgear Australia Pty Ltd (ACN 131 554 366), a subsidiary of US-based Netgear (NASDAQ:NTGR).
"Newport Capital"	Newport Capital Group Pty Ltd (ACN 067 278 791).
"OEM"	means original equipment manufacturer.
"Offer Price"	means \$0.20 per Share.
"Offer"	means the offer to the public to apply for 5,000,000 Shares under this Prospectus.
"Official List"	means the official list of ASX.
"Official Quotation"	means official quotation of the Shares on the Official List.
"Opening Date"	means the date the Offer opens, which is set out in Section 2.3 and may be varied by the Company.
"Option"	means an option to subscribe for one Share, such option being exercisable by the option holder at any time within 36 months of the date the Company is admitted to the Official List.
"Panasonic"	means Panasonic Australia Ltd (ACN 001 592 187), a subsidiary of Panasonic Corporation (Tokyo:6752).
"PC"	means personal computer.
"PKF"	means PKF East Coast Practice (NSW BN98383543).
"Prospectus"	means this prospectus as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time.
"Samsung"	means Samsung Pty Ltd (ACN 142 550 043), a subsidiary of South Korea-based Samsung Group.
"Section"	means a section of this Prospectus.
"Share Registry"	means Registries Limited (ACN 003 209 836).
"Share"	means a fully paid ordinary share in the issued capital of the Company.
"Shareholder"	means a person who holds one or more Shares.
"SME"	means small to medium enterprise.
"Stonebridge"	means Stonebridge Securities Limited (ACN 067 161 755).
"Synnex"	means Synnex Australia Pty Ltd (ACN 052 285 882), an Australian-based IT distributor.
"Targus"	means Targus Australia Pty Ltd (ACN 003 527 008), a subsidiary of Targus Group International, Inc.
"Toshiba"	means Toshiba (Australia) Pty Limited ACN 001 320 421.
"US"	means the United States of America.
"US\$" or "USD"	means references to dollar amounts in the official currency of the USA.

APPLICATION FORM

Please see next page.

Application Form

Fill out this Application Form if you wish to apply for Shares in Dicker Data Limited pursuant to the Public Offer.

- Please read the Prospectus dated 26 October 2010.
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

Broker Reference - Stamp Only

Broker Code

Advisor Code

A Number of shares you are applying for

10,000

x \$0.20 per share =

B Total amount payable

\$2,000

C Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D Write your postal address here

Number / Street

Suburb / Town

State

Postcode

E CHESS participant - Holder Identification Number (HIN)

X

Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your application will be held on the Issuer Sponsored subregister

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G IMPORTANT re payment of dividends. Please enter your EFT details here as dividends will only be paid by EFT

Name of Bank or Financial Institution

Branch

BSB Number (6 digits)

Account Number

Account Name

To ensure payment is received please write all details clearly.

H Contact telephone number (daytime/work/mobile)

I Email address

By submitting this Application Form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Dicker Data Limited (the Company) and agree to take any number of Shares that may be allotted to me/us. I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.

These instructions are cross-referenced to each section of the Application Form.

Instructions

- A-B. Each application must be for 10,000 shares.
- C. Write your full name. Initials are not acceptable for first names.
- D. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.
- F. Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. NB: Payment of Dividends will only be made by EFT. Enter you Bank, Building Society or Credit Union details here Please write clearly to ensure payment.
- H. Enter your contact details so we may contact you regarding your Application Form or Application Monies.
- I. Enter your email address so we may contact you regarding your Application Form or Application Monies or other correspondence.

Payment for your Dicker Dater shares:

Make your cheque payable to Dicker Data Limited Share Offer, cross it and mark it "Not negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian bank. Cheques will be processed on the day of receipt and as such sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Please note that you may also pay by Direct Deposit Funds transfer, details of which are in the "How to pay" section below.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached (if paying by cheque) to the following address so that they are received by Stonebridge Securities Ltd by no later than 5.00pm (AEST) on 16 November 2010. You should allow sufficient time for this to occur.

Mailing Address:

Stonebridge Securities Ltd
Ref: Dicker Data IPO
Level 27, 1 Farrer Place
Sydney, NSW 2000

How to pay?

You have two methods of paying for your shares

- i. Attach a cheque(s) with your Application Form
- ii. Direct Deposit Funds to the below bank account

Stonebridge Securities Ltd

BSB: 083 004
Act No.: 179127297
Ref: "Your Name"

**IT IS ESSENTIAL TO INCLUDE A REFERENCE NAME
THAT RELATES TO YOUR APPLICATION FORM**

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Stonebridge Securities Ltd on +61 2 8336 7353.

Privacy Statement:

Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (http://www.registriesltd.com.au/help/share_privacy.html). Information about you is also collected by the Company. Please refer to section 3.12 of the Prospectus for further information.

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