

Dicker Data Limited

ABN: 95 000 969 362

Appendix 4E
Preliminary Final Report
Year ended 30 JUNE 2012

Results for announcement to the market

Dicker Data Limited

ABN 95 000 969 362

1. **Reporting period:** **Year ended 30 June 2012**
Previous Corresponding Period: Year ended 30 June 2011

2. **Results for announcement to the market**

Operating and financial review

	Movement			Jun-12 (in 000's)
Revenues from ordinary activities	Up	18.5%	to	\$456,648
Net profit before tax	Up	39.6%	to	\$12,265
Net profit after tax attributable to members	Up	35.0%	to	\$8,276

Dividends

	Date Paid	Amount Per Security	Franked Amount
Current period			
Final Dividend 2011	28.09.11	\$ 0.0200	100%
Interim Dividend 2012	12.01.12	\$ 0.0093	100%
Interim Dividend 2012	04.04.12	\$ 0.0093	100%
Interim Dividend 2012	06.07.12	\$ 0.0150	100%

The quarterly dividend payments are consistent with the dividend policy announced in December 2011. The total dividends declared and/or paid during the financial year were 5.36 cents per share or a total of \$6.78 million, fully franked.

Brief explanation of the figures reported above

The current period's results are Dicker Data's best ever reported, and reflect consistent strong performance.

Total revenue for the full year was \$457m (2011: \$385m), an improvement of 18.5% on the same period last year. The strong revenue growth was primarily driven by the improved logistics capacity that the new purpose built warehouse provided, which was not available for the full period in the previous corresponding year. The company relocated to the new facility in November 2010. Revenue growth can also be attributed to growth in new vendors ASUS, Buffalo and Lenovo for which a full 12 months is not reflected in the previous corresponding period. We were appointed distributor for these vendors during the latter half of the previous corresponding year or during this financial year. We also managed to increase our market share with our existing vendors resulting in our highest annual revenue to date.

Profit before tax amounted to \$12.265m an increase of 39.6% compared to the previous year (2011: \$8.788m). Net Profit after tax amounted to \$8.276m an increase of 35.0% compared to the previous year (2011: \$6.132m).

3. Annual Financial Report

Please refer to the attached audited Annual Financial Report for the year ended 30 June 2012 for the following information:

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cashflows
- Notes to the financial statements

4. Dividends

	Jun-12	Jun-11
	\$	\$
<i>Amount Per Security</i>		
Final Dividend - Class "A" Shares	-	360.0700
Final Dividend - Class "B" Shares	-	211.0400
Final Dividend - Ordinary Shares	0.0200	0.0000
Interim Dividends - Ordinary Shares	0.0336	0.0100
<i>Total Dividends on all securities for the year</i>		
Class "A" Shares	-	1,800,000
Class "B" Shares	-	1,055,000
Ordinary Shares	6,780,400	1,250,000
	6,780,400	4,105,000

5. Dividend Reinvestment Plans

Not applicable

6. Net Tangible Assets

	Jun-12	Jun-11
	(\$)	(\$)
Net tangible asset per ordinary share	1.48	1.34

7. Details of entities over which control has been gained or lost

Not applicable

8. Details of associates and joint venture entities

Not applicable

9. Any other significant information

Not applicable

10. Accounting Standards

The attached Annual Financial Report has been prepared in accordance with the recognition and measurement aspects of Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and Appendix 4E of the Australian Securities Exchange listing rules.

It is recommended that this Preliminary Final Report be read in conjunction with the attached Annual Financial Report for the year ended 30 June 2012 and any public announcements made by Dicker Data Limited during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

11. Audit

This report is based on financial statements that have been audited

Signed:

A handwritten signature in black ink, appearing to read 'David Dicker', written in a cursive style.

David Dicker
CEO and Chairman
Sydney, 31 August, 2012

Dicker Data Limited

ABN: 95 000 969 362

Annual Financial Report
Year ended 30 JUNE 2012

DICKER DATA LTD

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DICKER DATA LTD

Board of Directors

David Dicker

Chairman and Chief Executive Officer

Mary Stojcevski

Executive Director

Michael Demetre

Executive Director

Fiona Brown

Non-Executive Director

Chris Price

Executive Director

The Senior Management Team

Senior management team serving at year end

David Dicker

Chairman and Chief Executive Officer

Mary Stojcevski

Chief Financial Officer

Michael Demetre

Logistics Director

Chris Price

Commercial Director

Vladimir Mitnovetski

Category Manager

CEO Commentary

Welcome to our second Annual Report as a public company.

Our results for this year, with revenue of \$457m and net profit after tax of \$8.3m show a very solid improvement from last year. The economic conditions have probably been more difficult but the tremendous performance by our employees and management team have allowed us to improve on the previous year. Despite the difficult economic conditions the results are our best ever reported, reflecting consistent strong performance.

As at 15th August 2012 our shares were trading at 45 cents, up from the IPO figure of 20 cents. We are also adding 5,000 square metres to our existing warehouse of 4,000 square meters.

All good and all auguring well for the future.

However despite the results, we continue to struggle with the majority of the analyst community. I am constantly told that our dividends are too high, we do not have 'independent' directors and there are not enough shares with the public. Rather than discuss this in detail I will just say that our results speak loudly and that I am very comfortable with our strategies.

We expect to increase the public holding in DDR to 15% this year.



David Dicker
CEO and Chairman
Sydney, 31 August 2012

Directors' Report

Your directors present their report on Dicker Data Limited (Dicker Data) for the year ended 30 June 2012.

1. Principal activities

The principal activities of the company during the year were wholesale distribution of computer hardware and related products. There were no significant changes in the nature of the activities carried out during the year.

2. Dividends

Record Date	Payment Date	Type	Cents	\$'000
<i>Dividends declared and paid during the financial year:</i>				
21-Sep-11	28-Sep-11	Final 2011	\$ 0.0200	2,530
5-Jan-12	12-Jan-12	Interim 2012	\$ 0.0093	1,176
26-Mar-12	4-Apr-12	Interim 2012	\$ 0.0093	1,176
<i>Dividends declared during the financial year but not paid:</i>				
27-Jun-12	6-Jul-12	Interim 2012	\$ 0.0150	1,897

3. Operating and financial review

A snapshot of the operations of the company for the full year and the results of those operations are as follows

	2012 \$ 000's	2011 \$ 000's	% Change
Operating Revenues	456,648	385,246	18.5%
Gross Profit	32,367	26,178	23.6%
Earnings Before Tax	12,265	8,788	39.6%
Earnings Before Interest, Tax and Depreciation (EBITDA)	16,098	11,779	36.7%
Net Profit after Tax	8,276	6,132	35.0%
Earnings Per Share (cents)	6.55	5.02	30.5%

Total revenue for the full year was \$457m (2011 - \$385m), an improvement of 18.5% on the same period last year. The strong revenue growth was primarily driven by the improved logistics capacity that the new purpose built warehouse provided, which was not available for the full period in the previous corresponding year. The company relocated to the new facility in November 2010. Revenue growth can also be attributed to growth in new vendors ASUS, Buffalo and Lenovo for which a full 12 months is not reflected in the previous corresponding period. We were appointed distributor for these vendors during the latter half of the previous corresponding year or during this financial year. We also managed to increase our market share with our existing vendors resulting in our highest annual revenue to date.

Gross profit for the full year was \$32m (2011: \$26m) an increase of 23.6% which is reflective of increased sales volume in the current year. The increase in gross profit is also as a result of aligning our revenue with more profitable product lines and ceasing distribution of unprofitable vendors. This is in line with the company's overall objective of constantly reviewing our vendor and product mix.

Profit before tax amounted to \$12.3m (2011: \$8.8m) an increase of 39.6% for the full year.

Net Profit after tax amounted to \$8.3m (2011: \$6.1m) an increase of 35% for the full year.

Earnings per share increased by 30.5% to 6.55 cents per share.

4. Earnings per share

	2012	2011
Basic Earnings Per Share (cents)	6.55	5.02
Diluted Earnings Per Share (cents) * <i>* on basis options exercised</i>	6.48	5.00

5. Significant changes in the state of affairs

In December 2011, Dicker Data entered into a new banking relationship with St George Bank for a total facility amount of \$56.8m, which included debtor financing, asset financing and other working capital facilities. The new facility has provided the company with greater flexibility in funding our working capital requirements.

There were no other significant changes in the state of affairs of the company during the year.

6. Significant events after the balance date

In August the company entered into a contract to extend the current warehouse facility by an additional 5,000 square metres. This will more than double the existing warehouse capacity and sets the Company up for future growth. Construction should commence in September 2012 and the project is expected to be completed in 26 weeks. The construction will be financed from the Company's cash flows and drawing on existing funding already in place with St George Bank.

7. Likely developments and expected results

In the 2013 financial year we will continue to focus on reviewing our vendor and supplier mix and adjust accordingly to meet current market conditions. Consequently, the objective will be long term profitability for Dicker Data. Significant focus will be placed on off-premise IT capabilities (datacentre and cloud strategies), which is anticipated will result in higher infrastructure, service and annuity revenues. The increased warehouse capacity will also position the Company for future growth and improvements in efficiency.

Further information on likely developments in the operations of the company and the expected results of operations has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

8. Directors

The following persons were directors of Dicker Data Limited during the whole of the financial year end up to the date of this report. Directors were in office for this entire period unless otherwise stated.

David J Dicker
Fiona T Brown
Mary Stojcevski
Chris Price
Michael Demetre

David Dicker – CEO and Chairman

David is the co-founder of the Company and has been a director of the company since its inception. David's role as CEO requires focus on Dicker Data's business strategy and decision making and under David's strategic guidance the Company has enjoyed material growth, establishing Dicker Data as one of the leading Australia-based distributors of IT products.

<i>Interest in Equities:</i>	63,750,000 shares in Dicker Data Limited
<i>Interest in Contracts:</i>	Nil
<i>Special Responsibilities:</i>	Chairman and responsible for the overall business management as chief executive officer.
<i>Other Current Listed Company Directorships:</i>	None
<i>Other Current Listed Company Directorships Held in Previous 3 Years:</i>	None

Fiona Brown – Non-Executive Director

Fiona Brown is the co-founder of Dicker Data and currently serves as Non-Executive Director of the Company. Fiona has been involved with the since it started in 1978 and has been a director of the Company since 1983. Fiona acted as General Manager and Marketing Manager of Dicker Data from the inception of the business until 2004 when she left her executive position. Fiona's business development, negotiation, management and leadership skills were of material importance to the success and growth of Dicker Data. As a Non-Executive Director, Fiona brings her knowledge of the business and 25 years of experience in the IT distribution industry.

<i>Interest in Equities:</i>	56,250,000 shares in Dicker Data Limited
<i>Interest in Contracts:</i>	Nil
<i>Special Responsibilities:</i>	None
<i>Other Current Listed Company Directorships:</i>	None
<i>Other Current Listed Company Directorships Held in Previous 3 Years:</i>	None

Mary Stojcevski – Chief Financial Officer

Mary joined Dicker Data as Financial Controller in 1999. Her responsibilities include all of the financial management, administration and compliance functions of the Company. Prior to joining Dicker Data Mary had over 15 years' experience in accounting and taxation. Mary holds a Bachelor of Commerce Degree with a major in Accounting from the University of New South Wales. Mary is also an Executive Director of the Company and has been a director since 31 August 2010.

<i>Interest in Equities:</i>	10,000 shares in Dicker Data Limited
<i>Interest in Contracts:</i>	Nil
<i>Special Responsibilities:</i>	Responsible for the overall financial management of the Company.
<i>Other Current Listed Company Directorships:</i>	None
<i>Other Current Listed Company Directorships Held in Previous 3 Years:</i>	None

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 brings over 14 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. Chris is also an Executive Director of the Company and has been a director since 21st September 2010.

Interest in Equities: 15,500 shares in Dicker Data Limited

Interest in Contracts: Nil

Special Responsibilities: Responsible for the sales operations of the Company.

Other Current Listed Company Directorships: None

Other Current Listed Company Directorships Held in Previous 3 Years: None

Michael Demetre – Logistics Director

Michael joined Dicker Data in 2001 as a Systems and Web 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 an Executive Director of the Company and has been a director since 21st September 2010.

Interest in Equities: 10,000 shares in Dicker Data Limited

Interest in Contracts: Nil

Special Responsibilities: Responsible for the warehouse and logistic operations of the Company.

Other Current Listed Company Directorships: None

Other Current Listed Company Directorships Held in Previous 3 Years: None

9. Company secretary

Mrs Leanne Ralph B.Bus, ACIS, AAICD was appointed to the position of Company Secretary on the 8th of February 2011. Leanne has over 21 years’ experience as a Chief Financial Officer and Company Secretarial roles for various publicly listed and unlisted entities.

Leanne is a qualified Chartered Secretary and Director of Boardworx Australia Pty Ltd which provides bespoke outsourced Company Secretarial services to companies.

10. Director meetings

The numbers of meetings of the Company's Board of directors and of each Board committee held during the year and the number of meetings attended by each director were:

Board Meetings	Number Eligible to Attend	Number Attended
David Dicker	7	7
Fiona Brown	7	7
Mary Stojcevski	7	7
Chris Price	7	7
Michael Demetre	7	6
Leanne Ralph (Secretary)	7	7

11. Remuneration report

All information in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

(A) Principles used to determine the nature and amount of remuneration

The board addresses remuneration policies and practices generally, and determines remuneration packages and other terms of employment for senior executives. Executive remuneration and other terms of employment are reviewed annually by the board having regard to performance against goals set at the start of the year and relevant comparative information. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the company's operations, achieving the company's strategic objectives, and increasing shareholder wealth.

Executives

The executive pay and reward framework includes the following components:

- Base pay and benefits
- Performance-related bonuses
- Other remuneration such as superannuation.

The combination of these comprises the executive's remuneration.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. There are no guaranteed base pay increases included in any senior executives' contracts.

Performance-related bonuses

Performance-related cash bonus entitlements are linked to the achievement of financial and non-financial objectives which are relevant to meeting the company's business objectives. A major part of the bonus entitlement is determined by the actual performance against net profit margin targets. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

The executives' cash bonus entitlements are assessed and paid monthly based on the actual performance against the relevant monthly profit with reconciliation at the end of the financial year against full-year actual profit. The chairman and CEO is responsible for assessing whether an individual's targets have been met

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. The board determines remuneration of non-executive directors within the maximum amount approved by the shareholders from time to time. This maximum currently stands at \$250,000 per annum in total for salary and fees, to be divided among the non-executive directors in such a proportion and manner as they agree. The Board does not currently have any independent directors. The only current non-executive director is Fiona Brown, who represents a major shareholder. No director fees have been received by Fiona Brown

(B) Details of remuneration

Compensation paid to key management personnel is set out below. Key management personnel include all directors of the company and executives who, in the opinion of the board and CEO, have authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly.

The following also includes the four most highly remunerated executives of the company.

Details of Remuneration for Directors and Key Management Personnel

FY	Short-Term				Long-Term	Share Based Payments		Total	Proportion of remuneration that is performance based	% of Value of remuneration that consists of share Based Payments
	Cash	Short term Incentive Cash Bonus	Super-annuation	Non-Cash	Long Service	Shares	Options			
	Salary & Fees			FBT Reportable	Leave					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Executive Directors										
David Dicker - Chief Executive Officer										
2012								-		0.00%
2011								-		0.00%
Chris Price - Commercial Director										
2012		701,385	63,125	12,313				776,823	100.00%	0.00%
2011		556,164	50,055	11,955				618,174	100.00%	0.00%
Mary Stojcevski - Chief Financial Officer										
2012	200,000	123,410	29,107					352,517	35.01%	0.00%
2011	191,003	89,822	25,274					306,099	29.34%	0.00%
Michael Demetre - Logistics Director										
2012	200,000	123,410	29,107					352,517	35.01%	0.00%
2011	184,505	89,822	24,689					299,017	30.04%	0.00%
Fiona Brown - Non-Executive Director										
2012								-		0.00%
2011								-		0.00%
Other Key Management Personnel										
Vladimir Mitnovetski - Category Manager										
2012	-	393,022	35,372					428,394	100.00%	0.00%
2011	95,673	235,416	29,798					360,887	65.23%	0.00%
TOTAL										
2012	400,000	1,341,227	156,710	12,313	-	-	-	1,910,250		
2011	471,181	971,224	129,816	11,955	-	-	-	1,584,177		

(C) Service agreements

Terms of employment for the executive directors and other key management personnel are by way of Consultancy Agreement or an Executive Service Agreement (ESA). The contract details the base salary and performance-related bonuses.

Consultancy Agreement for David Dicker

The Company has engaged Rodin FZC (a company incorporated in Dubai) 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) 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 Chris Price

The Company has appointed Chris 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 is equal to 6.75% of the Company's net profit per month, subject to net profit margin before tax not being less than 2.5%, less his total motor vehicle expenses for that month. 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 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 before tax, subject to net profit margin before tax not being less than 2.5%. 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 before tax, subject to net profit margin before tax not being less than 2.5%. The ESA also contains a number of post-termination restraints.

Executive Service Agreement for Vladimir Mitnovetski

The Company has appointed Vladimir Mitnovetski as Category Manager by way of an Executive Service Agreement (ESA). The ESA is dated 1 January 2011. The appointment of Mr Mitnovetski is for an unspecified time. Either the Company or Mr Mitnovetski may terminate the ESA with 3 months' notice. The remuneration payable to Mr Mitnovetski is \$22,750 per month, subject to achieving monthly net profit target for the Business Unit of \$250,000 per month and a net profit margin of 2.5%. The company will pay a further 15% of net profit that is above the monthly target of \$250,000 per month. The ESA also contains a number of post-termination restraints.

(D) Share-based compensation

No shares, rights, or options were granted to directors or key management personnel during the year ended 30 June 2012, no rights or options vested or lapsed during the year, and no rights or options were exercised during the year by directors.

(E) Additional information

Relationship between remuneration and company performance

The overall level of executive reward takes into account the performance over the financial year with greater emphasis given to improving performance over the prior year. Compared to previous period, net profit before tax has grown by 39.6%, as a result the average executive remuneration has increased. Since 2007, the net profit before tax has grown at an average rate of 24% per annum, whilst the average executive remuneration has increased by an average of 27% per annum. Shareholder wealth has also increased at an average rate of 21% per annum over this period.

This concludes the remuneration report which has been audited.

12. Shares options

On the 9th of August, 2011 Newport Capital Group Pty Ltd exercised all the options held at the strike price of \$0.20c per share. The company has received the payment for the options and has issued the shares to Newport Capital Group Pty Ltd

In the 2011 financial year options were granted to Stonebridge Securities Ltd and related parties. The options granted were to acquire 1,200,000 fully paid ordinary shares, exercisable at \$0.25 anytime within 36 months from the date of granting, expiring on 24 January, 2014. These options have not been exercised.

13. Indemnification and insurance of directors and officers

During the financial year, Dicker Data Limited paid a premium of \$22,145 to insure the directors and members of the executive management team of the Company against any liability incurred by them in their capacity as officers, unless the liability arises out of conduct involving a lack of good faith.

The executive officers of the Company are also indemnified against any liability for costs and expenses incurred in defending civil or criminal proceedings involving them as such officers if judgement is given in their favour or if they are acquitted or granted relief.

14. Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

15. Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

16. Environmental regulation and performance

The company is not subject to any particular and significant environmental regulations.

17. Rounding

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

18. Officers of the company who are former audit partners of BDO Chartered Accountants

There are no officers of the Company who are former audit partners of BDO Chartered Accountants.

19. Auditor independence and non-audit services

BDO Chartered Accountants (formerly PKF Chartered Accountants) continue in office in accordance with section 327 of the Corporations Act 2001. During the year an amount of \$79,465 in fees was paid or payable to the auditor for non-audit services.

Non-audit services

The company employs BDO Chartered Accountants (formerly PKF Chartered Accountants) in addition to its statutory duties where the auditor's expertise and experience with the company are important.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001

The directors are satisfied that the provision of non-audit services by the auditor (refer above) did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 48.

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



David Dicker
CEO and Chairman
Sydney, 31 August 2012

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied by Dicker Data Limited (Dicker Data or Company).

Principal 1: Lay Solid Foundations for Management and Oversight

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board is accountable to shareholders for the performance of Dicker Data and has overall responsibility for its direction and management and the formulation of policies to be applied in Dicker Data's business.

The Board has adopted a Charter which outlines the responsibilities reserved for the Board in detail. This Charter is published on Dicker Data's website www.dickerdata.com.au.

Some key responsibilities of the Board are as follows:

- (a) appoint and review the performance of the Chairman and management;
- (b) develop and approve strategy, planning and major capital expenditure;
- (c) arrange for effective budgeting and financial supervision;
- (d) ensure that appropriate audit arrangements are in place;
- (e) ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately; and
- (f) report to shareholders.

The Board is also responsible to shareholders for Dicker Data's strategic direction and the execution of Dicker Data's overall objective, which is to increase long-term shareholder value.

Decisions which are not part of the day to day management of Dicker Data or which have not been delegated to the Chief Executive Officer or executive team, must be made by the Board.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Board is responsible for reviewing the performance of the Chief Executive Officer and also monitoring the performance of key management personnel.

The performance of the Chief Executive Officer is measured by comparing actual performance against planned performance in terms of the budget, the Company's share price and Corporate strategy development.

The Chief Executive Officer is responsible for assessing the performance of the key executives within Dicker Data. The basis of evaluation of senior executives is on agreed performance measures, examining the effectiveness and quality of the individual, assessing key contributions, identifying areas of potential improvement and assessing whether various expectations of shareholders have been met.

Performance evaluations are undertaken annually, in September, by managers.

This policy is reviewed annually.

Principal 2: Structure the Board to Add Value

Recommendation 2.1: A majority of the board should be independent directors.

As at the reporting date, the Board is composed of the following five Directors, including one non-executive Director:

<i>Name</i>	<i>Position</i>
David Dicker	Chairman and Chief Executive Officer
Fiona Brown	Non-Executive Director
Mary Stojcevski	Executive Director
Chris Price	Executive Director
Michael Demetre	Executive Director

When considering independence, Dicker Data considered the following recommendation made by the ASX Corporate Governance Council:

'When determining the independent status of a director the board should consider whether the director:

1. is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
2. is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board;
3. has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
4. is a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
5. has a material contractual relationship with the company or another group member other than as a director.'

The Chief Executive Officer is a substantial shareholder of Dicker Data and has been engaged by Dicker Data on a consultancy basis. He is not considered to be independent.

Three of the Directors are employed by Dicker Data and are not considered to be independent.

Fiona Brown, the non-executive Director, is a substantial shareholder of Dicker Data and is not considered to be independent.

As such, there are currently no independent Directors on the Board. The Board considers that its composition is appropriate to Dicker Data's size and operational structure, the directors' experience and their collective knowledge of Dicker Data's assets. Details on the skills, experience and expertise of each director in office are outlined on page 7 of the Annual Report.

Should the Directors determine to expand the Board 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 Dicker Data. At this stage, the Board has made no offers to any person to join the Board. Expansion of the Board is subject to various contingencies

including some 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.

The Board has chosen not to undertake an annual review of its performance and composition during the year ended 30 June 2012. This is due to the fact that the Board has only been existence since listing on the ASX in January 2011 and the operations of the business do not require additional skillsets at this point in time to drive the business and shareholder returns. As the business evolves, the Board expects to conduct a review of its performance and composition, to ensure that it has the appropriate mix of expertise and experience, taking into account the size and nature of Dicker Data's activities. In time, the Board may consider the appointment of independent directors as it deems appropriate.

Directors may obtain independent professional advice at the Company's expense, subject to prior approval by the Chairman, on matters arising in the course of Dicker Data's business. Directors also have unrestricted access to any employees of Dicker Data and, subject to the law, access to all Dicker Data records and information held by employees and external advisers.

Recommendation 2.2: The chairperson should be an independent director.

The current Chairman of the Board is not an independent Director. The Board considers this to be appropriate to Dicker Data's size, structure, history of the business and the nature of its activities.

Recommendation 2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual.

The roles of Chairman and Chief Executive Officer are currently being carried out by the same individual. The Board considers this to be appropriate for the Company's current operational structure and the nature of its activities.

Recommendation 2.4: The board should establish a nomination committee.

The Board does not currently have a nomination committee. The Board considers that its relatively small size and the expertise of its directors allow

the full Board to perform a nomination committee function. Accordingly, the Board does not consider it necessary or appropriate in the context to establish a separate committee for this purpose.

Recommendations of candidates for new Directors are to be made to and by the Board. The Board as a whole must make such appointments as it considers the most appropriate for Dicker Data.

The Board believes that the requirements and nomination processes are currently appropriate for the Company. The Board will establish a nomination committee in the future should the requirement arise.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board does not currently undertake an assessment of individual performance of Directors in the Board context, or of the Board as a whole. For the reasons outlined above, the Board is of the view that it is currently of the appropriate size and composition required to carry out its role.

There are currently no committees of the Board which require a review.

The Board acknowledges the benefit of establishing a process to review and evaluate the performance of individual Directors and the Board as a whole, and due consideration will be given to this in the next 12 months.

It is anticipated that such an annual review will include consideration of the following measures:

- (a) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- (b) review the Board's interaction with management;
- (c) identification of any particular goals and objectives of the Board for the next year;
- (d) review the type and timing of information provided to the Directors; and
- (e) identification of any necessary or desirable improvements to Board.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be

completed by each Director. The Board may also use an independent adviser to assist in the review.

Committees

Similar procedures to those for the Board review will be applied to evaluate the performance of any Board committees established by Dicker Data in the future. An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

Non-executive Directors

The Chairman will have primary responsibility for conducting performance appraisals of non-executive Directors in conjunction with them, having particular regard to:

- (a) contribution to Board discussion and function;
- (b) degree of independence including any conflicts of interest;
- (c) availability for and attendance at Board meetings and other relevant events;
- (d) contribution to Company strategy;
- (e) membership of and contribution to any Board committees; and
- (f) suitability to Board structure and composition.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a Director's performance, the Chairman will consult with the remainder of the Board regarding whether a Director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a Director be put to shareholders.

Principal 3: Promote ethical and responsible decision making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- The practices necessary to maintain confidence in the company's integrity
- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Dicker Data has two codes of conduct – one specifically for directors and key officers and another outlining the obligation to stakeholders.

Generally, Dicker Data requires that its Directors, management and staff comply with and respect the law, conduct themselves professionally and commit to the standards of employment set down by Dicker Data. Dicker Data also requires that all potential conflicts of interest are reported and that it's Code of Conduct for Dicker Data's obligations to Stakeholders and Code of Conduct for directors and key officers be otherwise complied with.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The company has not adopted a formal Diversity Policy at this stage. The Board will consider how appropriate such a policy is for the Company in due course. Currently, the Board does not consider a formal policy to be warranted as the Company is one which has an open policy to diversity, including gender diversity. This is evident in the number of females to males in the whole organization, at management level and also on the Board.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Board has not set any specific gender diversity objectives for the Company as it does not yet have a formal Diversity Policy. The Board is of the view that there is an adequate balance between genders across the business and the numbers disclosed below reflect this.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The Company employees the follow ratio of women to men throughout the organisation:

Organisation-wide:
37 Females (40%): 56 Males (60%)

Senior Executive Positions:
The Board of Directors: 2 Females: 3 Males

Principal 4: Safeguard integrity in financial reporting

Recommendation 4.1: The board should establish an audit committee.

The Board considers that its relatively small size and the expertise of existing directors allows the full Board to perform an audit committee function. Accordingly, the Board does not consider it necessary or appropriate in the context to establish a separate committee for this purpose.

Rather, the Board will have processes and procedures in place which will address the issues that would otherwise be considered by the audit committee including:

- monitoring the independence of the external auditor who is required to confirm such independence on at least a semi-annual basis; and
- monitoring and the performance and terms of the audit engagement on an annual basis and updating, changing or replacing them as appropriate.

The Board will review the audit requirements and processes of Dicker Data at least on an annual basis, and otherwise as Dicker Data's operations evolve, to ensure that its audit requirements are being appropriately handled. The Board will establish an Audit Committee in the future as it deems appropriate.

Recommendation 4.2: Structure the audit committee so that it consists of:

- only non-executive directors
- a majority of independent directors
- an independent chairperson, who is not chairperson of the board
- at least three members

For the reasons noted above and due to the relative size and nature of Dicker Data's activities, the Board does not consider it necessary or appropriate to adopt Recommendation 4.2. However, should an Audit Committee be

established in the future, it will be structured to be commercially cost effective and appropriate to Dicker Data's size and structure, having regard to Recommendation 4.2.

Recommendation 4.3: The audit committee should have a formal charter.

For the reasons noted above and due to the relative size and nature of Dicker Data's activities, the Board does not consider it necessary or appropriate to adopt Recommendation 4.3. However, should an Audit Committee be established in the future, a formal Audit Committee Charter will be adopted in compliance with Recommendation 4.3.

Principal 5: Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.

The Board aims to ensure that the market is properly informed of all the information that is required to be disclosed under the Listing Rules of the ASX. The ultimate determination as to whether or not to disclose in doubtful cases may be made by the Board and/or the Chairman, taking into account the overall situation of Dicker Data and, if necessary, legal or other advice.

The Board will consider establishing a Continuous Disclosure Compliance Committee to deal with continuous disclosure issues when and if it is deemed necessary. In this event, the Continuous Disclosure Compliance Committee will consist of the Chairman, the Company Secretary and, where available, any other Director.

Dicker Data has adopted a formal Continuous Disclosure Policy which is available on the company website on www.dickerdata.com.au.

Under the Board's Continuous Disclosure Policy, all senior personnel must ensure that all reporting staff report any material event or development within their area of responsibility to their manager and to one or more of the Chairman and the Company Secretary.

The Company Secretary is the point of contact with the ASX. As a listed company, Dicker Data will not release information that is for release to the market to any person until it has given the information to the ASX and has received an acknowledgement from the ASX that the information has been released to the market.

Principal 6: Respect the Rights of Shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Dicker Data aims to convey to its shareholders pertinent information in a detailed, regular, factual and timely manner.

The Board has ensured that the annual report includes relevant information about the operations of Dicker Data during the year, and changes in the state of affairs of Dicker Data, in addition to the other disclosures required by the Corporations Act.

Information will be communicated to shareholders by Dicker Data through:

1. Placement of market announcements on Dicker Data's web-site www.dickerdata.com.au after the information has been given to the ASX and the usual acknowledgement has been received;
2. The annual and interim financial reports;
3. Disclosures to the ASX;
4. Notices and explanatory memoranda of annual general meetings; and
5. All shareholders are invited to attend and raise questions at the annual general meeting.

All shareholders are welcome to communicate directly with Dicker Data.

All queries will be answered to the maximum extent possible (with consideration given to commercially sensitive information, privacy requirements and Dicker Data's disclosure obligations) and in a timely fashion.

Dicker Data has not established any other formal policy document other than as noted above.

Principle 7: Recognise and Manage Risk

Recommendation 7.1: Companies should establish policies for the oversight and management and management of material business risks and disclose a summary of those policies.

Although no formal policy has been adopted, the Board is committed to ensuring that the risks associated with Dicker Data's business activities are properly identified, monitored and managed and to embedding in its management and reporting systems a number of risk management controls.

The Board is to monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas of risk to be regularly considered at Board meetings are to include intellectual property, changes in government regulation, technology changes, human resources, integrity of data, statutory compliance and continuous disclosure obligations.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Chief Executive Officer manages Dicker Data's material business risks and reports to the Board.

Materiality thresholds

Dicker Data regularly reviews procedures, and ensures timely identification of material information and materiality thresholds.

Materiality judgments can only be made on a case by case basis, when all the facts are available. In accordance with Accounting Standard AASB 1031, the Board would consider an amount which is:

(a) equal or more than 10% of an appropriate base amount to be material unless there is evidence or convincing argument to the contrary; and

(b) equal to or less than 5% of an appropriate base amount to be immaterial unless there is evidence or convincing argument to the contrary.

The level between 5% and 10% of an appropriate base amount is considered to be a subjective area to be resolved by the Board.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board confirms that the Chief Executive Officer and the Chief Financial Officer have made the following certifications to the Board:

The financial records of the company have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

The financial statements and notes thereto comply with the relevant accounting standards in all material respects as required by Section 296 of the corporations Act 2001;

The financial statements and notes thereto give a true and fair view, in all material respects, of the financial position and performance of the company as required by Section 297 of the corporations Act 2001; and

Any other matters are prescribed by the regulations in relation to the financial statements and the accompanying notes are satisfied.

Principle 8: Remunerate Fairly and Responsibly

Recommendation 8.1: The board should establish a remuneration committee.

The Board considers that its relatively small size and the expertise of directors allows the full Board to also perform a remuneration committee function. Accordingly, the Board does not consider it necessary or appropriate in the context to establish a separate committee for this purpose. Rather, the Board will have processes and procedures in place which will address the issues that would otherwise be considered by the

remuneration committee including ensuring that fees and remuneration to director's accord with principles set out in 8.2 below.

Recommendation 8.2: The remuneration committee should be structure so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members

The Board will establish a remuneration committee in the future if it deems appropriate.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

With respect to non-executive Directors, the Board (or if established, the Remuneration Committee) is to ensure that:

- (a) fees paid to non-executive Directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to that aggregate amount at the Annual General Meeting;
- (b) non-executive Directors are remunerated by way of fees (in the form of cash and/or superannuation benefits);

- (c) non-executive Directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- (d) non-executive Directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to Dicker Data's shareholders.

There is currently only one non-executive director on the Board of Dicker Data, Fiona Brown and she does not receive any remuneration for her role.

With respect to executives, the Board (or if established, the Remuneration Committee) is to ensure that:

- (a) executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to Dicker Data's circumstances and objectives;
- (b) a portion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and
- (c) recommendations are made to the Board with respect to quantum of bonuses to be paid to executives.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June, 2012

	Note	30-Jun-12 \$'000	30-Jun-11 \$'000
Revenue	2	456,648	385,246
Changes in inventories		1,223	15,724
Consumables used		(423,892)	(373,589)
Employee benefits expense		(12,767)	(9,734)
Depreciation and amortisation expenses		(684)	(698)
Finance costs		(3,149)	(2,292)
Insurance		(1,174)	(914)
Profit / (Loss) on Asset Disposals		48	(836)
Bad Debts		(706)	(713)
Credit Card Fees		(802)	(676)
Consultancy Fees		(577)	(515)
IPO Expenses		-	(439)
Other expenses		(1,903)	(1,776)
Profit before income tax		12,265	8,788
Income tax expense	4	(3,989)	(2,656)
Profit for the period		8,276	6,132
Profit attributable to members of the company		8,276	6,132
Other comprehensive income, net of tax		-	-
Total Comprehensive Income for the period		8,276	6,132
Total comprehensive income attributable to members of the company		8,276	6,132
Earnings per share			
- basic earnings per share (cents)	5	6.55	5.02
- diluted earnings per share (cents)		6.48	5.00

The statement of comprehensive income is to be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June, 2012

	NOTE	30-Jun-12 \$'000	30-Jun-11 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	222	1
Trade and other receivables	10	68,670	63,554
Other financial assets	11	0	0
Inventories	12	41,323	40,101
Total Current Assets		110,216	103,655
Non-Current Assets			
Property, plant and equipment	13	16,548	16,636
Intangible assets	14	93	-
Deferred tax assets	15	621	798
Total Non-Current Assets		17,262	17,433
TOTAL ASSETS		127,478	121,089
LIABILITIES			
Current Liabilities			
Trade and other payables	16	58,520	72,831
Borrowings	17	46,145	27,618
Current tax liabilities	15	1,342	1,224
Short-term provisions	18	580	414
Total Current Liabilities		106,587	102,088
Non-Current Liabilities			
Borrowings	17	959	964
Deferred tax liabilities	15	1,183	1,226
Long-term provisions	18	202	58
Total Non-Current Liabilities		2,343	2,249
TOTAL LIABILITIES		108,930	104,336
NET ASSETS		18,548	16,752
EQUITY			
Issued capital	19	844	540
Reserves	20	370	374
Retained profits		17,334	15,838
TOTAL EQUITY		18,548	16,752

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June, 2012

	Class 'A'	Class 'B'	Ordinary	Retained Earnings	Share Option Reserve	Capital profits reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2010	5	5	-	13,811	-	369	14,191
Share capital restructure	(5)	(5)	10				-
Share Capital - IPO			1,000				1,000
Costs associated with IPO Share Offer			(465)				(465)
Share Option Reserve			(5)		5		-
Total comprehensive income for the year				6,132			6,132
Subtotal	-	-	540	19,943	5	369	20,857
Dividend Paid				(4,105)			(4,105)
Balance at 30 June 2011	-	-	540	15,838	5	369	16,752
Total comprehensive income for the year				8,276			8,276
Dividend Paid				(6,780)			(6,780)
Share Issue Newport Capital			300				300
Share Option Reserve			4		(4)		-
Balance at 30 June 2012	-	-	844	17,334	1	369	18,548

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

STATEMENT OF CASHFLOWS

For the year ended 30 June, 2012

	Note	30-Jun-12 \$'000	30-Jun-11 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		495,798	398,831
Interest received		5	10
Payments to suppliers and employees (inclusive of GST)		(501,911)	(388,785)
Interest and finance costs paid		(3,149)	(2,292)
Income tax paid		(3,738)	(2,764)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	25(b)	(12,994)	5,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property plant and equipment		(970)	(2,241)
Proceeds from sale of property plant and equipment		325	1,821
Payments for intangibles		(93)	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES		(738)	(420)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		304	1,000
Share issue expenses		-	(470)
Proceeds/(Repayment) from borrowings		18,521	(2,718)
Payment of dividends		(4,871)	(2,411)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		13,954	(4,600)
NET CASH FLOWS		222	(20)
Cash at beginning of financial year		1	21
CASH AT THE END OF FINANCIAL YEAR		222	1

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June, 2012

The financial statements cover Dicker Data Limited (Dicker Data) as an individual entity. Dicker Data is a listed public Company incorporated and domiciled in Australia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for profit oriented entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. The financial report is presented in Australian Dollars and was authorised for issue by the directors on 31 August 2012.

(a) Income Tax

Income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets)

are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balance during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates enacted or substantively enacted as at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset

and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(c) Trade Receivables

Trade receivables, which are non-interest bearing and generally due for settlement within 30 days from end of month, are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Other receivables are recognised at amortised cost, less any provision for impairment.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business.

(e) Property, Plant and Equipment

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

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 entity commencing from the time the asset is held ready for use.

The useful life in years used for each class of depreciable asset is:

<i>Class of Fixed Asset</i>	<i>Useful Life</i>
Buildings	25 years
Property Improvements	10 – 20 years
Plant and equipment	2 - 10 years
Motor vehicles	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(f) Intangible Assets

Intangible assets acquired are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website Design and Development

Significant costs associated with the website design and development are deferred and amortised on a straight line basis over a period of

its expected benefit, being its finite life of 5 years. Amortisation of the asset is to commence when the website becomes first available for use.

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs. Where the instrument is classified 'at fair value through profit or loss' transactions costs are expensed to profit or loss immediately.

Classification and subsequent measurement

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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction of impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction cost and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The company has not held any financial assets at fair value through profit and loss in the current or comparative financial year.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables 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.

(iii) Held-to-maturity investments

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.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iv) Available-for-sale financial 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.

(v) Financial liabilities

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

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

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 instruments, 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.

(i) Impairment of assets

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 sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Employee Benefits

Provision is 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.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 -60 days of recognition.

(l) 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 the end of the reporting period.

(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

Other revenue is recognised when it is received or when the right to receive payment is established.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in expenses in the period in which they are incurred.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax from proceeds.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(r) Critical Accounting Estimates and Adjustments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

The directors have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position in future periods.

Further details on the nature of these assumptions and conditions are noted below:

Consumables Used

Cost of goods are represented in the Statement of Comprehensive Income net of supplier rebates. Supplier rebates can be paid monthly, quarterly or half yearly. At the end of the financial year an estimate of rebates due, relating to the financial year is accounted for based on best available information at the time of the rebate being paid.

Income tax

The company is subject to income taxes based on the income tax laws of Australia. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax expense based on its current understanding of the tax law.

Recovery of deferred tax assets

Judgement is required in assessing whether certain deferred tax assets and deferred tax liabilities are recognised on the Statement of Financial Position. Deferred tax assets including those arising from capital losses are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future capital profits. An assumption has been made that it is unlikely that future capital profits will be earned.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation

charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. The impairment for receivables has been calculated net of estimated insurance recoveries

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Share Option Reserve

The share option reserve represents fair value of options on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price

volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(s) Adoption of New & Revised Accounting Standards

During the current year, the company has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not had any material impact on the financial statements of the company. Any new revised or amending Accounting standards or interpretation that are not yet mandatory have not been adopted

(t) New Accounting Standards for Application in Future Periods

The following Australian Accounting Standards issued or amended which may be applicable to the Company but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

The new and amended Accounting Standards and interpretations are not expected to have any material impact on the annual financial statements of the Company.

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods <u>beginning on</u> or after)
9	Financial Instruments	Dec 2010	1 Jan 2015
10	Consolidation	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods <u>beginning on</u> or after)
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec 2010	1 Jan 2013
2010 – 8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 - 4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Jul 2011	1 Jul 2013
2012 - 2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	Jun 2012	1 Jan 2013
2012 - 3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Jun 2012	1 Jan 2014
2012 - 5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	Jun 2012	1 Jan 2013

	2012	2011
Note	\$'000	\$'000
2. REVENUE AND OTHER INCOME		
<i>Sales revenue:</i>		
Sale of goods	455,036	384,043
<i>Other revenue:</i>		
Interest received	2(a) 5	10
Discounts received	746	580
Recoveries	592	387
Other revenue	269	226
Total Revenue	<u>456,648</u>	<u>385,246</u>
(a) Interest received from:		
Other corporations	5	10
3. EXPENSES FOR THE YEAR		
<i>Expenses:</i>		
Finance costs	3,149	2,292
Cost of sales	422,669	357,866
Bad and doubtful debts	706	713
Net loss on disposal of non-current assets:		
Property, plant and equipment	48	(836)
4. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current tax	3,819	2,798
Over/(Under) provision in respect of prior years	<u>36</u>	<u>(13)</u>
	3,856	2,785
Deferred tax	(119)	(146)
Over/(Under) provision in respect of prior years	28	17
Reversal of tax effect on capital tax losses	224	-
	<u>15 133</u>	<u>(129)</u>
	<u>3,989</u>	<u>2,656</u>
(b) The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2011: 30%)	3,679	2,637
Add tax effect of:		
Under provision for income tax in prior year	288	4
Non-deductible expenses	21	16
	<u>3,989</u>	<u>2,656</u>
Income tax expense attributable to entity	<u>3,989</u>	<u>2,656</u>
The applicable weighted average effective tax rates are as follows:	32.5%	30.2%

5. EARNINGS PER SHARE

(a) Basic earnings per share (cents)	6.55	5.02
From continuing operations attributable to the ordinary equity holders of the company		
(b) Diluted earnings per share (cents)	6.48	5.00
From continuing operations attributable to the ordinary equity holders of the company		
(c) Weighted average number of shares used as denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	126,336	122,151
Weighted average number of ordinary shares and options granted are used as the denominator in calculating diluted earnings per share	127,568	122,734
	Note	
	2012	2011
	\$'000	\$'000

6. KEY MANAGEMENT PERSONNEL COMPENSATION

Short-term benefits	1,754	1,454
Post-employment benefits	157	130
Total compensation	1,910	1,584

Shares held by the directors as disclosed in the Directors' Report remain unchanged from the previous year.

7. AUDITORS' REMUNERATION

Auditing or reviewing the financial report	102	92
Taxation advice and tax and FBT return preparation and lodgement	79	63
	181	156

8. DIVIDENDS

Distributions paid

Dividend paid:

Fully franked 'A' class dividend of \$360.072 (2010: \$220.044) per share franked at the rate of 30% (2010: 30%)	-	1,800
Fully franked 'B' class dividend of \$211.042 (2010: \$220.044) per share franked at the rate of 30% (2010: 30%)	-	1,055
Final dividend - 30 June 2011. Fully franked at \$0.0200c per ordinary share paid 28 September 2011(2010: \$0.01)	2,530	1,250
Interim dividend - 30 June 2012. Fully franked at \$0.0093c per ordinary share paid 12 January 2012 (2011: \$0.00)	1,176	-

	2012	2011
Note	\$'000	\$'000
Interim dividend - 30 June 2012. Fully franked at \$0.0093c per ordinary share paid 4 April 2012 (2011: \$0.00)	1,176	-
<i>Dividends declared but not paid</i>		
Interim dividend - 30 June 2012. Fully franked at \$0.0150c per ordinary share declared 18 June 2012 and paid 06 July 2012 (2011: \$0.00)	1,898	-
	<u>6,780</u>	<u>4,105</u>
<i>Franking credit balance:</i>		
<i>Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)</i>	6146	5,419
	<u>6146</u>	<u>5,419</u>

The above amounts represent the balance of the franking account as at the end of the financial year adjusted for franking credits arising from:

- franking credits from dividends recognised as receivables at year end
- franking credits that will arise from payment of the current tax liability
- franking debits arising from payment of proposed dividends recognised as a liability

9. CASH AND CASH EQUIVALENTS

Cash on hand	-	1
Cash at bank	222	-
	<u>222</u>	<u>1</u>

10. TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables	4,406	9,107
Trade debtors	64,369	54,583
Less provision for impairment of receivables	(104)	(135)
	<u>64,265</u>	<u>54,447</u>
	<u>68,670</u>	<u>63,554</u>

(a) Loans to related corporations:

Beginning of the year	-	900
Loans advanced / repaid	-	(900)
End of year	<u>-</u>	<u>-</u>

(b) Provision for impairment of receivables

Movements in the provision for impairment of receivables:

Opening balance	135	106
Charge for the year	(32)	29
Closing balance	<u>104</u>	<u>135</u>

Past due but not impaired

The following table details the company's trade receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

Customers with balances past due but without provision for impairment of receivables amount to \$4,495,729 as at 30 June 2012 (2011: \$2,140,523). The company did not consider a credit risk on these balances after reviewing credit terms of customers and trading history.

	Note	2012 \$'000	2011 \$'000
<i>Past due and impaired :</i>			
Gross Impaired Receivables over 90 days		205	404
Less: Expected Insurance Recoveries		(101)	(268)
		<u>104</u>	<u>135</u>
 <i>Past due but not impaired:</i>			
31 - 60 days overdue		3,556	1,857
61 - 90 days overdue		940	13
		<u>4,496</u>	<u>2,141</u>

11. FINANCIAL ASSETS

CURRENT

Available-for-sale financial assets	(a)	-	-
		<u>-</u>	<u>-</u>
(a) Available-for-sale financial assets:			
Shares in unlisted companies		-	-
		<u>-</u>	<u>-</u>

12. INVENTORIES

CURRENT

At cost:

Stock on hand		41,687	40,472
Less provision for impairment of stock		(364)	(371)
		<u>41,323</u>	<u>40,101</u>

13. PROPERTY, PLANT AND EQUIPMENT

Freehold land		6,904	6,904
Buildings		8,312	8,225
Less accumulated depreciation		(340)	(133)
		<u>7,973</u>	<u>8,092</u>
Total land and buildings		<u>14,876</u>	<u>14,996</u>
Fitout Costs - 230 Captain Cook Drive		1,025	1,025
Less accumulated depreciation		(209)	(87)
		<u>817</u>	<u>938</u>

	Note	2012 \$'000	2011 \$'000
Plant and equipment		1,127	1,356
Less accumulated depreciation		(686)	(925)
		<u>440</u>	<u>431</u>
Motor vehicles		710	627
Less accumulated depreciation		(295)	(357)
		<u>415</u>	<u>270</u>
Total plant and equipment		<u>1,672</u>	<u>1,640</u>
Total property, plant and equipment		<u>16,548</u>	<u>16,636</u>
Carrying amount of motor vehicles under finance lease.		<u>405</u>	<u>258</u>

13 (a) MOVEMENT IN CARRYING AMOUNTS

Movement in carrying amounts for each class of property, plant and equipment.

	Freehold land \$000'	Property improve- ments \$000'	Buildings \$000'	Plant and equipment \$000'	Motor vehicles \$000'	Total \$000'
Balance at 1 July 2010	8,434	444	8,238	690	364	18,170
Additions			861	1,039	33	1,932
Capitalised borrowing costs			273			273
Disposals	(1,530)	(343)	(1,116)	(20)	(32)	(3,041)
Depreciation expense		(101)	(164)	(339)	(94)	(698)
Carrying amount at 30 June 2011	6,904	0	8,092	1,370	270	16,636
Additions			87	336	547	970
Disposals				(63)	(310)	(373)
Depreciation expense			(207)	(386)	(92)	(684)
Carrying amount at 30 June 2012	6,904	0	7,973	1,257	415	16,548

14. INTANGIBLE ASSETS

Website development – at cost	93	-
Less accumulated amortisation	-	-
Total intangible assets	<u>93</u>	<u>-</u>

	Note	2012 \$'000	2011 \$'000
15. TAX			
(a) Liabilities			
CURRENT			
Provision for income tax		1,342	1,224
NON CURRENT			
Deferred Tax Liability			
<i>The balance comprises temporary differences attributable to:</i>			
Amounts recognised in profit or loss:			
Land and Buildings		220	220
Plant and Equipment		96	51
Accrued income		867	956
Deferred tax liability		<u>1,183</u>	<u>1,226</u>
<i>Movements in Deferred Tax Liability</i>			
Opening Balance		1,226	1,012
Credited / (charged) to profit or loss		(44)	215
Credited / (charged) to equity		-	-
Closing Balance		<u>1,183</u>	<u>1,226</u>
(b) Assets			
NON CURRENT			
Deferred Tax Assets			
<i>The balance comprises temporary differences attributable to:</i>			
Amounts recognised in profit or loss:			
Provision for receivables impairment		31	41
Provision for employee entitlements		235	142
Accrued expenses		17	39
Inventory		114	78
Capitalised expenditure		104	115
Tax losses		-	224
Amounts recognised in equity:			
Transaction costs on share issue		120	160
Deferred tax asset		<u>621</u>	<u>798</u>
<i>Movements in Deferred Tax Asset</i>			
Opening Balance		798	255
Credited / (charged) to profit or loss		(177)	344
Credited / (charged) to equity		-	199
Closing Balance		<u>621</u>	<u>798</u>
The tax effect of capital tax losses has been reversed as future capital profit unlikely.			
16. TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		54,809	72,337
Unearned Revenue		1,031	-
Other creditors		2,680	494
		<u>58,520</u>	<u>72,831</u>

	Note	2012 \$'000	2011 \$'000
17. BORROWINGS			
CURRENT			
Debtor Finance		45,988	20,230
Lease liability		156	230
Bank loan – secured		-	7,158
		<u>46,145</u>	<u>27,618</u>
NON-CURRENT			
Lease liability		959	964
(a) Total current and non-current secured liabilities:			
Debtor Finance		45,988	20,230
Bank loans		-	7,158
Lease liability		1,115	1,194
		<u>47,103</u>	<u>28,582</u>
(b) The carrying amounts of non-current assets pledged as security are:			
Mortgaged land and buildings		1,223	16,636
(c) The debtor finance facility is secured by a registered fixed and floating charge over all assets and undertakings of the company, fixed charge over all debtors, a Deed of Amendment and Acknowledgement between the financier and a major supplier to the aggregate of the finance facility and assignment of trade debtor insurance.			

The covenants within the bank borrowings require meeting minimum interest cover ratios, current ratio, minimum EBITDA calculation and minimum net tangible assets calculations, and a limit on the maximum amount of debt. Dicker Data has complied with all other externally imposed capital requirements during the year.

18. PROVISIONS

Provision for long service leave:

Opening balance at 1 July	232	173
Additional provisions raised	174	66
Amounts used	(41)	(7)
Balance at 30 June 2012	<u>365</u>	<u>232</u>

Provision for annual leave:

Opening balance at 1 July	241	143
Additional provisions raised	176	98
Balance at 30 June 2012	<u>417</u>	<u>241</u>

Total Provisions

Opening balance at 1 July	473	316
Additional provisions raised	350	164
Amounts used	(41)	(7)
Balance at 30 June 2012	<u>782</u>	<u>473</u>

	Note	2012 \$'000	2011 \$'000
Analysis of Total Provisions			
Current		580	414
Non-current		202	58
		<u>782</u>	<u>473</u>

19. ISSUED CAPITAL

126,500,000 fully paid Ordinary class shares		844	540
		<u>844</u>	<u>540</u>

The company has share capital amounting to:

126,500,000 fully paid Ordinary class shares

(a) Ordinary Class Shares	Date	\$	Number
At beginning of reporting period		539,895	125,000,000
Shares Issued on exercise of options	09.08.11	300,000	1,500,000
Share Option reserve	09.08.11	4,162	-
At the end of the reporting period		<u>844,057</u>	<u>126,500,000</u>

Fully paid ordinary shares rank equally in all respects. All ordinary shares issued as at 30 June 2012 are fully paid. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. The issue of shares in the company, subject to legislative requirements, is under the control of the directors.

(b) Share Options

On the 9th of August 2011, Newport Capital Group Pty Ltd exercised 1,500,000 options at the strike price of \$0.20c per share. The company has received the payment for the options and has issued the shares to Newport Capital Group Pty Ltd.

In the 2011 financial year options were granted to Stonebridge Securities Ltd and related parties. The options granted were to acquire 1,200,000 fully paid ordinary shares, exercisable at \$0.25 anytime within 36 months from the date of granting, expiring on 24 January, 2014. As at the date of this report these options have not been exercised.

(c) Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern. The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manage the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholder and share issues. The Company announced in December 2011 a new dividend policy providing for quarterly dividends to be paid, with the aim to pay out dividends of up to 100% of underlying after tax profits from operations. In determining the amount of dividends management will take into account historical earnings of the

Company, available free cash flow from trading and projected capital expenditure.

	2012	2011
Note	\$'000	\$'000
20. RESERVES		
(a) Capital Profits Reserve (Pre-CGT)		
The capital profits reserve records non-taxable profits on sale of investments.	369	369
(b) Share Option Reserve		
The share option reserve is used to recognise the grant fair value of options issued but not exercised.	1	5
	370	374
	370	374

The share option reserve represents fair value of options on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The share option reserve has been adjusted for options exercised during the period.

21. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable:		
not later than 12 months	159	104
between 12 months and five years	346	324
	505	428
	505	428
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Construction of warehouse and office facilities including road works as per development application	3,600	409
	3,600	409
	3,600	409

22. RELATED PARTY TRANSACTIONS

Other than the noted transactions all dealings with related parties are trivial or domestic in nature and occurred within a normal employee/customer/supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted than if dealing at arm's length in the circumstances.

	2012	2011
Note	\$'000	\$'000
<i>Transactions with related parties:</i>		
(a) Loans to/(from) directors		
The directors had unsecured loan accounts, which have since been paid out.	-	-
(b) Loans to related entities		
Dicker Data Ltd has made loans to associated companies. These loans were unsecured and at call. All loans were paid out in the current year	-	-

23. OPERATING SEGMENTS

During the year the company operated in one business segment being wholesale distribution of computers and related products. It's operations were carried out mainly in Australia.

24. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of accounts receivable and payable and finance and lease liabilities.

	Note	2012 \$'000	2011 \$'000
<i>The totals for each category of financial instruments are as follows:</i>			
Financial Risk Management			
Financial Assets			
Cash and cash equivalents	9	222	1
Loans and receivables	10	68,670	63,554
Total Financial Assets		<u>68,893</u>	<u>63,555</u>
Financial Liabilities			
Trade and other payables	16	58,520	72,831
Borrowings	17	47,103	28,582
Total Financial Liabilities		<u>105,624</u>	<u>101,413</u>

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Although the company does not have any documented policies and procedures, the key management personnel manage the different types of risks to which the company is exposed by considering risk and monitoring levels of exposure to interest rate and credit risk and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is managed through general business budgets and forecasts.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at year end. The directors and key management personnel meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are (a) credit risk (b) liquidity risk and (c) interest rate risk:

(a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is reviewed regularly by the directors and key management personnel. It arises from exposures to customers, as well as through deposits with financial institutions. The company's exposure to credit risk is limited due to debtor insurance which is held over its trade receivables. The insurance policy limits the exposure of the company to 10% of the individual customer's balance plus the excess as specified in the policy after an aggregate first loss of \$200,000. Receivables balances are monitored on an ongoing basis with the result that the company's exposure to bad debts has not been significant.

It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. Credit limits are set for each individual customer in accordance with parameters

set by the directors. These credit limits are regularly monitored. Customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

(b) Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relations to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk, related to financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the company has no control over the timing of any potential settlement of the liability.

Cash flows realised from financial instruments reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will roll forward.

	Note	2012 \$'000	2011 \$'000
<i>Financial liability maturity analysis</i>			
Financial liabilities due for payment		Within 1 Year	Within 1 Year
Trade and other payables		58,520	72,831
Borrowings		46,145	27,618
Total contractual outflows		<u>104,665</u>	<u>100,449</u>
Financial liabilities due for payment		1 to 5 Years	1 to 5 Years
Borrowings		959	964
Total contractual outflows		<u>959</u>	<u>964</u>
Financial Liabilities			
Trade and other payables	16	58,520	72,831
Borrowings	17	47,103	28,582
Total expected outflows		<u>105,624</u>	<u>101,413</u>

Financial assets pledged as collateral

Certain financial assets have been pledged as security for the debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

(c) Interest Rate Risk

The company's main interest rate risk arises from borrowings.

All borrowings are at variable interest rates and expose the company to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	Note	2012 \$'000	2011 \$'000
Floating rate instruments			
Debtor finance	17	45,988	20,230
Bank loans - secured	17	-	7,158
		<u>45,988</u>	<u>27,389</u>

Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. If interest rates changed by +/- 1% from the year end rates with all other variables held constant, post tax profit would have been \$321,920 lower/higher (2011: \$191,720 lower/higher) as a result of higher/lower interest payments. The company constantly analyses its interest rate exposure. Within this analysis consideration is given to alternative financing and the mix of fixed and variable interest rates.

25. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

Cash	-	1
Cash at bank	222	-
	<u>222</u>	<u>1</u>

(b) Reconciliation of cash flow from operations with profit

Profit after income tax	8,276	6,132
<i>Non-cash flows in profit:</i>		
Depreciation	684	698
Loss on disposal of fixed assets	-	-
Changes in Assets & Liabilities:	-	-
Decrease (increase) in current inventories	(1,223)	(15,724)
Decrease (increase) in current receivables	(6,994)	(24,477)
Decrease (increase) in deferred tax assets	(14)	(543)
(Decrease) increase in deferred tax liabilities	(44)	215
(Decrease) increase in payables & Other	(14,311)	37,451
(Decrease) increase in provisions	278	191
(Decrease) increase in non current assets	44	836
(Decrease) increase in current tax liabilities	118	221
Net cash provided by (used in) operating activities	<u>(12,994)</u>	<u>5,000</u>

(c) Credit Stand-by Arrangement and Loan Facilities

In December 2011, Dicker Data entered into a new banking relationship with St George Bank for a total facility amount of \$56.8m, which included debtor financing, asset financing and other working capital facilities. The new facility has provided the company with greater flexibility in funding our working capital requirements. The unused limits of the facility as at balance date amounted to \$9,335,000 (2011: \$948,583).

26. CONTINGENT LIABILITIES

As at 30 June 2012 a bank guarantee totalling \$70,000 (2011: \$nil) was provided to Sydney Water Corporation for works and adjustment to a Sydney Water asset at 230 Captain Cook Drive, Kurnell. The works have been completed, but the guarantee will remain in place until Sydney Water Corporation has reviewed all documents and inspected the adjusted asset.

27. EVENTS AFTER BALANCE DATE

In August the company entered into a contract to extend the current warehouse facility by an additional 5,000 square metres. This will more than double the existing warehouse capacity and sets the Company up for future growth. Construction should commence in September 2012 and the project is expected to be completed in 26 weeks. The construction will be financed from the Company's cash flows and drawing on existing funding already in place with St George Bank.

There is no other matter or circumstance that has arisen since 30 June 2012 that has significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 August 2012

Ordinary Share Capital

As at 22 August 2012, the issued capital of the Company was 126,500,000 ordinary fully paid shares.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares		Options	
	Number of Holders	Number of Shares	Number of Holders	Number of Shares
1 to 1,000	2	1,004	-	-
1,001 to 5,000	24	84,723	-	-
5,001 to 10,000	296	2,953,212	-	-
10,001 to 100,000	25	937,876	-	-
100,00, and over	9	122,523,185	2	1,200,000
	356	126,500,000	2	1,200,000

There was 1 holder of less than a marketable parcel of ordinary shares.

Unquoted Options

The Company had the following unquoted options on issue:

Option holder	Number of Options	Percentage
Stonebridge Securities Ltd	600,000	50%
Exit Out Pty Ltd	600,000	50%
	1,200,000	100%

Twenty largest holders of quoted equity securities

Name	Number Held	Percentage of Issued Shares %
Mr David John Dicker	63,750,000	50.40%
Ms Fiona Tudor Brown	56,250,000	44.47%
Mr D Dippie & Mrs J Dippie & Bramwell Grossman Trustees (Dippie Family A/c)	925,925	0.73%
Bluedale Pty Ltd (Comb Superannuation Fund A/c)	602,310	0.48%
Mr S F Borness & Mrs C A Borness <Celerity	240,000	0.19%
Estate of Mrs J M Bond	227,700	0.18%
Mr Zhen Li	204,279	0.16%
Mrs Susie Heidi Brookes	162,071	0.13%
Bluedale Pty Ltd (Comb Superannuation Fund A/c)	160,900	0.13%
Mr A Pulitano	100,000	0.08%
EGP Fund No 1 Pty Ltd	95,000	0.08%
Mr P Pulitano	80,721	0.06%
Denman Income Limited	73,668	0.06%
Mr N J Remfrey & Mrs S A Remfrey	71,250	0.06%
Mr R Keown & Mrs T J Keown	63,290	0.05%
MR B Robins	52,868	0.04%
Mr T H N Trinh	36,044	0.03%
Secomber Investments Pty Ltd	36,000	0.03%
J A Glass & Co Pty Ltd (Glass Family Account)	31,900	0.03%
Mr M A R Heilin & Mrs S L Helin	30,000	0.02%
Mr L H Trinh	30,000	0.02%
	123,223,926	97.41%

Substantial holders

Substantial holders in the company are set out below:

Name	Number Held	Percentage of Issued Shares %
Mr David John Dicker	63,750,000	50.40%
Ms Fiona Tudor Brown	56,250,000	44.47%
	120,000,000	94.87%

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. In the Directors' opinion the financial statements and notes, as set out on pages 5 to 44 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance, for the financial year ended on that date; and
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1; and
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



David Dicker
CEO & Chairman
Sydney

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF DICKER DATA LIMITED

As lead auditor of Dicker Data Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



Arthur Milner
Partner

BDO East Coast Partnership

Sydney: 31 August 2012

INDEPENDENT AUDITOR'S REPORT

To the members of Dicker Data Limited

Report on the Financial Report

We have audited the accompanying financial report of Dicker Data Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

- (a) the financial report of Dicker Data Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in paragraph 11 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Dicker Data Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership



Arthur Milner
Partner

Sydney: 31 August 2012