

# **Dicker Data Limited**

ABN: 95 000 969 362

Annual Financial Report  
Year ended 30 June 2013

# 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

## Registered Office

The registered office of the company is:

230 Captain Cook Drive

KURNELL NSW 2231

## CEO Commentary

Welcome to our third full year report as a public company.

The last year has been a pretty difficult one, with economic conditions still subdued. As a result sales were slightly lower than the previous financial year. \$451m vs \$455m. Down less than 1 percent.

However, as promised in our H1 report, we exceeded last year's results, and by almost \$1m. NPAT was \$9.2m vs \$8.3m. Up 11.7%. In the current economic climate this is an outstanding result by everyone at Dicker Data.

The year ahead still looks difficult, but there should be some improvement after the Election. Despite relentless negativity in the media, I remain confident that conditions are not that bad and are steadily improving.

The share of our business with other Vendors had a pleasing increase delivering 40% of our revenue with HP providing the rest. We finally got access to HP's printers and their supplies products. We now have the full HP range.

During the year we completed the addition of 5,000 square meters of additional warehouse space, more than doubling our existing capacity.

Our shares have been trading extremely well and closed at 90 cents on 28 June. As we listed at 20 cents, this is a very satisfying outcome, although we are still struggling to convince the analyst community.

Thank you to all our customers for another very good year.

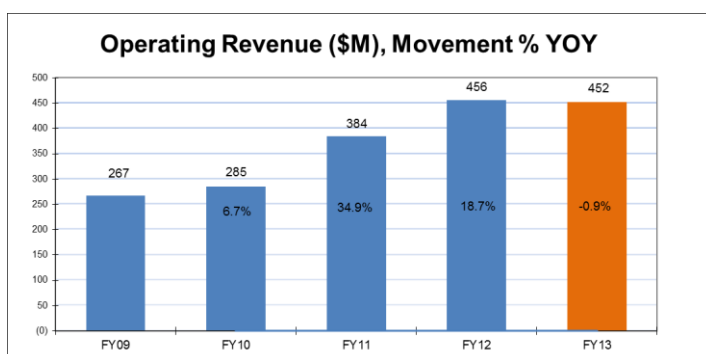


David Dicker  
CEO and Chairman  
Sydney, 29 August 2013

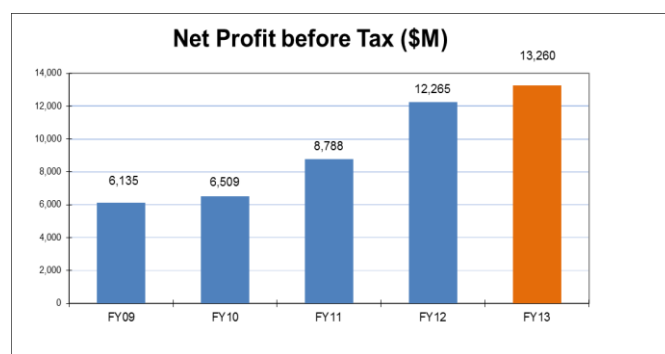
# Highlights Summary

## RESULTS SUMMARY - YEAR END 30 JUNE 2013

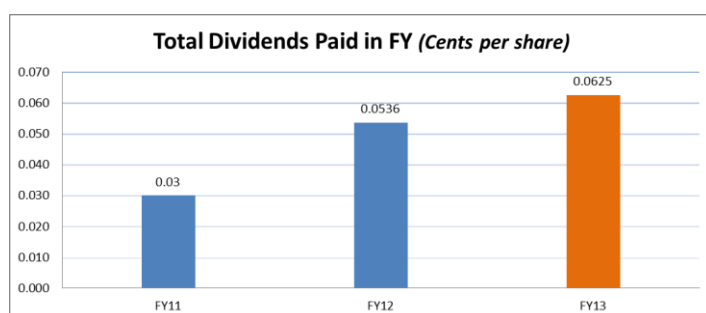
KEY FINANCIAL DATA	2013	2012
Total revenue	451,582	455,902
Net profit before tax	13,260	12,265
Earnings before interest, tax, depreciation [EBITDA]	17,414	16,098
Net profit after tax [NPAT]	9,246	8,276
Earnings per share (cents)	7.28	6.55
Dividends paid	7,946	6,780
Dividends per share (cents)	6.25	5.36
Dividend payout ratio	85.9%	81.9%



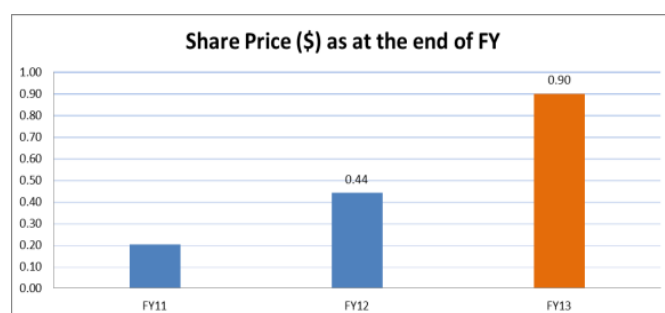
Total Revenue declined by -0.9% to \$452m (2012: \$456m)



Net Profit before Tax increased by 8.1% to \$13.2m (2012:\$12.2m)



Dividend payments increased by 16.6% to 6.25c (2012: 5.36c)



Share Price increased by 105% to \$0.90c as at 30 June 2013

## Directors' Report

The directors present their report on Dicker Data Limited (Dicker Data), together with the financial statements for the year ended 30 June 2013.

### 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.

### DIVIDENDS

Record Date	Payment Date	Type	Cents	\$'000
<i>Dividends declared and paid during the financial year:</i>				
25-Sep-12	25-Sep-12	Final 2012	\$ 0.0200	2,530
07-Jan-13	11-Jan-13	Interim 2013	\$ 0.0100	1,266
27-Mar-13	09-Apr-13	Interim 2013	\$ 0.0200	2,554
<i>Dividends declared during the financial year but not paid:</i>				
03-Jul-13	10-Jul-13	Interim 2013	\$ 0.0125	1,596
			<b>\$ 0.0625</b>	<b>7,946</b>

Total dividend paid for the year ended 30 June 2013 was 6.25c per share (2012: 5.36c), an increase of 16.6%. This represents a dividend payout ratio of 85.9% (2012: 81.9%) in line with the company's dividend policy. Our dividend policy provides for fully franked dividends to be paid on a quarterly basis, with the aim to pay out 100% of the underlying after tax profits from operations after taking into account projected capital expenditure and cash requirements.

### 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

	2013		2012		Change \$	Change %
	\$'000		\$'000		\$'000	
Total Revenue	451,582		455,902		(4,320)	-0.9%
Gross Profit	37,375	8.3%	33,113	7.3%	4,262	12.9%
Operating Expenses	24,478	5.4%	21,714	4.8%	(2,764)	12.7%
Net Profit Before Tax	13,260	2.9%	12,265	2.7%	995	8.1%
<b>Net Profit After Tax</b>	<b>9,246</b>	<b>2.0%</b>	<b>8,276</b>	<b>1.8%</b>	<b>970</b>	<b>11.7%</b>

### Revenue

Total revenue for the full year was \$452m (2012: \$456m), down by 0.9% on the same period last year. This was a solid result given the downturn in PC sales in SMB sectors impacting revenues from some of our key vendors. With most of the decline coming from HP Personal Services Group and Toshiba, this was significantly offset by increase in revenues from Lenovo (new vendor since June 2012) and strong education orders in second half of FY13, resulting in an increase year on year in revenue for the second half.

Operating revenue for the second half of FY13 was \$238m, an increase of \$4m year on year compared to second half of FY12, partly attributable to strong education orders and partly due to the increased capacity and improved logistic capability provided by the extension to our warehousing facility. As reported in our half year report the new warehouse extension was operational from February 2013.

#### **Gross Profit**

Gross profit for the full year was \$37.4m (2012: \$33.1m), an increase of 12.9%. In line with our continued strategy in aligning our revenue with more profitable product lines, the increase in gross profit can be attributed to a number of factors and changes implemented throughout the year. Firstly we were able to maximise vendor rebates by consistently meeting buying and sell through targets. There were also savings in freight as result of a review of freight costs and changes to our freight policy and in the second half of the year we were able to take advantage of additional settlement discounts as a result of the new purchase finance facility implemented in February 2013.

#### **Operating Expenses**

Operating costs for the 2013 financial year increased by \$2.7m. This was largely accounted for by an increase in employment expenses. Staff costs increased by \$3m as a result of additional headcount, an increase in profit based commission payments and an increase in leave provisions as a result of additional headcount. This was partially offset by savings across a number of key areas including transactional banking costs as a result of the changes in banking arrangements implemented in the later part of the FY12 financial year. There was also a significant reduction in bad debts written off during the year compared to last year. The reduction in bad debts demonstrates a continued focus on our credit management policy.

#### **Profit**

Despite lower revenues in 2013 financial year, net profit before tax increased to \$13.2m (2012: \$12.2m) up by 8.1%, as a result of higher gross profit.

Net Profit after tax amounted to \$9.2m (2012: \$8.3m), an increase of 11.8% for the full year.

Earnings per share increased by 11.1% to 7.28 cents per share.

#### **Balance Sheet**

Trade receivables decreased from \$69m to \$64m, with an improvement to debtor days outstanding further demonstrating our focus on collections and a further reflection of improvements in the credit management cycle. However, inventory increased from \$41m to \$50m. With the take on of new vendors in the last quarter of FY13 and in particular the extension of our HP distribution agreement to include the full range of HP Printing and Supplies products there were some larger strategic inventory buys in the last quarter and particularly in June which puts us well placed for the first quarter of the new financial year.

Property, plant and equipment increased from \$17m to \$20m, with \$3.4m towards an extension of our existing warehouse by 5,000 square metres completed in February 13. This investment is reflected under investing activities on the statement of cash flows.

As reported in our half year report the company entered into a new \$20m inventory purchase finance facility with Macquarie Bank in February 2013. As a result trade payables decreased from \$59m to \$47m, but borrowings increased from \$46m to \$63m. The whole of this facility was used to pay for HP inventory purchases.

Short term provisions for annual leave and long service leave also increased from \$580k to \$902k.

Net assets increased from \$19m to \$20m, an increase of 8.7% over the year.

## EARNINGS PER SHARE

	2013	2012
Basic Earnings Per Share (cents)	7.28	6.55
Diluted Earnings Per Share (cents) * * on basis options exercised	7.24	6.49

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

### *Extension of Warehouse*

In August, 2012 the company entered into a contract to extend the current warehouse facility by an additional 5,000 square metres. Construction was funded by drawing on our existing finance facilities provided by St George Bank. This is reflected in our cash flow statement from investing activities with outflows of \$3.4m for payments for property, plant and equipment. The extension more than doubled the existing warehouse capacity and sets the company up for future growth. Construction commenced in September 2012 and the project was completed 20 February, 2013.

### *New Finance Facility with Macquarie Bank*

In January 2013 the company entered into a new \$20m inventory purchase finance facility with Macquarie Bank. Under the terms of the agreement the facility is available to the company for the purchase of inventory from HP, the company's largest vendor.

This new facility has enabled the company to achieve greater flexibility in inventory purchases, including the opportunity to take advantage of early settlement discounts available and has provided greater flexibility in day to day management of working capital. As the facility has worked well in terms of providing the anticipated benefits expected and as a result of the extension of our HP supply agreement the limit on this facility has been increased by \$5m in August 2013.

### *Extension of Hewlett Packard Agreement*

In June 2013 the company was pleased to announce the extension of our distribution agreement with HP to include access to the full range of HP Printing and Supplies products, allowing us to now offer the full range of HP products to our resellers. Access to this product set will be an integral factor in driving increased HP revenue for the 2014 financial year.

### *Exercise of Options*

During the year all the outstanding options were fully exercised. The options granted to Stonebridge Securities Ltd and related parties were to acquire 1,200,000 fully paid ordinary shares, exercisable at \$0.25 expiring on 24 January 2014.

As at 18 February 2013 all options had been fully exercised. The table below is a summary of shares issued.

Date	Option Holder	Options Exercised	Strike Price	Funds Received	Shares Issued	Shareholder
12-Dec-12	SB2 Securities Pty Ltd	100,000	0.25c	\$25,000	100,000	Oldco Nominees Pty Ltd
14-Jan-13	SB2 Securities Pty Ltd	200,000	0.25c	\$50,000	200,000	Oldco Nominees Pty Ltd
14-Jan-13	Exit Out Pty Ltd	200,000	0.25c	\$50,000	200,000	Exit Out Pty Ltd
04-Feb-13	SB2 Securities Pty Ltd	150,000	0.25c	\$37,500	150,000	Oldco Nominees Pty Ltd
04-Feb-13	Exit Out Pty Ltd	200,000	0.25c	\$50,000	200,000	Exit Out Pty Ltd
12-Feb-13	Exit Out Pty Ltd	200,000	0.25c	\$50,000	200,000	Exit Out Pty Ltd
18-Feb-13	SB2 Securities Pty Ltd	150,000	0.25c	\$37,500	150,000	Oldco Nominees Pty Ltd

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



## **SIGNIFICANT EVENTS AFTER BALANCE DATE**

No matter or circumstance has arisen since 30 June 2013 that has significantly affected or may significantly affect the company's operations, the results of those operations or the state of affairs in future financial years.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

In the 2014 financial year we will continue with the strategy set in place in 2013 to focus on product sets related to off-premise IT capabilities (datacentre and cloud strategies), which is anticipated will result in higher infrastructure, service and annuity revenues. We are constantly reviewing our vendor and supplier mix with the objective of long term profitability for Dicker Data. 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.

## **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 – Chief Executive Officer (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 Ordinary 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 business 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>	56,270,757 Ordinary shares in Dicker Data Limited
<i>Interest in Contracts:</i>	Nil

*Special Responsibilities:* None

*Other Current Listed Company Directorships:* None

*Other Current Listed Company Directorships Held in Previous 3 Years:* 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.

*Interest in Equities:* 10,000 Ordinary shares in Dicker Data Limited  
40,136 Ordinary Shares held by Stojinvest Pty Ltd as trustee for Stojinvest Superannuation Fund

*Interest in Contracts:* Nil

*Special Responsibilities:* Responsible for the overall financial management of the Company.

*Other Current Listed Company Directorships:* None

*Other Current Listed Company Directorships Held in Previous 3 Years:* 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 21<sup>st</sup> 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, where 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 21<sup>st</sup> September 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 warehouse and logistic operations of the Company.
<i>Other Current Listed Company Directorships:</i>	None
<i>Other Current Listed Company Directorships Held in Previous 3 Years:</i>	None

## 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 22 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.

## 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	5	5
Fiona Brown	5	5
Mary Stojcevski	5	5
Chris Price	5	5
Michael Demetre	5	5

## 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.

### 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					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Executive Directors</b>										
<b>David Dicker - Chief Executive Officer</b>										
2013								0		0.00%
2012								0		0.00%
<b>Chris Price - Commercial Director</b>										
2013		750,657	67,559	67,134				885,350	100.00%	0.00%
2012		701,385	63,125	12,313				776,823	100.00%	0.00%
<b>Mary Stojcevski - Chief Financial Officer</b>										
2013	200,000	136,670	30,300					366,970	37.24%	0.00%
2012	200,000	123,410	29,107					352,517	35.01%	0.00%
<b>Michael Demetre - Logistics Director</b>										
2013	200,000	136,670	30,300					366,970	37.24%	0.00%
2012	200,000	123,410	29,107					352,517	35.01%	0.00%
<b>Non-Executive Directors</b>										
<b>Fiona Brown</b>										
2013								0		0.00%
2012								0		0.00%
<b>Other Key Management Personnel</b>										
<b>Vladimir Mitnovetski - Category Manager</b>										
2013		571,077	51,397					622,474	100.00%	0.00%
2012		393,022	35,372					428,394	100.00%	0.00%
<b>TOTAL</b>										
2013	400,000	1,595,074	179,557	67,134	0	0	0	2,241,764		
2012	400,000	1,341,227	156,710	12,313	0	0	0	1,910,250		

### (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 the motor vehicle expenses to be deducted from his gross remuneration. 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 \$200,000 per annum plus superannuation at 9%. 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 base remuneration of \$200,000 per annum plus superannuation at 9%. 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 targets for his Business Unit as set at the start of each financial year. On achievement of the monthly target for his Business Unit the company will pay a further 15% of net profit that is above \$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 2013, 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. Despite a tougher year and small decrease in revenue, management were still able to achieve an increase in net profit before tax by 8.11%. As a large proportion of the executives remuneration package is based on net profit outcomes the average executive remuneration also increased. Since 2008, the net profit before tax has grown at an average rate of 25% per annum, whilst the average executive remuneration has increased by an average of 23% per annum. Shareholder wealth has also increased at an average rate of 23% per annum over this period.

This concludes the remuneration report which has been audited.

## SHARE OPTIONS

During the year all the outstanding options were fully exercised. The options granted to Stonebridge Securities Ltd and related parties were to acquire 1,200,000 fully paid ordinary shares, exercisable at \$0.25 expiring on 24 January 2014.

As at 18 February 2013 all options had been fully exercised. The table below is a summary of shares issued.

Date	Option Holder	Options Exercised	Strike Price	Funds Received	Shares Issued	Shareholder
12-Dec-12	SB2 Securities Pty Ltd	100,000	0.25c	\$25,000	100,000	Oldco Nominees Pty Ltd
14-Jan-13	SB2 Securities Pty Ltd	200,000	0.25c	\$50,000	200,000	Oldco Nominees Pty Ltd
14-Jan-13	Exit Out Pty Ltd	200,000	0.25c	\$50,000	200,000	Exit Out Pty Ltd
04-Feb-13	SB2 Securities Pty Ltd	150,000	0.25c	\$37,500	150,000	Oldco Nominees Pty Ltd
04-Feb-13	Exit Out Pty Ltd	200,000	0.25c	\$50,000	200,000	Exit Out Pty Ltd
12-Feb-13	Exit Out Pty Ltd	200,000	0.25c	\$50,000	200,000	Exit Out Pty Ltd
18-Feb-13	SB2 Securities Pty Ltd	150,000	0.25c	\$37,500	150,000	Oldco Nominees Pty Ltd

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Dicker Data Limited paid a premium of \$23,136 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.

## 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.

## 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.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to the requirements of the Product Stewardship (Televisions and Computers) Regulations 2011.

## ROUNDING OF AMOUNTS

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

## OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF BDO

There are no officers of the company who are former audit partners of BDO East Coast Partnership.

## AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

BDO East Coast Partnership continue in office in accordance with section 327 of the Corporations Act 2001. During the year an amount of \$67,230 in fees was paid or payable to the auditor for non-audit services.

*Non-audit services*

The company employs BDO 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 51.

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



David Dicker  
CEO and Chairman  
Sydney, 29 August 2013



# 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 the company 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](http://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 (CEO) 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 CEO and also monitoring the performance of key management personnel.

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

The CEO 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 CEO 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 9 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.

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 CEO 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 has considered the merits of undertaking a review of its performance and the performance of individual directors and has determined that the current size and composition of the board allows for:

- (a) decisions to be made appropriately and expediently;
- (b) a range of different perspectives to be put forward regarding issues before the board;
- (c) a range of different skills to be brought to board deliberations; and
- (d) board decisions to be made in the best interests of Dicker Data as a whole rather than of individual shareholders or interest groups.

As a result of this determination, the Board has chosen not to undertake this review process for the year ended 30 June 2013. It is the view of the Board that the existing composition of the Board is optimal for current stage of the business and that the operations do not require additional skillsets at this point in time to drive the business and shareholder returns.

The Board acknowledges the benefit of establishing a process to review and evaluation the performance of individual directors and the Board as a whole and 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.

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

### **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 its 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. This information is disclosed below.

*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 company has adopted a Continuous Disclosure Policy that 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.

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

The Continuous Disclosure Policy is available on the company website on [www.dickerdata.com.au](http://www.dickerdata.com.au).

#### **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](http://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 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 monitors and receive advice on areas of operational and financial risk, and considers 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, 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 CEO and CFO 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 that will address the issues that would otherwise be considered by the remuneration committee.

*Recommendation 8.2: The remuneration committee should be structured 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. For reasons stated above, the Board does not consider that there is a need for a separate board committee to carry out remuneration-related functions.

*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 ensures 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 currently receive any remuneration for her role. With respect to executives, the Board ensures 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June, 2013

	Notes	2013 \$'000	2012 \$'000
<b>REVENUE</b>			
Sales revenue		451,219	455,036
<i>Other revenue:</i>			
Interest received		4	5
Recoveries		107	592
Other revenue		252	269
	3	<b>451,582</b>	<b>455,902</b>
<b>EXPENSES</b>			
Changes in inventories	4	8,362	1,223
Purchases of inventories	4	(422,206)	(423,146)
Employee benefits expense		(15,780)	(12,767)
Depreciation and amortisation		(700)	(684)
Finance costs	4	(3,455)	(3,149)
Other expenses		(4,543)	(5,114)
		<b>(438,322)</b>	<b>(443,637)</b>
<b>Profit before income tax expense</b>		<b>13,260</b>	<b>12,265</b>
Income tax expense	5	(4,014)	(3,989)
<b>Profit after income tax expense for the year</b>		<b>9,246</b>	<b>8,276</b>
Profit attributable to members of the company		<b>9,246</b>	<b>8,276</b>
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>9,246</b>	<b>8,276</b>
Total comprehensive income attributable to members of the company		<b>9,246</b>	<b>8,276</b>
<b>Earnings per share</b>			
basic earnings per share (cents)	6	7.28	6.55
diluted earnings per share (cents)	6	7.24	6.48

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

## STATEMENT OF FINANCIAL POSITION

As at 30 June, 2013

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	505	222
Trade and other receivables	11	64,429	68,671
Inventories	12	49,685	41,323
<b>Total Current Assets</b>		<b>114,619</b>	<b>110,216</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	13	19,573	16,548
Intangible assets	14	173	93
Deferred tax assets	15	783	621
<b>Total Non-Current Assets</b>		<b>20,529</b>	<b>17,262</b>
<b>TOTAL ASSETS</b>		<b>135,148</b>	<b>127,478</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	47,190	58,520
Borrowings	17	63,187	46,145
Current tax liabilities	15	1,539	1,342
Short-term provisions	18	902	580
<b>Total Current Liabilities</b>		<b>112,818</b>	<b>106,587</b>
<b>Non-Current Liabilities</b>			
Borrowings	17	588	959
Deferred tax liabilities	15	1,254	1,183
Long-term provisions	18	341	202
<b>Total Non-Current Liabilities</b>		<b>2,183</b>	<b>2,343</b>
<b>TOTAL LIABILITIES</b>		<b>115,001</b>	<b>108,930</b>
<b>NET ASSETS</b>		<b>20,147</b>	<b>18,548</b>
<b>EQUITY</b>			
<b>Equity attributable to Equity Holders</b>			
Issued capital	20	1,145	844
Reserves	21	369	370
Retained profits		18,633	17,334
<b>TOTAL EQUITY</b>		<b>20,147</b>	<b>18,548</b>

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, 2013

	Issued Capital	Retained Profits	Share Option Reserve	Capital profits reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2011</b>	<b>540</b>	<b>15,837</b>	<b>5</b>	<b>369</b>	<b>16,751</b>
Profit after income tax for the year	-	8,276	-	-	8,276
Other comprehensive income for the year net of tax	-	-	-	-	-
Total comprehensive income for the year	-	8,276	-	-	8,276
<i>Transactions with owners in their capacity as owners:</i>					
Share Issue	300	-	-	-	300
Share Option Reserve	4	-	(4)	-	-
Dividend Paid (Note 9)	-	(6,780)	-	-	(6,780)
<b>Balance at 30 June 2012</b>	<b>844</b>	<b>17,333</b>	<b>1</b>	<b>369</b>	<b>18,547</b>
Profit after income tax for the year	-	9,246	-	-	9,246
Other comprehensive income for the year net of tax	-	-	-	-	-
Total comprehensive income for the year	-	9,246	-	-	9,246
<i>Transactions with owners in their capacity as owners:</i>					
Share Issue (Note 20)	300	-	-	-	300
Share Option Reserve (Note 20)	1	-	(1)	-	-
Dividend Paid (Note 9)	-	(7,946)	-	-	(7,946)
<b>Balance at 30 June 2013</b>	<b>1,145</b>	<b>18,633</b>	<b>-</b>	<b>369</b>	<b>20,147</b>

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, 2013

	Notes	2013 \$'000	2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		500,462	495,798
Payments to suppliers and employees (inclusive of GST)		(497,720)	(501,911)
Interest received		4	5
Interest and other finance costs paid		(3,455)	(3,149)
Income tax paid		(3,908)	(3,738)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	26	<b>(4,617)</b>	<b>(12,994)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	13	(3,737)	(970)
Proceeds from sale of property, plant and equipment		-	325
Payments for intangibles	14	(103)	(93)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(3,840)</b>	<b>(738)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue	20	301	304
Proceeds/(Repayment) from borrowings		16,671	18,521
Payment of dividends		(8,232)	(4,871)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>		<b>8,740</b>	<b>13,954</b>
<b>NET CASH FLOWS</b>		<b>283</b>	<b>222</b>
Cash at beginning of financial year		222	1
<b>CASH END OF FINANCIAL YEAR</b>	10	<b>505</b>	<b>222</b>

*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, 2013

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 (IFRS).

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 29 August 2013.

### (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 4 years. Amortisation of the asset commenced when the website first became 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 Profit or Loss and Other Comprehensive Income net of supplier rebates and settlement discounts. 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) Rounding of amounts**

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

#### **(t) 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

#### **(u) New Accounting Standards for Application in Future Periods**

Refer to the following page for 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.



**(u) New Accounting Standards for Application in Future Periods:**

<b>AASB No.</b>	<b>Title</b>	<b>Issue Date</b>	<b>Operative Date (Annual reporting periods <u>beginning on</u> or after)</b>
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
119	Employee Benefits	Sep 2011	1 Jan 2013
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 – 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 - 6	Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB9 and Transition Disclosures	Sep 2012	1 Jan 2015
2012 - 9	Amendments AASB 1048 arising from the withdrawal of Australian Interpretation 1039	Dec 2012	1 Jan 2013

## NOTES TO THE FINANCIAL STATEMENTS

### 2. RESTATEMENT OF COMPARATIVES

In the previous year early settlement discounts were incorrectly disclosed as revenue when they should have been treated as a reduction in cost of sales in accordance with AASB102. There is no impact to the net profit reported but comparatives have been restated to reflect this correctly. Extracts for the restatement of the comparatives is disclosed below.

*Extract of Statement of Comprehensive Income*

	2012 As Reported \$'000	Adjustment \$'000	2012 As Restated \$'000
<b>REVENUE AND OTHER INCOME</b>			
Sales revenue	455,036	-	455,036
<i>Other revenue:</i>			
Interest received	5	-	5
Discounts received	746	(746)	-
Recoveries	592	-	592
Other revenue	269	-	269
<b>Total Revenue</b>	<b>456,648</b>	<b>(746)</b>	<b>455,902</b>
<b>EXPENSES</b>			
Changes in inventory	1,223	-	1,223
Consumables used	(423,892)	746	(423,146)
<b>Cost of Sales</b>	<b>(422,669)</b>	<b>746</b>	<b>(421,923)</b>

### 3. REVENUE AND OTHER INCOME

	Note	2013 \$'000	2012 \$'000
<i>Sales revenue:</i>			
Sale of goods		451,219	455,036
<i>Other revenue:</i>			
Interest received		4	5
Discounts received	2	-	-
Recoveries		107	592
Other revenue		252	269
<b>Total Revenue</b>		<b>451,582</b>	<b>455,902</b>

### 4. EXPENSES FOR THE YEAR

Cost of sales	2	413,844	421,923
Finance costs		3,455	3,149
Superannuation expense		1,200	1,015
<i>Other Expenses:</i>			
Insurance		1,147	1,174
Bad and doubtful debts		180	706
Net loss on disposal of non-current assets		31	48
Rental expense – operating leases		28	44

## 5. INCOME TAX EXPENSE

(a) The components of tax expense comprise:		
Current tax	4,090	3,819
Over/(Under) provision in respect of prior years	15	37
	<u>4,105</u>	<u>3,856</u>
Deferred tax	(80)	(119)
Over/(Under) provision in respect of prior years	(11)	252
15	<u>(91)</u>	<u>133</u>
	<u>4,014</u>	<u>3,989</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% (2012: 30%)	3,978	3,679
Add tax effect of:		
Under provision for income tax in prior year	4	289
Non-deductible expenses	32	21
	<u>4,014</u>	<u>3,989</u>
Less tax effect of:		
Investment allowance	-	-
Income tax expense attributable to entity	<u>4,014</u>	<u>3,989</u>
The applicable weighted average effective tax rates are as follows:	30.3%	32.5%

## 6. EARNING PER SHARE

(a) Basic earnings per share (cents) From continuing operations attributable to the ordinary equity holders of the company	7.28	6.55
(b) Diluted earnings per share (cents) From continuing operations attributable to the ordinary equity holders of the company	7.24	6.48
(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	127,016	126,336
Weighted average number of ordinary shares and options granted are used as the denominator in calculating diluted earnings per share	127,700	127,568

## 7. KEY MANAGEMENT PERSONNEL DISCLOSURES

### Compensation

The aggregate compensation made to directors and other members of key management personnel is set out below:

Short-term benefits	2,062	1,754
Post-employment benefits	180	157
Total compensation	<u>2,242</u>	<u>1,910</u>

### Shareholding

The number of shares held during the financial year by each director and other members of key management personnel, including personally related parties is set out below:

2013	Balance at start of year	Additions	Disposals	Balance at end of year
<i>Ordinary Shares</i>				
David Dicker	63,750,000	-	-	63,750,000
Fiona Brown	56,250,000	21,757	1,000	56,270,757
Mary Stojcevski	10,000	40,136	-	50,136
Chris Price	15,500	-	-	15,500
Michael Demetre	10,000	-	-	10,000
Vlad Mitnovetski	24,439	-	-	24,439
	<u>120,059,939</u>	<u>61,893</u>	<u>1,000</u>	<u>120,120,832</u>

2012	Balance at start of year	Additions	Disposals	Balance at end of year
<i>Ordinary Shares</i>				
David Dicker	63,750,000	-	-	63,750,000
Fiona Brown	56,250,000	-	-	56,250,000
Mary Stojcevski	10,000	-	-	10,000
Chris Price	15,500	-	-	15,500
Michael Demetre	10,000	-	-	10,000
Vlad Mitnovetski	14,439	10,000	-	24,439
	<u>120,049,939</u>	<u>10,000</u>	<u>-</u>	<u>120,059,939</u>

## 8. AUDITORS' REMUNERATION

Auditing or reviewing the financial report	99	102
Other services – Tax compliance	67	79
	<u>166</u>	<u>181</u>

## 9. DIVIDENDS

### *Dividends declared and paid in 2013:*

Final dividend - 30 June 2012. Fully franked at \$0.0200 per ordinary share paid 08 October 2012 (2011: \$0.0200)

2,530 2,530

Interim dividend - 30 June 2013. Fully franked at \$0.010 per ordinary share paid 11 January 2013 (2012: \$0.0093)

1,266 1,176

Interim dividend - 30 June 2013. Fully franked at \$0.020 per ordinary share paid 9 April 2013 (2012: \$0.0093)

2,554 1,176

### *Dividend declared 2013 but not yet paid:*

Interim dividend - 30 June 2013. Fully franked at \$0.0125 per ordinary share declared 24 June 2013 and paid 10 July 2013 (2012: \$0.0150)

1,596 1,898

7,946 6,780

The tax rate that dividends have been franked is 30% (2012: 30%)

### *Franking credit balance:*

Franking credits available for subsequent financial years based on a tax rate of 30% (2012: 30%)

6,648 6,146

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

## 10. CASH AND CASH EQUIVALENTS

Cash at bank	505	222
	<u>505</u>	<u>222</u>

## 11. TRADE AND OTHER RECEIVABLES

### Current

Trade debtors	59,052	64,369
Less provision for impairment of receivables	(79)	(104)
	<u>58,973</u>	<u>64,265</u>
Other receivables	5,456	4,406
	<u>64,429</u>	<u>68,671</u>

*Movements in the provision for impairment of receivables:*

Opening balance	104	135
Charge for the year	(25)	(32)
Closing balance	<u>79</u>	<u>104</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 \$3,429,670 as at 30 June 2013 (2012: \$4,495,729). The company did not consider a credit risk on these balances after reviewing credit terms of customers and trading history.

*Past due and impaired :*

Gross Impaired Receivables over 90 days	236	205
Less: Expected Recoveries	(157)	(101)
	<u>79</u>	<u>104</u>

*Past due but not impaired:*

31 - 60 days overdue	3,286	3,556
61 - 90 days overdue	144	940
	<u>3,430</u>	<u>4,496</u>

## 12. INVENTORIES

Current

At cost:		
Stock on hand	50,104	41,687
Less provision for impairment of stock	(419)	(364)
	<u>49,685</u>	<u>41,323</u>

## 13. PROPERTY, PLANT AND EQUIPMENT

Freehold land	6,904	6,904
Buildings	11,772	8,312
Less accumulated depreciation	(575)	(340)
	<u>11,197</u>	<u>7,972</u>
Total land and buildings	<u>18,101</u>	<u>14,876</u>
Fitout Costs - 230 Captain Cook Drive	1,127	1,025
Less accumulated depreciation	(312)	(208)
	<u>815</u>	<u>817</u>

Plant and equipment		1,090	1,127
Less accumulated depreciation		(749)	(687)
		<u>341</u>	<u>440</u>
Motor vehicles		580	710
Less accumulated depreciation		(264)	(295)
		<u>316</u>	<u>415</u>
Total plant and equipment		<u>1,472</u>	<u>1,672</u>
Total property, plant and equipment	13 (a)	<u>19,573</u>	<u>16,548</u>
Carrying amount of assets under finance lease		<u>1,019</u>	<u>1,212</u>

### 13(a) Movement in Carrying Amounts

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

	Freehold land \$000'	Buildings \$000'	Fitout \$000'	Plant and equipment \$000'	Motor vehicles \$000'	Total \$000'
Balance at 1 July 2011	6,904	8,092	938	431	270	16,635
Additions	-	87	-	336	547	970
Disposals	-	-	-	(63)	(310)	(373)
Depreciation expense	-	(207)	(121)	(264)	(92)	(684)
<b>Carrying amount at 30 June 2012</b>	<b>6,904</b>	<b>7,972</b>	<b>817</b>	<b>440</b>	<b>415</b>	<b>16,548</b>
Additions	-	3,462	106	169	-	3,737
Disposals	-	(2)	(3)	(26)	(4)	(35)
Depreciation expense	-	(235)	(105)	(242)	(95)	(677)
<b>Carrying amount at 30 June 2013</b>	<b>6,904</b>	<b>11,197</b>	<b>815</b>	<b>341</b>	<b>316</b>	<b>19,573</b>

### 14. INTANGIBLE ASSETS

Website development – at cost		196	93
Less accumulated amortisation		(23)	-
		<u>173</u>	<u>93</u>

## 15. TAX

### (a) ASSETS

#### Non-current

#### Deferred Tax Assets

*The balance comprises temporary differences attributable to:*

Amounts recognised in profit or loss:

Provision for receivables impairment	24	31
Provision for employee entitlements	373	235
Accrued expenses	130	17
Inventory	102	114
Capitalised expenditure	74	104
Tax losses	-	-

Amounts recognised in equity:

Transaction costs on share issue	80	120
Deferred tax asset	<u>783</u>	<u>621</u>

#### *Movements in Deferred Tax Asset*

Opening Balance	621	798
Credited / (charged) to profit or loss	162	(177)
Credited / (charged) to equity	-	-
Closing Balance	<u>783</u>	<u>621</u>

### (b) LIABILITIES

#### Current

Provision for income tax	1,539	1,342
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#### Non-current

#### Deferred Tax Liability

*The balance comprises temporary differences attributable to:*

Amounts recognised in profit or loss:

Land and Buildings	220	220
Plant and Equipment	74	96
Accrued income	960	867
Deferred tax liability	<u>1,254</u>	<u>1,183</u>

#### *Movements in Deferred Tax Liability*

Opening Balance	1,183	1,226
Credited / (charged) to profit or loss	71	(44)
Credited / (charged) to equity	-	-
Closing Balance	<u>1,254</u>	<u>1,183</u>

## 16. TRADE AND OTHER PAYABLES

#### Current

Trade creditors	43,189	54,809
Unearned Revenue	1,060	1,031
Other creditors	2,941	2,680
	<u>47,191</u>	<u>58,520</u>



## 17. BORROWINGS

### Current

Debtor Finance	43,399	45,988
Purchase finance facility	19,514	-
Lease liability	274	156
	<u>63,187</u>	<u>46,145</u>

### Non-current

Lease liability	<u>588</u>	<u>959</u>
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(a) Total current and non-current secured liabilities:

Debtor Finance	43,399	45,988
Purchase finance facility	19,514	-
Lease liability	862	1,115
	<u>63,775</u>	<u>47,103</u>

(b) The carrying amounts of non-current assets pledged as security are:

Leased assets	1,019	1,223
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(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 purchase finance facility is an unsecured facility.

## 18. PROVISIONS

### Provision for long service leave:

Opening balance at 1 July 2012	365	232
Additional provisions raised	181	174
Amounts used	(8)	(41)
Balance at 30 June 2013	<u>538</u>	<u>365</u>

### Provision for annual leave:

Opening balance at 1 July 2012	417	241
Additional provisions raised	288	176
Balance at 30 June 2013	<u>705</u>	<u>417</u>

### Total Provisions

Opening balance at 1 July 2012	782	473
Additional provisions raised	469	350
Amounts used	(8)	(41)
Balance at 30 June 2013	<u>1,243</u>	<u>782</u>

### Analysis of Total Provisions

Current	902	580
Non-current	341	202
	<u>1,243</u>	<u>782</u>

## 20. ISSUED CAPITAL

	2013		2012	
	\$'000	Shares	\$'000	Shares
Ordinary shares - fully paid	1,145	127,700,000	844	126,500,500

### (a) Ordinary Class Shares

#### *Movements in ordinary share capital*

	Date	\$	Number
Balance at 1 July 2011		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	-
Balance at 30 June 2012		844,057	126,500,000
Shares Issued on exercise of options	12.12.12	25,000	100,000
Shares Issued on exercise of options	14.01.13	100,000	400,000
Shares Issued on exercise of options	04.02.13	87,500	350,000
Shares Issued on exercise of options	12.02.13	50,000	200,000
Shares Issued on exercise of options	18.02.13	37,500	150,000
Share Option reserve		513	-
Balance at 30 June 2013		1,144,570	127,700,000

Fully paid ordinary shares rank equally in all respects. All ordinary shares issued as at 30 June 2013 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

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. All of these options have now been exercised. There are currently no share options outstanding.

### (c) Capital Management

Management controls the capital of the company in order to 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's previously announced dividend policy continues which provides 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.

## 21. 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
	<u>369</u>	<u>370</u>

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.

## 22. 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	189	159
between 12 months and five years	398	346
	<u>587</u>	<u>505</u>
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Balance of road works to be completed	395	3,600

## 23. 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.

### *Transactions with related parties:*

(a) Loans to/(from) directors		
The directors had unsecured loan accounts, which have since been paid out.	-	-

## 24. OPERATING SEGMENTS

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

## 25. FINANCIAL RISK MANAGEMENT

Financial Assets			
Cash and cash equivalents	9	505	222
Loans and receivables	10	<u>65,005</u>	<u>68,670</u>
Total Financial Assets		<u><u>65,510</u></u>	<u><u>68,893</u></u>
Financial Liabilities			
Trade and other payables	16	47,766	58,520
Borrowings	17	<u>63,775</u>	<u>47,103</u>
Total Financial Liabilities		<u><u>111,541</u></u>	<u><u>105,624</u></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 predominantly arises from exposures to customers. 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 \$100,000. 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.

#### *Financial liability maturity analysis*

Financial liabilities due for payment		Within 1 Year	Within 1 Year
Trade and other payables		47,191	58,520
Borrowings		63,187	46,145
Total contractual outflows		<u>110,378</u>	<u>104,665</u>
Financial liabilities due for payment		1 to 5 Years	1 to 5 Years
Borrowings		588	959
Total contractual outflows		<u>588</u>	<u>959</u>
Financial Liabilities			
Trade and other payables	16	47,191	58,520
Borrowings	17	63,775	47,103
Total expected outflows		<u>110,966</u>	<u>105,624</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:

Floating rate instruments			
Debtor finance facility	17	43,399	45,988
Purchase finance facility	17	19,513	-
		<u>62,912</u>	<u>45,988</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 \$440,384 lower/higher (2012: \$321,920 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.

## 26. 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 at bank		505	222
	9	<u>505</u>	<u>222</u>

(b) Reconciliation of cash flow from operations with profit

Profit after income tax 9,246 8,276

*Non-cash flows in profit:*

Depreciation 677 684  
Amortisation In intangibles 23 -

*Changes in Assets & Liabilities:*

Decrease (increase) in current inventories (8,362) (1,223)  
Decrease (increase) in current receivables 4,266 (6,994)  
Decrease (increase) in deferred tax assets (162) 177  
(Decrease) increase in deferred tax liabilities 71 (44)  
(Decrease) increase in payables & Other (11,043) (14,311)  
(Decrease) increase in provisions 436 278  
(Decrease) increase in non-current assets 34 44  
(Decrease) increase in current tax liabilities 197 118

Net cash provided by (used in) operating activities (4,617) (12,994)

(c) Credit Stand-by Arrangement and Loan Facilities

Total facility amount available under our banking arrangements with St George Bank is \$56.8m, which includes debtor financing, asset financing and other working capital facilities. The unused limits of the facility as at balance date amounted to \$11,601,522 (2012: \$9,335,000). A new purchase finance facility was also entered into with Macquarie Bank for \$20m in February 2013. Under the terms of the agreement the facility is available to the company for the purchase of inventory from HP only, the company's largest vendor. The unused limit of this facility as at balance date amounted to \$486,257.

## **27. CONTINGENT LIABILITIES**

The directors are not aware of any contingent liabilities related to the company as at report date.

## **28. EVENTS AFTER BALANCE DATE**

There are no other matters or circumstances that have arisen since 30 June 2013 that have 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.

## DIRECTOR'S DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**David Dicker**  
CEO & Chairman  
Sydney, 29 August 2013



## 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 2013, 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, 29 August 2013

## 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 2013, the statement of profit or loss and other 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 2013 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 pages 11 to 14 of the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

### BDO East Coast Partnership



Arthur Milner  
Partner

Sydney, 29 August 2013

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 8 August 2013

### Ordinary Share Capital

As at 8 August 2013, the issued capital of the Company was 127,700,000 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 options
1 to1,000	26	17,650	-	-
1,001 to 5000	86	270,492	-	-
5,001 to 10,000	310	2,999,204	-	-
10,001 to 100,000	126	2,918,988	-	-
100,000 and over	10	121,493,666	-	-
	<b>558</b>	<b>127,700,000</b>	-	-

There were 4 holders of less than a marketable parcel of ordinary shares.

### Unquoted Options

The Company had no unquoted options on issue as at 30 June 2013 or as at 8 August 2013.

### Twenty largest holders of quoted equity securities

Shareholder	Ordinary shares	
	Number held	Percentage of quoted shares
MR DAVID JOHN DICKER	63,750,000	49.92%
MS FIONA TUDOR BROWN	56,270,757	44.06%
DENMAN INCOME LIMITED	444,000	0.35%
MR ZHEN PENG LI	204,279	0.16%
MARTRE PROPERTIES PTY LIMITED (SUPER FUND ACCOUNT)	190,000	0.15%
MR IAN DAVIES	176,050	0.14%
MR JAMES GORDON MAXWELL MOFFATT	163,597	0.13%
EGP FUND NO 1 PTY LTD	147,000	0.11%
MR RONALD JOHN BOND	113,850	0.09%
MRS MARGARET JOYCE STUART	113,850	0.09%
MR FRANK SIEW KHOON MOK	83,000	0.06%
MR JOSEPH JOHN HILL	76,250	0.06%
MR ALLISTER COOK	66,932	0.05%
FORDHOLM CONSULTANTS PTY LTD (DIANA BOEHME SUPER FUND)	60,000	0.05%
MR BRIAN ROBINS	52,868	0.04%
PKN NOMINEES PTY LTD (EUMER INVEST STAFF SUPER FUND)	50,000	0.04%
MR COLIN CHARLES STONER	50,000	0.04%
MRS MIWA SUMIYOSHI	50,000	0.04%
MR JOHN SLAVIN	46,060	0.04%
<b>Total for top 20</b>	<b>122,108,493</b>	<b>95.62%</b>

## Substantial holders

Substantial holders in the company are set out below:

Name of substantial shareholder	Number of shares held	Percentage of issued shares
Mr David John Dicker	63,750,000	49.92%
Ms Fiona Tudor Brown	56,270,757	44.06%

## 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.