Dicker Data Limited

ABN: 95 000 969 362

Appendix 4D and
Interim Financial Report
Half Year Ended 30 June 2019

Appendix 4D
Results for announcement to the market

Dicker Data Limited
ABN 95 000 969 362

1. Reporting period: **Half Year ended 30 June 2019**
Previous Reporting Period: Half Year ended 30 June 2018

2. Results for announcement to the market

Operating and financial review on comparative period

Results		Movement		Jun-19 (six months) $'000	Jun-18 (six months) $'000
Revenues from ordinary activities	Up	18.7%	to	$852,011	$717,564
Net operating profit before tax*	Up	48.4%	to	$32,282	$21,749*
Net profit before tax	Up	51.2%	to	$32,282	$21,357
Net profit after tax attributable to members	Up	50.5%	to	$23,775	$15,798

**net operating profit before tax normalised excluding one off cost for Employee Share Scheme in prior year comparative period for June 18.*

The six months to June 2019 has seen Dicker Data grow revenue at a rate of 18.7% through growth in both established vendors and new vendors. Profit margins are tracking slightly better to comparative period last year at 9.1% (Jun18: 8.9%), whilst operating costs as a percentage of sales are tracking lower in the period. Net profit before tax finalised at $32.3m, up by 51.2%. Net profit after tax finalising at $23.8m, a growth of 50.5% on comparative period.

For more detailed explanation of the figures, please refer to the interim half year report under review of operations.

3. Net Tangible Assets

	Jun-19	Jun-18
Net tangible asset per ordinary share	0.38	0.30

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

There has been no additions or subtractions to the entity in the current reporting period.

5. Dividends paid

Record Date:	Payment Date:	Dividend/Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-19	01-Mar-19	0.070	$11,250	Final FY18	2018	100%
20-May-19	01-Jun-19	0.050	$8,041	Interim 1 FY19	2019	100%
	Total	**0.120**	**$19,291**			

The total dividends declared and paid during the half financial year were 12.0 cents per share or a total of $19.3m, fully franked.

6. Dividend Reinvestment Plans

The company continued to offer participation in the Dividend Reinvestment Plan (DRP) in the reporting period. Of the total $19.3m dividends paid in the period, $16.0m was paid as cash dividends and $3.2m participated in the DRP.

7. Details of Associates and Joint Venture Entities

Not Applicable

8. Review Report

The financial statements were subject to review by the auditors and the review report is attached as part of the Interim Financial Report.

10. Attachments

The interim Financial Report of Dicker Data Limited for the half year ended 30 June 2019 is attached.

Signed:

David Dicker
CEO and Chairman
Sydney, 28 August 2019

Dicker Data Limited

ABN: 95 000 969 362

Interim Financial Report

Half Year Ended 30 June 2019

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Dicker Data Limited (referred to hereafter as the 'company' or 'parent company') and the entities it controlled at the end of, or during the half year ended 30 June 2019.

Directors

The following persons were directors of Dicker Data Limited for the entire half-year ended and 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
Michael Demetre
Vladimir Mitnovetski
Ian Welch

Principal activities

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

Review of operations

Revenue

The revenue for the consolidated entity for the 6 months to 30 June 2019 was $852.0m (Jun18: $717.6m), up by $134.4m (+18.7%), and tracking ahead of our growth expectations.

Dicker Data has continued to add new vendors and increased the breadth of products offered by existing vendors whilst still driving growth.

In 2018 and H1 2019 Dicker Data added a total of 10 new vendors, contributing an incremental $18.8m in H1 2019. Of the existing vendors (FY 2017 and prior), we saw growth of $115.6m (+16.2%).

At a country level, Australia grew sales revenue by $120.4m (+17.8%) and in New Zealand sales revenue grew by $14.0m (+36.1%).

At a sector level, we maintained strong growth across all business units, with hardware and virtual services sales at $670.2m (+$97.1m, +16.9%), software sales at $176.5m (+$36.9m, +26.4%), and services revenue at $4.0m (+$0.4m, +10.2%).

Gross Profit

Total gross profit (excluding other revenue) was $77.2m (Jun18: $63.6m), an increase of $13.6m or 21.4%. Dicker Data's profit margins have improved in the current period at 9.1%, tracking slightly above FY18 levels at 8.9% largely driven by increase in vendor rebate payments on overachievement of vendor targets.

Operating Expenses

Operating expenses have increased by $2.0m, an increase of 5.1% on the previous corresponding period and at a much lower rate than the revenue increase for the period. As a result operating expenses have declined as a percentage of sales to 4.9% (Jun18: 5.5%). Salary related expenses accounted for the majority of the increase, up by $2.0m (+6.1%) due to increases in achievement-based commissions, increases in employee-related provisions and higher headcount. Average headcount has increased from 420 to 471 (+6%) as we continue to invest in growth portfolios as a result of new vendor additions, for which full value is yet to be realised. There are further investments to be made in headcount in the second half of the financial year.

Depreciation and Amortisation expense increased by $547k to $1.8m compared to prior corresponding period (Jun18: $1.2m). Included in the half year number is $0.7m for amortisation of customer contracts. Also included for the first time in the half year report, with the adoption of the new accounting standards AASB16, is deprecation on the Right to Use Assets (ROUA) for the capitalised leases to the value of $332k.

Finance costs in the reporting period were $2.9m, up $0.2m from the prior year (Jun18: $2.7m) with the company continuing to invest in working capital. Net working capital investment was up to $134.1m (Jun18: $124.4m), an increase of $9.7m.

Profit

Operating profit before tax finalised at $32.3m (Jun18: $21.4m) up by 51.2%. The profit growth is attributable to a combination of revenue growth, increase in gross profit margins and gains in operational leverage with slower increase in costs. Gross profit margins are tracking slightly better to comparative period last year at 9.1% (Jun18: 8.9%), whilst total costs as a percentage of sales are tracking lower in the period at 5.4% (Jun18: 6.1%)

Net Profit after tax increased to $23.8m (Jun18: $15.8m), up by 50.5%.

Earnings per share increased to 14.73 cents (Jun18: 9.84 cents), up by 49.7%.

Statement of Financial Position

Total assets as at 30 June 2019 increased to $520.1m (Dec18: $429.0m), with cash finalising at $24.3m up by $17.7m (Dec18: $6.6m).

The statement of financial position reflected an increase in working capital investment with working capital finishing higher than the previous period. Total investment in net working capital was $133.8m, up by $12.6m from previous year (Jun18: $121.2m). Trade and other receivables were up from the from the previous period to $311.4m (Jun18: $238.7m).

Property, plant and equipment increased to $47.9m (Dec18: $46.8m), an increase of $1.1m mainly related to preliminary capital expenditure in relation to site preparation and some pre-works for the construction of the new distribution centre.

Total liabilities as at 30 June 2019 were $432.8m, up from the prior period (Dec18: $349.0m). Trade and other payables were up $58.5m to $281.5m (Dec18: $223.0m). Total current borrowings increased to $129.8m (Dec18: $70.0m) up by $59.8m, of which $39.78m relates to reclassification of the Corporate Bond from non-current to current with a maturity date in March 2020. The balance of the current borrowings comprises of a receivables purchase facility with Westpac at $90.0m as at 30 June 2019, $20.0m higher than prior period (Dec18: $70.0m), reflecting our increased working capital investment and higher closing cash.

The company has adopted AASB16 for the first time in the half year report. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The Company has adopted the cumulative approach. There is a recognition of the Right of Use Asset in non-current assets to the value of $1.9m and the corresponding lease liability on the balance sheet to the value of $2.4m, of which $768k is a current liability and $1.6m as non-current.

Equity has increased to $87.3m during the period (Dec18: $80.0m). Movements in equity include a reduction in retained earnings includes due to a prior period adjustment to the value of $456k as a result of the adoption of AASB16.

Cash Flow

Net cash generated from operating activities was $15.7m (Jun18: -$10.2), an increase of $25.9m on the comparative period last year.

Outlook

Our business has been evolving, moving even more so to becoming a solution aggregator business focusing on strong value added services for our vendors and partners. The key growth areas for H2 2019 remain around ever increasing demand for Hybrid IT infrastructure, Edge computing and increasing demand for As-a-Service procurement .

During the reporting period we also launched our new division - Dicker Data Financial Services (DDFS). This is a new business to address the ever growing demand for As-a-Service solutions and shift from capital expenditure to operational expenditure. The launch of this division was aimed at assisting our partners to move towards as-a service model and assist with financial growth pains of capital intensive infrastructure expansions. DDFS will offer by the month payment solutions that can be specifically tailored to suit our partners and their customer's varying needs.

Managed Service Providers are the fastest growing partner segment and our vendors are capitalising on it. We are seeing strong adoption of multi-cloud environment: On-Premise, Private and Public Clouds are all experiencing strong double digit growth. Dicker Data's hardware and software defined enterprise grade storage vendors, hyper converged infrastructures, cloud migrations, security, back-up and software analytics technology vendors are all capitalising on these opportunities. 5G wireless technology, AI and machine learning are driving accelerated growth of smart homes, smart cars and smart cities which is moving data analytics and decision making closer to the edge. This represents a huge opportunity for our networking, collaboration and communication brands.

We also expect to see good growth in our device and PC sales in the next 12 months with Microsoft Windows 7 support ending in January 2020. This is expected to drive a major refresh cycle in all corporate and commercial devices moving to Windows 10 Operating System platform.

Based on the growth opportunities outlined above our outlook for H2 2019 remains very positive. The company is confident that it will achieve previous guidance of $51.4m in pre-tax operating profit for FY19.

Significant changes in the state of affairs

Dicker Data Financial Services
A new financial services business was launched during the reporting period trading as Dicker Data Financial Services (DDFS). This new division was established to address the ever growing demand for As-a-Service procurement solutions and to cater for the shift from capital expenditure to an operational consumption based expenditure. DDFS will offer by the month payment solutions that can be specifically tailored to suit our partners and their customer's varying needs. DDFS is uniquely positioned against competing financial solutions from other distributors in the Australian ICT channel because the offering is underpinned by the Company's own balance sheet. By utilising the only direct financing model in the industry, our reseller partners will benefit from Dicker Data's investment into every deal with them, transparency and alignment of common goals at the end of the term and predefined product mix requirement.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Subsequent Events

Sale of Existing Property
On 1 August 2019 the Company announced that it had exchanged contracts for the sale of its current distribution centre at 230 Captain Cook Drive Kurnell NSW. The consideration for the sale was $36m and the transaction was fully settled on 15 August 2019.

The net proceeds from the sale have been applied against debt and then progressively used to fund the construction of the new distribution facility. The Company also entered into a lease back arrangement with the new owner to lease the property for a period of 2 years with an option to extend if required.

New Building Update
The sale of the property comes on the back of the development application approval for the construction of the new distribution centre at 238 Captain Cook Drive Kurnell NSW. The construction tender process is underway with a panel of builders invited to bid for the construction project. Once a builder has been appointed the cost and the expected timeline for capital commitments will be firmed up.

The size of the first stage of the new distribution centre will be 29,000 sqm with 22,000 sqm of it being warehouse and 7,000sqm for office and amenitites areas. This is an increase of 14,000 from the current facility, representing 9,000 sqm more in warehouse space and further 5,000 sqm in office and amenities spaces.

Employee Share Scheme

On 9 August 2019 in recognition of all the work and contribution by our employees, the Company announced an issue of free shares to all eligible employees. Under the share plan staff were offered $1,000 worth of new fully paid ordinary shares for nil monetary consideration. The offer was opened for acceptance until 23rd August 2019 with the shares to be issued on 30 August 2019 at an issue price being the share price close on Thursday 29th August 2019. Total number of new shares expected to be issued to staff under the Employee Share Scheme is approximately 80,000 shares at a value of $465k.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed:

David Dicker
CEO and Chairman
Sydney, 28 August 2019

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www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF DICKER DATA LIMITED

As lead auditor for the review of Dicker Data Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Dicker Data Limited and the entities it controlled during the period.

Tim Aman
Partner

BDO East Coast Partnership

Sydney, 28 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2019

		Consolidated	
		30-Jun-19	30-Jun-18
	Note	$'000	$'000
REVENUE			
Sales revenue	4	850,750	716,361
Other revenue:			
Interest received		76	61
Recoveries		5	48
Other revenue		1,180	1,094
		852,011	**717,564**
EXPENSES			
Changes in inventories		(1,607)	6,525
Purchases of inventories		(771,856)	(659,251)
Employee benefits expense		(34,999)	(32,973)
Depreciation and amortisation		(1,809)	(1,262)
Finance costs		(2,939)	(2,733)
Other expenses		(6,519)	(6,513)
		(819,729)	**(696,207)**
Profit before income tax expense		**32,282**	**21,357**
Income tax expense		(8,507)	(5,559)
Profit after income tax expense for the year		**23,775**	**15,798**
Profit attributable to members of the company		**23,775**	**15,798**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign Currency Translation		55	68
Total comprehensive income for the year		**23,830**	**15,866**
Total comprehensive income attributable to members of the company		**23,830**	**15,866**
Weighted Earnings per share		**Cents**	**Cents**
Basic earnings per share		14.73	9.84
Diluted earnings per share		14.73	9.84

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	Consolidated 30-Jun-19 $'000	31-Dec-18 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		24,353	6,613
Trade and other receivables		311,413	238,741
Inventories		103,882	105,489
Total Current Assets		**439,648**	**350,843**
Non-Current Assets			
Right of Use Asset	8	1,943	-
Property, plant and equipment		47,872	46,765
Intangible assets		27,016	27,709
Deferred tax assets		3,586	3,682
Total Non-Current Assets		**80,417**	**78,156**
TOTAL ASSETS		**520,065**	**428,999**
LIABILITIES			
Current Liabilities			
Trade and other payables		281,474	222,983
Lease Liabilities	8	768	-
Borrowings		129,786	70,000
Current tax liabilities		2,768	1,685
Short-term provisions		9,759	8,448
Total Current Liabilities		**424,555**	**303,116**
Non-Current Liabilities			
Borrowings		-	39,645
Lease Liabilities	8	1,594	-
Deferred tax liabilities		4,640	4,407
Long-term provisions		1,992	1,869
Total Non-Current Liabilities		**8,226**	**45,921**
TOTAL LIABILITIES		**432,781**	**349,037**
NET ASSETS		**87,284**	**79,962**
EQUITY			
Equity attributable to Equity Holders			
Issued capital		61,222	57,982
Reserves		582	527
Retained profits		25,480	21,453
TOTAL EQUITY		**87,284**	**79,962**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

Consolidated	Note	Issued Capital $'000	Retained Profits $'000	Reserves $'000	Total Equity $'000
Balance at 1 January 2018		**56,868**	**17,880**	**135**	**74,883**
Profit after income tax for the year		-	15,798	-	**15,798**
Other comprehensive income for the year net of tax			-	68	**68**
Total comprehensive income for the year		-	15,798	**68**	**15,866**
Transactions with the owners in their capacity as owners:					
Share Issue (DRP)		348	-	-	**348**
Share Issue - Employee Share Scheme (ESS)		392	-	-	**392**
Dividends Paid		-	(14,760)	-	**(14,760)**
Balance at 30 June 2018		**57,608**	**18,918**	**203**	**76,729**
Balance at 1 January 2019		**57,982**	**21,453**	**527**	**79,962**
Impact of change in accounting policy	8	-	(457)	-	**(457)**
Adjusted balance at 1 January 2019		**57,982**	**20,996**	**527**	**79,505**
Profit after income tax for the year		-	23,775	-	**23,775**
Other comprehensive income for the year net of tax			-	55	**55**
Total comprehensive income for the year		-	**23,775**	**55**	**23,830**
Transactions with the owners in their capacity as owners:					
Share Issue (DRP)		3,240	-	-	**3,240**
Dividends Paid	5	-	(19,291)	-	**(19,291)**
Balance at 30 June 2019		**61,222**	**25,480**	**582**	**87,284**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2019

	Note	30-Jun-19 $'000	30-Jun-18 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		867,000	742,591
Payments to suppliers and employees (inclusive of GST)		(841,308)	(743,964)
Interest received		76	61
Interest and other finance costs paid		(2,976)	(2,733)
Income tax paid		(7,096)	(6,199)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**15,696**	**(10,244)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,906)	(968)
NET CASH USED IN INVESTING ACTIVITIES		**(1,906)**	**(968)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown / (Repayments of borrowings)		20,000	22,000
Payment of dividends		(16,050)	(14,020)
NET CASH FROM FINANCING ACTIVITIES		**3,950**	**7,980**
NET CASH FLOWS		17,740	(3,232)
Cash and cash equivalents at the beginning of the period		6,613	9,394
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**24,353**	**6,162**

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

Note 1. Significant accounting policies

These general purpose interim financial statements for the half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New Accounting Standards and Interpretations Adopted in Reporting Period

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).
This Standard has replaced the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The Company has elected to apply the modified retrospective approach on adoption of AASB 16. On initial application there has been $2.1m net right of use asset, $2.4m lease liability and an adjustment to opening retained earnings for the period of $456k. Refer to note 8 for more information.

Note 2. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Note 3. Operating Segments

Identification of Reportable Operating Segments
The consolidated entity is organised into two operating segments: Australia and New Zealand. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). Reportable revenue is for only the one product being the sale of IT goods. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

Intersegment Transactions
There were also some immaterial inventory purchasing transactions during the period. All intersegment transactions are at market rates and have been eliminated on consolidation.

Intersegment Receivables, Payables and Loans
Intersegment loans are initially recognised at the consideration received. Interest on intersegment loans is calculated at market rates. Intersegment loans are eliminated on consolidation.

Operating Segment Information

Consolidated - 30 June 2019	Australia $'000	New Zealand $'000	Eliminations / Unallocated $'000	TOTAL $'000
Revenue				
Sale of goods	798,145	52,605		**850,750**
Other revenue:				
Recoveries	5	-		**5**
Other revenue	1,126	54		**1,180**
Interest revenue	59	17		**76**
Total Revenue	799,335	52,676	-	**852,011**
EBITDA	36,149	805		**36,954**
Depreciation & Amortisation	(1,503)	(306)		**(1,809)**
Interest revenue	59	17		**76**
Finance costs	(2,910)	(29)		**(2,939)**
Profit before income tax	31,795	487	-	**32,282**
Income tax expense	(8,366)	(141)		**(8,507)**
Profit after income tax expense	23,429	346	-	**23,775**
Segment Current Assets	413,628	26,090	(70)	**439,648**
Segment Non Current Assets	78,243	2,174	-	**80,417**
Segment Assets	**491,871**	**28,264**	**(70)**	**520,065**
Segment Current Liabilities	407,083	17,543	(71)	**424,555**
Segment Non Current Liabilities	6,920	1,306	-	**8,226**
Segment Liabilities	**414,003**	**18,849**	**(71)**	**432,781**

Consolidated - 30 June 2018	Australia $'000	New Zealand $'000	Eliminations / Unallocated $'000	TOTAL $'000
Revenue				
Sale of goods	677,706	38,655		**716,361**
Other revenue:				
Recoveries	48	-		**48**
Other revenue	1,041	53		**1,094**
Interest revenue	29	32		**61**
Total Revenue	678,825	38,739	-	**717,564**
EBITDA	24,726	565		**25,291**
Depreciation & Amortisation	(1,217)	(46)		**(1,262)**
Interest revenue	29	32		**61**
Finance costs	(2,733)			**(2,733)**
Profit before income tax	20,805	551	-	**21,357**
Income tax expense	(5,473)	(86)		**(5,559)**
Profit after income tax expense	15,333	465	-	**15,798**
Segment Current Assets	336,935	20,319	(36)	**357,218**
Segment Non Current Assets	78,758	620		**79,378**
Segment Assets	**415,693**	**20,939**	**(36)**	**436,596**
Segment Current Liabilities	302,422	11,868	(36)	**314,254**
Segment Non Current Liabilities	45,613	-		**45,613**
Segment Liabilities	**348,035**	**11,868**	**(36)**	**359,867**

Note 4. Revenue

Sales from contracts with customers
The company sells hardware, software (including software licensing), warranties, logistics and configuration services. The performance promise that is the responsibility of the company is to procure and supply or provide access to these products and services and revenue is recognised at the point of sale. Whilst each revenue stream represents a performance obligation, the performance obligation that is created is to deliver these goods and services hence the entity has determined point of sale as the most relevant way to recognise revenue per performance obligation. The company bears the inventory and credit risk and has pricing control for the products and services supplied. Amounts disclosed as revenue are net of sales returns and any customer rebates. Returns and customer rebates represent a variable consideration but do not represent a judgement by management. There is no constraint on the amount of revenue recognised. In some limited contractual agreements, the company acts as an agent. In such circumstances the revenue is recognised on a net basis.

Disaggregation of revenue
The group has disaggregated the revenue from customer contracts into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- enable users to understand the relationship with revenue segment information provided in Note 3.

For hardware products the performance obligation is satisfied when the products are delivered. For software, subscription and virtual products the performance obligation is satisfied when access is facilitated. For 3rd party warranties the performance obligations is satisfied when the hardware is allocated to a warranty. Services revenue is recognised when the service is performed.

Half Year to 30 June 2019

Product Type	Description	Revenue recognition	Agent/ Principal	AU	NZ	Consolidated
Infrastructure	Hardware products	Point in time	Principal	585,683	21,579	607,262
Virtual Services	Sales of 3rd party warranties and services	Point in time	Principal	62,041	886	62,928
Software	Perpetual and subscription licensing including cloud products	Point in time	Principal	146,383	30,139	176,522
Dicker Data Services	3rd party logistics and configuration services	Point in time	Principal	2,166	1	2,167
Partner Services	Agent commission	Point in time	Agent	1,872	-	1,872
				798,145	**52,605**	**850,750**

Half Year to 30 June 2018

Product Type	Description	Revenue recognition	Agent/ Principal	AU	NZ	Consolidated
Infrastructure	Hardware products	Point in time	Principal	508,271	14,534	522,806
Virtual Services	Sales of 3rd party warranties and services	Point in time	Principal	49,928	333	50,261
Software	Perpetual and subscription licensing including cloud products	Point in time	Principal	115,849	23,779	139,628
Dicker Data Services	3rd party logistics and configuration services	Point in time	Principal	2,083	8	2,091
Partner Services	Agent commission	Point in time	Agent	1,575	-	1,575
				677,706	**38,655**	**716,361**

Note 5. Dividends

Record Date:	Payment Date:	Dividend/Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-19	01-Mar-19	0.070	$11,250	Final FY18	2018	100%
20-May-19	01-Jun-19	0.050	$8,041	Interim 1 FY19	2019	100%
	Total	**0.120**	**$19,291**			

The total dividends declared and paid during the half financial year were 12.0 cents per share or a total of $19.3m, fully franked.

Note 6. Fair Value Measurement

The company has a number of financial instruments which are not measured at fair value in the statement of financial position, including cash, receivables, payables and current borrowings. The fair value of these financial assets and financial liabilities approximates their carrying amount due to their short-term nature. The fair value of the corporate bond is estimated at the face value of the bond.

Note 7. Contingent Liabilities

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

Note 8. Leases

The company leases three properties both in Australia and New Zealand.

Future cash flows to which the company is potentially exposed that are not reflected in the measurement of the right of use and lease liabilities are related to extension options for which the company is uncertain to exercise.

	2019 $'000
Retained Earnings impact of adopting AASB 16	457
Right of Use Asset:	
Balance as at 1 January 2019	2,275
Depreciation Charge for the year	(332)
Closing Balance as at 30 June 2019	**1,943**
Lease Liability:	
Balance at 1 January 2019	**2,362**
Maturity Analysis – contractual discounted cash flows	
Less than one year	768
One to five years	1,594
Total discounted lease liabilities as 30 June 2019	**2,362**

Note 9. Events after the reporting period

Sale of Property
On 1 August 2019 the Company announced that it had exchanged contracts for the sale of its current distribution centre at 230 Captain Cook Drive Kurnell NSW. The consideration for the sale was $36m and the transaction was fully settled on 15 August 2019.

The net proceeds from the sale were applied against debt and then will be progressively used to fund the construction of the new distribution facility. The Company also entered into a lease back arrangement with the new owner to lease the property for a period of 2 years with an option to extend if required. The leaseback arrangement will result in a right of use asset of and a corresponding lease liability of $4,251,319.

Employee Share Scheme
On 9 August 2019 in recognition of all the work and contribution by our employees, the Company announced an issue of free shares to all eligible employees. Under the share plan staff were offered $1,000 worth of new fully paid ordinary shares for nil monetary consideration. The offer was opened for acceptance until 23rd August 2019 with the shares to be issued on 30 August 2019 at an issue price being the share price close on Thursday 29th August 2019. Total number of new shares expected to be issued to staff under the Employee Share Scheme is approximately 80,000 shares at a value of $465k.

No other material events have occurred subsequent to reporting date.

DIRECTOR'S DECLARATION

In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and

- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Signed

David Dicker
CEO
28 August 2019

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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dicker Data Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dicker Data Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

BDO East Coast Partnership

BDO

Tim Aman
Partner

Sydney, 28 August 2019