



**Decision
Data
Computer
Corporation**

100 Whittier Plaza
Horsham, PA 19044-2262
Address Correction Requested

Decision Data Computer Corporation
Second Quarter Report
Six Months Ended May 31, 1984



Dear Shareholder:

We are pleased to announce that income (before income taxes and extraordinary item) was 70% greater and revenues were 33% higher for the second quarter ended May 31, 1984. For the six month period, income (before income taxes and extraordinary item) increased 87% and revenues improved by 41%.

Second quarter revenues were \$33,951,000 compared to \$24,416,000 for the same period in 1983, and income (before income taxes and extraordinary item) was \$2,995,000 compared to the \$1,763,000 reported in 1983. Net income for the second quarter rose to \$1,795,000, or \$23 per share, a 44% increase over the \$1,250,000, or \$17 per share in the second quarter of 1983.

Six Month Results

Revenues for the six month period ended May 31, 1984 rose to \$66,846,000, a 41% improvement, compared to \$47,553,000 in 1983. Income (before income taxes and extraordinary item) for the same period improved by 87%, to \$5,855,000 from \$3,139,000 in 1983. Net income improved 49%, \$3,454,000, or \$44 per share versus \$2,323,000, or \$33 per share for the equivalent period in 1983. At May 31, 1984, backlog was \$29,600,000—a 41% improvement over backlog of \$21,000,000 reported at the end of May, 1983.

New Product Announced

We are pleased to announce another new product: a full-size screen, CRT Work Station which is fully compatible with the IBM Systems/34/36/38. This terminal has many advanced ergonomic features and a unique capability called Work Pad. Work Pad allows the operator to store up to 1920 characters of selected data. The operator can switch from the host system screen to the Work Pad screen and back with a few strokes, scrolling through data or interchanging data between the two screens. Work Pad provides the functionality necessary for people who need to work with more than one piece of information at a time.

Our success in introducing new products has been coupled with continuing improvement in the Customer Service Division, which is now operating profitably. We were able to increase profit margins during the quarter, notwithstanding a higher tax rate and the effects of certain material shortages which are affecting the entire industry. As fiscal 1984 progresses, the contribution anticipated from new products introduced this year and the ongoing improvement in the Customer Service Division should help the Company achieve another year of record revenues and earnings.

Sincerely,

Richard J. Schineller

Richard J. Schineller
President and
Chief Executive Officer
July 25, 1984

Decision Data Computer Corporation and Subsidiaries

Consolidated Statements of Operations
(\$000 omitted except per share amounts)
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	May 31, 1984	May 31, 1983 (1)	May 31, 1984	May 31, 1983 (1)
Revenues:				
Net sales	\$23,800	\$15,648	\$46,995	\$30,467
Maintenance	8,060	6,475	15,615	12,946
Rentals	1,153	1,357	2,239	2,533
Other income	938	936	1,997	1,607
	33,951	24,416	66,846	47,553
Cost and expenses:				
Cost of revenues:				
Net sales	13,025	7,779	25,587	15,115
Maintenance	7,349	6,746	14,572	13,221
Rentals	240	338	610	769
Engineering, design and product development costs	1,579	1,234	3,036	2,351
Selling, general and administrative expenses	8,695	6,397	17,053	12,465
Interest expense	68	159	133	493
	30,956	22,653	60,991	44,414
Income before income taxes and extraordinary item:	2,995	1,763	5,855	3,139
Provision for income taxes	1,200	584	2,401	942
Income before extraordinary item: Extraordinary item:	1,795	1,179	3,454	2,197
Reduction of income taxes due to net operating loss carry forwards	—	71	—	126
Net income	\$ 1,795	\$ 1,250	\$ 3,454	\$ 2,323
Earnings Per Common Share (2):				
Before extraordinary item:	\$.23	\$.16	\$.44	\$.31
Extraordinary item:				
Reduction of income taxes due to net operating loss carry forwards	—	.01	—	.02
Net income	\$.23	\$.17	\$.44	\$.33

(1) Restated to conform with current classifications.

(2) Earnings per common share have been computed based on the weighted average number of shares outstanding during the periods plus the equivalent shares that would result from the exercise of dilutive stock options, stock purchase warrants and stock appreciation rights. In connection with computing earnings per share, it was assumed that through the period from December 1, 1982 to January 25, 1983, the warrant held by Data Recording Instrument Company Limited ("DRI") for 2.8 million shares of the Company's common stock was exercised and paid for, in part, by the \$7 million subordinated promissory note held by DRI. The Company repurchased the warrant held by DRI on January 26, 1983. The interest expense of \$150,000 for 1983, incurred on the DRI note, net of related tax effect, was added back to determine the pro forma net income used in the computation of earnings per share for the six month period ended May 31, 1983.

Decision Data Computer Corporation and Subsidiaries

Consolidated Balance Sheets
(\$000 omitted)

	May 31, 1984 (Unaudited)	November 30, 1983
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,554	\$ 9,198
Receivables, net of reserves	21,759	15,107
Inventories, net of reserves	24,045	22,160
Prepaid expenses	890	572
Deferred income taxes	2,339	2,052
Total current assets	55,587	49,089
Long-term receivables	3,654	3,877
Rental equipment, at cost, less accumulated depreciation of \$7,720 in 1984 and \$9,167 in 1983	3,987	3,728
Property, at cost:		
Tooling	1,211	1,105
Machinery and equipment	7,110	6,284
Furniture, fixtures and leasehold improvements	2,486	1,889
	10,807	9,278
Less accumulated depreciation and amortization	(5,026)	(4,329)
Other assets	5,781	4,949
	251	295
	\$69,260	\$61,938
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt:	\$ 287	\$ 175
Accounts payable	9,955	8,075
Accrued expenses	8,036	6,608
Income taxes	1,664	1,970
Total current liabilities	19,942	16,828
Long-term debt	1,244	937
Deferred income taxes	1,630	1,436
Shareholders' Equity:		
Common stock, \$10 par value, authorized 20,000,000 shares, issued 7,783,717 in 1984 and 7,692,169 in 1983:	778	769
Additional paid-in capital	37,028	36,475
Retained earnings	9,221	5,767
Less common shares held in treasury, at cost:		
41,426 shares in 1984 and 1983	(274)	(274)
Foreign currency translation adjustment	(309)	—
Total shareholders' equity	46,444	42,737
	\$69,260	\$61,938