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Address Correction Requested



1 Decision Data

First
Quarter
Report

Three Months
Ended
February 28, 1985



Dear Shareholder:

Following four years of successive increases in both revenues and income before extraordinary items, we enter 1985 with first quarter results showing a strong 56% increase in net income, generated by a 31% increase in revenues.

Revenues for the first quarter ended February 28, 1985 were \$43,022,000, 31% higher than the \$32,895,000 reported for the first quarter of 1984. Pre-tax income (before income taxes) was \$4,375,000, 53% greater than the \$2,860,000 earned in 1984. Net income showed even greater increases for the comparable quarters: 56% higher, \$2,581,000, or \$.32 a share, compared to \$1,659,000, or \$.21 per share in the first quarter of 1984.

Backlog

Backlog rose 15% to \$31,273,000 at February 28, 1985, compared to \$27,100,000 at the close of the first quarter of 1984. In view of recent industry reports of a slower growth in orders for minicomputer products, your Company is closely monitoring market demand.

Product News

Product enhancements and an important new printer were introduced during the quarter, including:

- a high-speed matrix line printer featuring correspondence-quality print and high-quality graphics
- an amber screen option for the 14-inch CRT Work Station
- a high-resolution color monitor for the Computing Work Station
- a new word processing software applications package for use on the letter-quality printer.

Stock Offering

In February, your Company successfully completed an offering of 1,432,740 shares of its Common Stock realizing \$25 million. A portion of the proceeds (\$1,495,000 in cash plus \$1,333,000 in shares of the Company's Common Stock) was used to acquire Decision Restaurant Systems Corporation, a producer of computerized, turnkey restaurant-management control systems.

Decision Data Service Inc. continues to develop its third-party maintenance business. DDSI now services Texas Instruments business-computer products nationwide. International Computerized Telemarketing, Inc., became profitable in less than one year of operation. ICT uses sophisticated computerized telemarketing techniques to market a wide array of products and services. Its roster of clients includes such prestigious companies as Aetna Insurance, United States Trust Company and Bell Atlantic Mobile Systems.

Sincerely,
Richard J. Schineller
Richard J. Schineller
President and
Chief Executive Officer

Decision Data Corporation and Subsidiaries

Consolidated Statements of Operations

(\$000 Omitted Except Per Share Amounts)
(Unaudited)

	For the Three Months Ended	
	February 28, 1985	February 29, 1984 ⁽¹⁾
Revenues		
Net sales	\$31,865	\$23,195
Maintenance	9,317	7,555
Rentals	942	1,086
Other income	898	1,059
	43,022	32,895
Cost and Expenses		
Cost of revenues		
Net sales	17,462	13,202
Maintenance	7,711	6,583
Rentals	372	370
Engineering, design and product development costs	1,913	1,457
Selling, general and administrative expenses	11,093	8,358
Interest expense	96	65
	38,647	30,035
Income Before Income Taxes	4,375	2,860
Provision for income taxes	1,794	1,201
Net Income	\$ 2,581	\$ 1,659
Earnings Per Common Share⁽²⁾:		
Net income	\$.32	\$.21

⁽¹⁾ Revalued 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.

Consolidated Balance Sheets

(\$000 omitted)

	February 28, 1985	November 30, 1984
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 19,134	\$ 5,067
Receivables, net of reserves	32,045	25,998
Inventories, net of reserves	41,476	38,965
Prepaid expenses	858	1,268
Deferred income taxes	5,110	4,083
Total current assets	98,623	73,371
Long-Term Receivables	2,732	3,301
Rental Equipment , at cost, less accumulated depreciation of \$9,644 in 1985 and \$9,689 in 1984	2,388	2,423
Property , at cost		
Tooling	1,407	1,288
Machinery and equipment	12,310	8,635
Furniture, fixtures and leasehold improvements	4,007	3,532
	17,724	13,455
Less accumulated depreciation and amortization	(6,494)	(5,964)
	11,230	7,491
Other Assets	407	379
	\$115,380	\$86,965
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 337	\$ 324
Accounts payable	12,062	12,444
Accrued expenses	9,352	12,321
Deferred revenues	2,166	1,659
Income taxes	7,670	5,873
Total current liabilities	31,587	32,621
Long-Term Debt	1,307	1,287
Deferred Income Taxes	2,160	1,551
Shareholders' Equity:		
Common stock, \$.10 par value, authorized 20,000,000 shares, issued 9,361,348 in 1985 and 7,843,959 shares in 1984	936	784
Additional paid-in capital	64,123	37,830
Retained earnings	16,334	13,753
Less common shares held in treasury, at cost: 46,638 shares in 1985 and 46,197 shares in 1984	(329)	(322)
Foreign currency translation adjustment	(738)	(539)
Total shareholders' equity	80,326	51,506
	\$115,380	\$86,965