



ABN 54 091 908 726

**Financial Report
for the half-year ended 31 December 2009**

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Corporate Information

ABN 54 091 908 726

This half-year report covers the consolidated entity comprising DataDot Technology Limited (DDT) and its subsidiaries. The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on page 4. The Directors' Report is unaudited and does not form part of the financial report.

DIRECTORS	COMPANY SECRETARY	REGISTERED OFFICE
Mr B. Rathie (Chairman) Mr B. Bootle (Chief Executive Officer) Mr G. Flowers Ms C. Lo Lin Sye	Mr G.J. Loughlin	Unit 9 19 Rodborough Road Frenchs Forest NSW 2086 Phone (02) 8977 4900 Fax (02) 9975 4700
AUDITORS	BANKERS	COMPANY WEBSITE
PKF Level 10 1 Margaret Street Sydney NSW 2000	National Australia Bank Northern Beaches BBC Level 1, 818 Pittwater Road Dee Why NSW 2099	www.datadotdna.com
SHARE REGISTER	STOCK EXCHANGE	OTHER INFORMATION
Ordinary shares and Options Registries Ltd Level 7, 207 Kent Street Sydney NSW 2000 Phone 1300 737 760 Fax 1300 653 459	The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.	DataDot Technology Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2009.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr B. Rathie (Chairman) – appointed 16 October 2009
Mr B.W. Bootle (Managing Director and Chief Executive Officer)
Mr A.R. Farrar – resigned 16 October 2009
Mr G. Flowers
Ms C. Lo Lin Sye
Mr M. George - resigned 18 February 2010

REVIEW AND RESULTS OF OPERATIONS

The underlying earnings of the company represented by Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and before Impairment Losses (net of Government Grants) from the continuing operations of DataDot Technology Limited (DDT) increased by \$1,509,054 up from (\$704,888) to \$804,166.

Trading conditions for DDT over the reporting period improved in most regions with total revenues from the continuing operations increasing by \$1,117,561 (28.1%) from \$3,974,402 to \$5,091,963. Revenue from DataDot Technology (UK) Limited (DDUK) increased by \$1,639,358 (669%) from \$245,034 to \$1,884,392. This was partially offset by reductions in revenue from DataDot Technology (Australia) Pty Limited (DDA) (down 10.6%) and DataDot Technology USA, Inc. (DDUS) (down 12.0%).

As detailed in DDT's 2009 Annual Report, DataDot South Africa (Proprietary) Limited (DDSA) is now reflected in the financial statements as a discontinued operation of DDT and prior year income statements and segment information have been restated accordingly.

Consolidated net profit from continuing operations after income tax for the half-year was \$632,300 (2008: loss of \$7,641,398). This reflects the results of the restructure undertaken in 2009 transitioning DDT to an NPAT-driven culture.

DATADOT TECHNOLOGY LTD – HALF-YEAR REPORT

Directors' Report (continued)

REVIEW AND RESULTS OF OPERATIONS (continued)

The Group's half-year Earnings Before Interest and Tax (EBIT), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and EBITDA before Impairment Losses net of Government Grants from continuing operations for the prior period are disclosed below.

Continuing Operations	2009 \$	2008 \$
Profit /(Loss) after income tax	632,300	(7,641,398)
Add back:		
Income Tax Expense	4,943	1,089,415
Interest Expense	25,431	31,824
Profit /(Loss) before Interest and Tax (EBIT)	662,674	(6,520,159)
Add back:		
Depreciation and amortisation expense	141,492	226,366
Profit /(Loss) before interest, tax, depreciation and amortisation (EBITDA)	804,166	(6,293,793)
Add back:		
Impairment losses net of government grants	-	5,588,905
EBITDA before impairment losses net of government grants	804,166	(704,888)

Australasia

Product sales for the half-year decreased by \$382,778 (10.6%) from \$3,614,436 to \$3,231,658, primarily due to the loss of one auto OEM customer during the period. Increased sales from DataDot Taiwan helped to offset this decline. Net profit increased to \$1,299,384 from \$1,041,481, an increase of \$257,903 (24.8%), reflecting production efficiencies and the focus on cost containment implemented during 2009.

United States

The half-year loss in the United States operations was reduced by \$168,187 (53.7%) from \$313,366 in 2008 to \$145,179 in 2009 despite a decline in sales revenue of \$61,101 (12.0%) from \$508,738 to \$447,737. The global focus on cost containment has reduced costs and more savings are yet to be realised.

Europe

The growth in European revenues continued with sales \$1,639,358(669.0%) higher than the same period last year (2009: \$1,884,392 compared to 2008: \$245,034). Net profit increased to \$738,850 from a loss of \$80,787, an increase of \$819,637.

Joint Venture – DataTraceDNA Pty Limited

The share of loss from the DataTraceDNA Pty Limited joint venture was \$59,808 for the half-year ended 31 December 2009 (2008:195,452), an improvement of \$135,644 (69.4%). Management continues to build the sales pipeline and Research and Development is restricted to customer funded activities.

Directors' Report (continued)

REVIEW AND RESULTS OF OPERATIONS (continued)

AgTechnix

In October 2009, DDT announced the development of a new seed protection technology that is being commercialised through AgTechnix Pty Limited, a 51% majority owned subsidiary of DataDot Technology Limited. It is anticipated that final documentation setting up this structure will be completed shortly. Sales and marketing activities are continuing, while at the same time, the technology is undergoing testing in a controlled environment by a number of international seed breeding companies who are prospective customers. The immaterial costs incurred to date have been absorbed by DDT and Ipeco Pty Limited (the 49% minority shareholder of AgTechnix Pty Limited).

In conclusion, Directors are very pleased with the performance of the business during this period given difficult economic conditions generally, the state of the auto industry specifically, restrained availability of capital and distracting corporate issues. Management is to be commended for delivering such a good turnaround result in this challenging period.

The company continues to aggressively pursue revenue growth in its core operations as well as roll out new products and applications. There is ongoing focus on cost control and it is expected that these initiatives will deliver results going forward.

The auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 7 and forms part of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



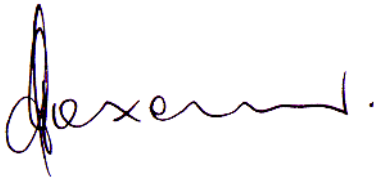
B. Rathie
Chairman
Sydney, 19th February 2010

Auditor's Independence Declaration

As lead auditor for the review of DataDot Technology Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of DataDot Technology Limited and the entities it controlled during the half year.

**PKF**

Grant Saxon
Partner

19 February 2010
Sydney

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Statement of Financial Position

As at 31 December 2009

	Note	Consolidated	
		31.12.09	30.06.09
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,571,195	761,490
Trade and other receivables		1,771,596	2,214,732
Inventories		589,443	631,191
Total Current Assets		3,932,234	3,607,413
Non-Current Assets			
Plant and equipment		583,805	759,472
Investment accounted for using the equity method		25,192	-
Intangible assets		338,500	300,347
Total Non-Current Assets		947,497	1,059,819
TOTAL ASSETS		4,879,731	4,667,232
LIABILITIES			
Current Liabilities			
Trade and other payables		1,007,112	1,044,340
Interest-bearing loans and borrowings		23,422	232,063
Provisions		642,945	747,818
Total Current Liabilities		1,673,479	2,024,221
Non-Current Liabilities			
Interest-bearing loans and borrowings		-	4,733
Other non-current liabilities		344,552	379,446
Provisions		5,513	7,263
Total Non-Current liabilities		350,065	391,442
TOTAL LIABILITIES		2,023,544	2,415,663
NET ASSETS		2,856,187	2,251,569
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity		28,034,195	28,151,106
Accumulated losses		(25,667,092)	(26,299,392)
Reserves		489,084	399,855
Parent interests		2,856,187	2,251,569
Outside equity interests		-	-
TOTAL EQUITY		2,856,187	2,251,569

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Statement of Comprehensive Income

For the Half-Year Ended 31 December 2009

	Note	Consolidated	
		31.12.09	31.12.08
		\$	\$
Continuing operations			
Sale of goods		4,634,545	3,448,881
Rendering of services		353,389	433,923
Licence fees		11,178	21,965
Royalties		86,405	56,224
Finance revenue	4(a)(i)	6,446	13,409
Revenue		5,091,963	3,974,402
Cost of sales		(1,458,078)	(1,274,838)
Gross Profit		3,633,885	2,699,564
Other income	4(a)(ii)	-	1,357,797
Employee benefits expense		(1,334,148)	(1,621,489)
Administrative expenses		(789,833)	(836,871)
Advertising and promotional expenses		(139,062)	(308,427)
Occupancy expenses		(184,271)	(214,412)
Travel expenses		(86,340)	(206,610)
Finance costs	4(a)(iii)	(25,431)	(31,824)
Depreciation and amortisation expense		(141,492)	(226,366)
Bad and doubtful debts		(37,523)	(21,191)
Restructuring expenses		(198,734)	-
Impairment Losses		-	(6,946,702)
Share of profit /(loss) of joint venture		(59,808)	(195,452)
Profit / (loss) from continuing operations before income tax		637,243	(6,551,983)
Income tax expense	4(b)	(4,943)	(1,089,415)
Net profit / (loss) from continuing operations after income tax		632,300	(7,641,398)
Discontinued Operations			
Profit from discontinued operations after income tax		-	25,020
Net Profit / (Loss) for the period		632,300	(7,616,378)
Other comprehensive income			
Foreign currency translation		89,229	626,812
Other comprehensive income for the period net of tax		89,229	626,812
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		721,529	(6,989,566)

Statement of Comprehensive Income (continued)

For the Half-Year Ended 31 December 2009

	Note	Consolidated	
		31.12.09	31.12.08
		\$	\$
PROFIT FOR THE PERIOD IS ATTRIBUTED TO:			
Profit attributable to outside equity interest		-	129,268
Owners of the parent		632,300	(7,745,646)
		<u>632,300</u>	<u>(7,616,378)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
Profit attributable to outside equity interest		-	129,268
Owners of the parent		721,529	(7,118,834)
		<u>721,529</u>	<u>(6,989,566)</u>
		Cents	Cents
Earnings per share attributable to the equity holders of the parent:			
- basic and dilutive, earnings per share		0.18	(2.08)

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Statement of Changes in Equity

For the Half-Year Ended 31 December 2009

	Attributable to equity holders of the parent					
	Ordinary shares	Accumulated losses	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
At 1 July 2009	28,151,106	(26,299,392)	399,855	2,251,569	-	2,251,569
Profit for the period	-	632,300	-	632,300	-	632,300
Other comprehensive income	-	-	89,229	89,229	-	89,229
Total comprehensive income for the half-year	-	632,300	89,229	721,529	-	721,529
Transactions with owners in their capacity as owners						
Shares issued	-	-	-	-	-	-
Transaction costs on share issue *	(116,911)	-	-	(116,911)	-	(116,911)
Share-based payments	-	-	-	-	-	-
At 31 December 2009	28,034,195	(25,667,092)	489,084	2,856,187	-	2,856,187
At 1 July 2008	26,456,519	(15,185,063)	(368,758)	10,902,698	470,373	11,373,071
Profit (Loss) for the period	-	(7,745,646)	-	(7,745,646)	129,268	(7,616,378)
Other comprehensive income	-	-	626,812	626,812	-	626,812
Total comprehensive income for the half-year	-	(7,745,646)	626,812	(7,118,834)	129,268	(6,989,566)
Transactions with owners in their capacity as owners						
Shares issued	-	-	-	-	-	-
Transaction costs on share issue	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
At 31 December 2008	26,456,519	(22,930,709)	258,054	3,783,864	599,641	4,383,505

* Transaction costs on share issue in the current period relate to unforeseen legal costs incurred in redistributing shares pursuant to an order of the Takeovers Panel dated 26 June 2009.

Statement of Cash Flows

For the Half-Year Ended 31 December 2009

	Note	Consolidated	
		31.12.09	31.12.08
		\$	\$
Cash flows from /(used in) operating activities			
Receipts from customers (inclusive of GST)		5,647,444	6,533,927
Payments to suppliers and employees (inclusive of GST)		(4,103,646)	(6,811,355)
Interest paid		(10,457)	(16,469)
Income tax paid		(4,943)	(97,982)
Net cash flows from /(used in) operating activities		1,528,398	(391,879)
Cash flows from /(used in) investing activities			
Proceeds from sale of plant and equipment		82,745	-
Interest received		1,600	15,477
Purchase of plant and equipment		(16,079)	(71,892)
Purchase of investment accounted for using the equity method		(85,000)	(711,953)
Payment for development expenditure		(70,644)	(66,815)
Receipt of Government Grant		-	55,366
Proceeds/(payments) from/(to) related party loans		(174,732)	324,800
Net cash flows used in investing activities		(262,110)	(455,017)
Cash flows from financing activities			
Transaction costs from issues of shares		(116,911)	-
Repayment of borrowings		(210,357)	(32,146)
Repayment of finance lease payments		(109,887)	(57,046)
Net cash flows from financing activities		(437,155)	(89,192)
Net increase / (decrease) in cash held		829,133	(936,088)
Net foreign exchange differences		(19,428)	78,260
Cash at beginning of period		761,490	2,639,463
Cash at end of period	5	1,571,195	1,781,635

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. Corporate Information

The half-year financial report of DataDot Technology Limited (the Company), for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 19 February 2010.

DataDot Technology Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

2. Basis of Preparation and Accounting Policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared on the basis of a going concern and in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by DataDot Technology Ltd during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

Significant accounting policies

The accounting policies applied in preparing the financial statements for the half-year ended 31 December 2009 are consistent with those applied in presenting the comparative information presented in these financial statements and are the same as those applied by DataDot Technology Limited in its consolidated financial report for the year ended 30 June 2009 except as outlined below:

- (a) Revised AASB 101 *Presentation of Financial Statements* is applicable to annual reporting periods commencing on or after 1 January 2009. The standard results in changes to the financial statements including the addition of a Statement of Comprehensive Income. This standard does not result in any changes to the financial results but affects how the results are presented.
- (b) AASB 8 *Operating Segments* is applicable to annual reporting periods commencing on or after 1 January 2009. The change from the previous standard (AASB 114 *Segment Reporting*) to this standard has resulted in the changes as outlined in Note 3 to the Financial Statements.

DATADOT TECHNOLOGY LTD – HALF-YEAR REPORT

Notes to the Financial Statements (Continued)

3. Operating Segments

DataDot Technology Limited has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The operating segments are identified by management based on the location of the selling segment. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Accounting policies and inter- segment transactions

The accounting policies used by the group in reporting segments internally is the same as those used in note 2 to the accounts and in the prior annual report.

The following tables present the revenue, profit/ (loss) before tax, assets and liabilities information regarding operating segments for the half-year periods ended 31 December 2009 and 31 December 2008.

	<i>Continuing Operations</i>			<i>Total</i>	<i>Discontinued Operations *</i>	<i>Total Operations</i>
	<i>Australasia</i>	<i>USA</i>	<i>Europe</i>		<i>South Africa</i>	
Half-year ended 31 December 2009	\$	\$	\$	\$	\$	\$
Revenue						
Sales to external customers	2,596,883	283,386	1,754,276	4,634,545	-	4,634,545
Other revenues from external customers	437,173	13,799	-	450,972	-	450,972
Inter-segment sales	197,602	150,552	130,116	478,270	-	478,270
Total segment revenue	3,231,658	447,737	1,884,392	5,563,787	-	5,563,787
<i>Proportionately consolidated revenue</i>						
Inter-segment elimination				(478,270)	-	(478,270)
Other revenue				6,446	-	6,446
Total revenue per the statement of comprehensive income				5,091,963	-	5,091,963
Result						
Segment Result	1,299,384	(145,179)	738,350	1,892,555	-	1,892,555
Unallocated expenses				(1,170,073)	-	(1,170,073)
Profit before tax and finance costs				722,482	-	722,482
Finance costs				(25,431)	-	(25,431)
Share of loss of joint venture				(59,808)	-	(59,808)
Net profit before income tax per statement of comprehensive income				637,243	-	637,243
Segment Assets						
Investment in joint venture	25,192			25,192	-	25,192
Unallocated assets				783,930	-	783,930
Total assets	2,517,965	350,552	1,202,092	4,070,609	-	4,070,609
Segment Liabilities						
Unallocated liabilities	413,588	42,090	491,304	946,982	-	946,982
Total liabilities	413,588	42,090	491,304	1,076,562	-	1,076,562
Total liabilities	2,023,544	2,023,544	2,023,544	2,023,544	-	2,023,544

DATADOT TECHNOLOGY LTD – HALF-YEAR REPORT

Notes to the Financial Statements (Continued)

3. Operating Segments (Continued)

Half-year ended 31 December 2008	<i>Continuing Operations</i>			<i>Total</i>	<i>Discontinued Operations *</i>	<i>Total Operations</i>
	<i>Australasia</i>	<i>USA</i>	<i>Europe</i>		<i>South Africa</i>	<i>Operations</i>
	\$	\$	\$	\$	\$	\$
Revenue						
Sales to external customers	2,865,824	338,023	245,034	3,448,881	1,343,887	4,792,768
Other revenues from external customers	430,293	25,595	-	455,888	-	455,888
Inter-segment sales	318,319	145,122	-	463,441	-	463,441
Total segment revenue	3,614,436	508,740	245,034	4,368,210	1,343,887	5,712,097
<i>Proportionately consolidated revenue</i>						
Inter-segment elimination				(463,441)	-	(463,441)
Other revenue				69,633	39,500	109,133
Total revenue per the statement of comprehensive income				3,974,402	1,383,387	5,357,789
Result						
Segment Result	1,041,481	(313,366)	(80,787)	647,328	156,295	803,623
Unallocated expenses				(6,972,035)	-	(6,972,035)
Profit before tax and finance costs				(6,324,707)	156,295	(6,168,412)
Finance costs				(31,824)	(244)	(32,068)
Share of loss of joint venture				(195,452)	-	(195,452)
Net (loss)/profit before income tax per statement of comprehensive income				(6,551,983)	156,051	(6,395,932)
Income tax expense				(1,089,415)	(131,031)	(1,220,446)
Net (loss)/profit after income tax per statement of comprehensive income				(7,641,398)	25,020	(7,616,378)
Segment Assets	2,743,521	713,721	478,903	3,936,145	1,779,595	5,715,740
Investment in joint venture	808,406			808,406	-	808,406
Unallocated assets				886,577	-	886,577
Total assets				5,631,128	1,779,595	7,410,723
Segment Liabilities	705,680	175,839	487,205	1,368,724	179,599	1,548,323
Unallocated liabilities				1,478,895	-	1,478,895
Total liabilities				2,847,619	179,599	3,027,218

* On 11 March 2009, DataDot Technology Limited decided to progressively dispose of the Company's 42.5% equity interest in DataDot Technology South Africa (Proprietary) Limited (DDSA) to the two South African shareholders who manage DDSA. Effective 11 March 2009, DDSA became a deconsolidated entity and DDSA results are shown as a discontinued operation. Refer to Note 9 of the 2009 Annual Report for additional information regarding Discontinued Operations.

DATADOT TECHNOLOGY LTD – HALF-YEAR REPORT

Notes to the Financial Statements (Continued)

4. Revenue, Income and Expenses

	Consolidated	
	31.12.09	31.12.08
	\$	\$
(a) Revenue, Income and Expenses from Continuing Operations		
<i>(i) Breakdown of finance revenue:</i>		
Bank interest receivable	1,600	8,630
Interest receivable on loans:		
- Other interest income	4,846	4,779
Total finance revenue (on historical cost basis)	6,446	13,409
<i>(ii) Other income</i>		
Government grants:		
- Government grants released	-	1,357,797
	-	1,357,797
<i>(iii) Finance costs</i>		
Bank loans and overdrafts	3,957	4,777
Other loans (including convertible note interest)	14,974	16,043
Finance charges payable under finance leases and hire purchase contracts	6,500	11,004
Total finance costs (on historical cost basis)	25,431	31,824
(b) Income tax expense		
Income tax expense	4,943	1,089,415
Total income tax expense	4,943	1,089,415

At 31 December 2009, no deferred tax assets in respect of losses have been recognised. Deferred tax assets and liabilities in respect of temporary differences have been offset against each other with nil impact on the profit and loss.

At 31 December 2008, in recognition of the poor financial performance of the United State subsidiary and the significant downturn in the US auto industry, the Directors of DataDot Technology Limited decided to write-down the carrying value of tax losses in the US operations. These carried forward tax losses had previously been recognised as a deferred tax asset during the 2008 financial year.

DATADOT TECHNOLOGY LTD – HALF-YEAR REPORT

Notes to the Financial Statements (Continued)

5. Cash and Cash Equivalents

	Consolidated	
	31.12.09	31.12.08
	\$	\$
For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	1,571,195	1,781,636
	<u>1,571,195</u>	<u>1,781,636</u>

6. Dividends Paid or Proposed

No dividends were declared or paid during the half-year (2008: Nil).

7. Commitments and Contingencies - Contingent liabilities

DataTraceDNA Pty Ltd

On the 31st of October, 2005 the Company entered into a number of agreements with the CSIRO establishing DataTraceDNA Pty Ltd as a jointly controlled entity. Under the terms of the agreement, the Company is required to contribute working capital until the Directors of DataTraceDNA determine that the joint venture entity has consistent positive cash flows to support itself.

Legal Claims

All potential claims referred to in the 2009 Annual Report were resolved and provisions made for all settlements during the reporting period. Any amounts that had not already been provided for have been included in the current period in restructuring expenses.

Guarantees

Included in payables to other parties is an amount of £193,225 (\$344,552) which DataDot Technology (UK) Ltd (DDUK) has borrowed on an interest free basis. The loan, which is guaranteed by the Company, is repayable on the earlier of the termination of the DDUK shareholders agreement, the DDUK licence agreement and 15 December 2012.

Insurance Company Initiative

Included in provisions is \$10,510 (30 June 2008: \$1,110) being an estimate of amounts payable that may arise under a sales agreement with an insurance company under which the Company has agreed to remit the insurance policy excess on behalf of insurance policy holders who have applied dots to their vehicles and whose vehicles have been stolen. The estimate is based on the probability of claims being made. Should these estimates prove incorrect then an adjustment may have to be made to either increase or decrease the amount due and payable.

DATADOT TECHNOLOGY LTD – HALF-YEAR REPORT

Notes to the Financial Statements (Continued)

8. Related Party Disclosures

The following table provides the total amount of transactions that were entered into with related parties for the half-year ended 31 December 2009 and 2008.

<i>Related party</i>		<i>Service fees to related parties</i> \$	<i>Amounts owed by related parties</i> \$
Joint venture in which the parent is a venturer			
DataTraceDNA Pty Limited	2009	350,767	84,568
	2008	425,293	143,343

Terms and condition of transactions with related parties

Sales to related parties are made in accordance with the Management Services Agreement under which the Company has been contracted to provide management services to DataTraceDNA Pty Limited.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

For the half-year ended 31 December 2009, the Company has not made any allowance for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2008: \$nil).

9. Events after the Balance Sheet Date

On 22 January 2010, the Company announced that DataTraceDNA Pty Ltd, the joint venture company owned by DataDot Technology Limited and CSIRO, has jointly developed with South African company Holomatrix (Pty) Limited a method of authenticating and identifying large scale electrical conductors used by utility companies. AuthentiCable enables electrical conductor manufacturers and owners of electric utilities to incorporate a unique monofilament into electrical cables. The monofilament contains both serialized microscopic identifiers as well as DataTraceDNA, which together provide the means of authenticating the cable, identifying the batch number and identifying the customer to whom it was supplied by cross-referencing an international database. AuthentiCable is easily incorporated into electrical cable, steel and conventional ropes at the time of manufacture with minimal changes to production methods.

Directors' Declaration

In the opinion of the directors of DataDot Technology Limited:

- (a) the financial statements and notes of the consolidated entity set out in pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that DataDot Technology Limited will be able to pay its debts as and when they become due and payable.

On behalf of the Board



B. Rathie
Chairman
Sydney, 19th February 2010

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DataDot Technology Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of DataDot Technology Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the consolidated entity of DataDot Technology Limited. The consolidated entity comprises both DataDot Technology Limited (the company) and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its 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 DataDot Technology Limited, 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*.

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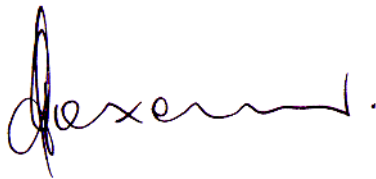
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Conclusion

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 DataDot Technology Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**PKF**

Grant Saxon
Partner

19 February 2010
Sydney