2013
ANNUAL REPORT

DataDot
TECHNOLOGY LTD

DataDot Technolgy Limited is incorporated and domiciled in Australia, and is listed on the Australian Securities Exchange (ASX : DDT) with offices in Australia, Taiwan, UK and USA. The Group has commercial arrangements throughout Australia, Asia, South Africa, North and South America and Europe.

The DataDot Group has two major products. DataDotDNA, the micro dot product used in asset identification as a theft deterrent and DataTraceDNA, the taggant detectable in small concentrations by a smart reader and used in asset authentication. All product lines undergo constant scientific development and technological review.

DataDotDNA product offerings include specialised kits for vehicles, marine, industrial, office and home assets, supported by the database storage and retrieval capabilities of a national marine register and national equipment register in Australia and national metals register in the US.

DataTraceDNA provides multi layered authentication solutions that are used in a range of industries, including pharmaceuticals, gaming, value brands and industrial assets, to protect against false warranty claims and financial losses arising from counterfeits production and grey imports.

More information on the DataDot Group can be found at www.datadotdna.com.

Annual Report 2013

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Overview of 2013

I am pleased to report to shareholders a much improved financial performance for DataDot Technology Limited in 2013. The initiatives employed in restructuring, cost reduction and strategic refocus have proved successful with a material turnaround in profitability. Revenue of $7,030,437 was similar to the prior year ($7,071,396) but earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) were materially higher, coming in as a positive $366,027 against a loss of $1,212,299 in 2012 and representing a $1,578,326 turn around year on year. The net loss after tax (attributable to members) has also been materially reduced by $1,486,123, from a loss of $1,647,001 in 2012 to a loss of $160,878 in 2013. This turnaround in profitability highlights the fundamentally different approach the company has taken towards cost control and the magnitude of these efforts.

Europe

DataDot UK performed strongly, increasing revenue by $504,918 to $2,126,587 and recording a positive EBITDA of $62,271 in 2013 from an EBITDA loss of $186,492 in the prior year. This was predominantly due to the economic turnaround in Europe, which is slowly building momentum, and in particular to sales in the Italian market where DataDotDNA is applied to most Fiat passenger vehicles that are financed by Fiat. Over 500,000 kits have been sold into the Italian market since that program was initiated, which is a great credit to our Italian distributor.

Americas

DataDot USA also increased revenue in 2013 by $196,368 over 2012, but as a result of carrying the set-up and start-up costs of our new product initiatives in the US, EBITDA declined to a loss of $42,548 in 2013 against a positive EBITDA of $93,639 in 2012.

Australasia

DataDot Australasia incurred a reduction in revenue and some margin loss but still materially reduced its EBITDA loss in 2013 to $274,676 from a loss of $542,466 in 2012, with most of the cost saving initiatives having been implemented in Australia during the year.

DataTaceDNA

DataTraceDNA also had a much improved year with EBITDA rising from a $710,955 loss in 2012 to a positive adjusted EBITDA of $304,781 in 2013 (adjusted after taking a loan revaluation into account).

South Africa

DataDot South Africa continues to grow strongly in the whole of vehicle marking segment in South Africa, generating royalty income of $554,115 in 2013 as against $375,388 in the prior year.

New Product Investment

Despite the strict control over costs in 2013, the company invested in growth opportunities including the CopDots (www.copdots.com) program and the National Metal Register in the US, through its 50% owned joint venture DataDot Security Solutions Inc, the National Equipment Register and the National Marine Register and other initiatives such as the Theft Deterrent Warranty product in Australia. These investments and costs were met out of existing company resources.

Strategy

The company has two major products - DataDotDNA, the micro dot product used in asset identification as a theft deterrent and DataTraceDNA, the taggant detectable in small concentrations by a smart reader and used in asset authentication.

Traditionally, DataDotDNA has been sold largely into the auto space where the company has been very successful, particularly in Italy and South Africa. Our strategy is to extend DataDotDNA sales into both the industrial and consumer spaces by harnessing the benefits of product bundling in building B2B sales and leveraging the marketing benefits of law enforcement support and established retail distribution in building B2C.

In markets requiring solutions for industrial scale theft and product substitution, hybrid products combining the theft deterrent properties of DataDotDNA and authentication properties of DataTraceDNA increase the range of customised solutions that can be developed for specific industries or individual customers. The value proposition for customers is further enhanced by capturing our customers' asset identification data in industry-specific registers that are conveniently accessible by law enforcement. In Australia, we have launched the National Equipment Register and National Marine Register, with the National Metal Register a work in progress. In the US, the National Metals Register is set for formal release in September 2013 with our partner Verisk Analytics Inc, a large NASDAQ listed company with access to insurers and law enforcement.

DataTraceDNA continues to be focussed on brand protection for global companies together with industrial applications where counterfeiting is a problem. This product continues to gain traction due to its robust nature and improving economic outlooks in the US and Europe. Its pipeline is building strongly.
We also continue with product development with in-house metal dot manufacture now in production at our Spokane facility. We are adding electronic products to our product range as well as developing our existing product capability. We look to stay at the leading edge of what is available in the market.

Management

The management team in the company has been completely revamped over the last two years. In Australia, the current Head of Business Development International for DataDotDNA joined the company in April 2012 and the current Director Business Development Australia for DataDotDNA joined the company in July 2012. The current Director of the DataTraceDNA business has been in place for over 2 years, and our Chief Financial Officer joined the company in April 2013. The Managing Director of DataDot UK took up the role two years ago. This is a fresh, new and vigorous team to take the company into the future.

I have agreed with the Board that I will remain as Executive Chairman for the foreseeable future to bed down the new team and the revamped strategy.

Press Commentary

Shareholders will be aware of the Fairfax press articles back in April this year making allegations about our DataTraceDNA technology and our dealing with a major European pharmaceutical company. We reiterate the comments made in the ASX release of 15 April 2013 in which we stated that the products supplied to the European Pharmaceutical Company were appropriate for their intended application and categorically denied the allegations made.

We also now have available spectral and chemical analysis from a reputable and independent laboratory confirming that product supplied to our client was not material bought off the shelf from China, rebranded and on-sold as a security product to our client as alleged. This independent confirmation emphatically disproves the central assertion made in the press.

DataTrace DNA has not lost a customer in the period following publication of the Fairfax press articles in April, nor has it received any demands from any customer.

We stand behind the DataTraceDNA technology as a world-class technology.

Outlook for 2014

Having achieved material cost reductions and made investments in new opportunities during 2013, the company expects 2014 to be a year when the green shoots of growth emerge. During the course of 2013, the company invested in a number of growth initiatives as follows :-

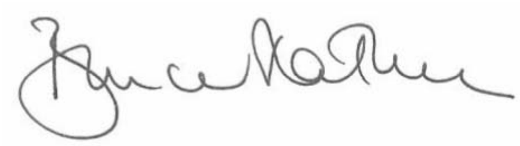
1 building relationships with Allianz Insurance Australia and its Club Marine brand;
2 growing relationships with law enforcement;
3 launching the National Equipment Register in Australia;
4 launching the National Marine Register in Australia;
5 launching the exciting CopDots program in the US consumer market - search "CopDots" on Google to see the very strong support of that product by law enforcement. CopDots are currently sold through about 120 Lowes Home Improvement stores in the US with 300 (accumulative total) of the 1750 stores in the US targeted for the end of September and over 800 by calendar year end. We are also looking at the potential of other channels to market in the US for this product, possibly with a warranty attached. CopDots' extensive engagement of law enforcement agencies supports all our product offerings in the US;
6 preparing for formal release of the National Metals Register in the US with Verisk Analytics Inc. as our partner in September 2013;
7 preparing for launch of the National Metals Register in the UK in 2014;
8 signing a 3 year supply contract with Subaru Australia;
9 already supplying DataTraceDNA to a major wine company in China which is rolling it out through multiple factories;
10 signed a 3 year contract with a Turkish cable company for supply of DataTraceDNA;
11 discussing with major car manufacturers the use of DataTraceDNA for parts marking to protect against counterfeit and grey market parts. This would further diversify our activities into the very large spare parts segment of the auto industry;
12 continued investment in R&D in core products.

These are just some of many initiatives we expect to turn into revenue growth during the course of the 2014 year, building on the foundations put in place during 2013. We plan to roll all the new Australian and US programs out in the UK during 2014. Further, with 49% of revenues coming from Europe and the US, the depreciation of the Australian dollar is a welcome boost to parent company earnings that is expected to contribute positively to growth in 2014. Given all of the above factors, we expect to see growth in revenues during 2014.

Possible Capital Consolidation

The company was originally floated on the ASX in 2005 and has generally underperformed against its promise generally for reasons other than the business fundamentals. Since becoming Chairman, I have moved to address a number of legacy issues within the company. Management has been changed, the company restructured and governance tightened under the guidance of a vigilant Board. When these initiatives have been properly bedded down, it is likely during the course of the 2014 financial year that the Board may take the decision to consolidate the capital of the company to better reflect its market position.

I would like to thank my fellow directors, management and all employees for their efforts in turning the company around in 2013 and to assure our shareholders that the Board and management team are committed to building on this positive performance.



Bruce Rathie
Executive Chairman
24 September 2013

The Directors present their report, together with the financial statements on the consolidated entity consisting DataDot Technology Limited (referred to hereafter as "DataDot", "company" or "parent entity") and the entities it controlled for the financial year ended 30 June 2013.

Principal activities
The principal activities of DataDot during the year were :-
(a) to manufacture and distribute asset identification solutions that include :-
DataDotDNA® - polymer and metallic microdots containing etched data that is unique to the assets to which the microdots are attached;
DataBaseDNA - a global database that records asset identification data and is accessible by law enforcement agencies and insurance investigators;
(b) to manufacture and distribute high security DataTraceDNA® authentication solutions;
(c) to develop and distribute a hybrid offering of DataDotDNA, DataBaseDNA and DataTraceDNA.

There has been no significant change in the nature of these activities during the year

Review of operations
Revenues for DataDot in the 2013 financial year (FY 2013) were $7,030,437 (2012 : $7,071,396), being 0.6% lower than the previous period. Earnings before interest, tax. depreciation and amortisation ("EBITDA") in the FY2013 were $366,027 (2012 : loss of $1,212,299), an improvement of 130% on the previous period. Net loss after tax (attributable to members) in FY2013 of $160,878 (2012 : $1,647,001) was an improvement of 90.2% on the previous period.

Further discussion is contained in the Executive Chairman's Review of this Annual Report.

Significant changes in the state of affairs
On 15 August 2012 DataDot purchased from the remaining minority shareholders their shares in DataDot Technology UK Limited, effectively making the company a wholly-owned subsidiary.

Dividends
The Directors recommend that no dividend be paid. No dividends have been declared or paid during the period.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2013 that has significantly affected or may significantly affect the Group.

Likely developments and expected results of operations
During FY 2013, DataDot invested in growth opportunities including the CopDots (www.copdots.com) program and the National Metals Register in the US. It is expected that positive returns from these investments will flow in FY2014. Both CopDots and the National Metals Register will be extended into the UK and potentially other territories 2014.

There will be further market penetration from combining of the core products, DataDotDNA and DataTraceDNA, for use in theft and product subsitition solutions in commercial and industrial markets. DataDot will look to capitalise on positive business generated from this growing sector in FY 2014.

DataDot is investing in the development of new electronic product offerings together with continued research and development of its currrent product offerings.

Environmental regulation
DataDot's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Information on Directors and Company Secretary

The name and details of DataDot's Directors in office during the financial year and until the date of this report are as follows :-

Mr Bruce Rathie B.Com., LL.B., MBA, Grad Dip CSP, SA Fin., FAICD, FAIM

Executive Chairman

Mr Rathie joined the Board as a non‑executive Director and Chairman on 16 October 2009 and was appointed Executive Chairman in January 2012. He has held several senior positions in investment banking and commercial law including: Managing Director, Jardine Fleming Australia Capital Ltd; Director, Corporate Finance, Ord Minnett Inc; and Director, Investment Banking, Salomon Brothers/Salomon Smith Barney Australia. In addition to listed Directorships below, Mr Rathie is Chairman of eftpos Payments Australia Limited and a Director of Capricorn Society Limited. He is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee. Mr Rathie has also served as a director of the following listed companies :-

Anteo Diagnostics Limited ‑ Appointed July 2006: Resigned August 2009
Calzada Limited ‑ Appointed February 2010
USCOM Limited - Appointed December 2006: Resigned August 2011
Mungana Goldmines Limited ‑ Appointed September 2010; Resigned August 2013

Mr Gary Flowers B.Com., LL.B., FAICD

Independent Non ‑Executive Director

Mr Flowers joined the Board as a non‑executive Director on 27 November 2007. Until 2007 Mr Flowers was Managing Director and CEO of Australian Rugby Union, CEO of SANZAR and a Council Member of the International Rugby Board. He was previously National Managing Partner of Sparke Helmore Lawyers. He is currently Chairman of the Advisory Board to Mainbrace Constructions Pty Limited, Director of Etihad Stadium and Chief Operating Officer for the Mirvac Group. He is Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

Ms Alison Coutts B.E (Chem), MBA, Grad Dip Biotech

Independent Non ‑Executive Director

Ms Coutts joined the Board as a non‑executive Director on 1 July 2010. Ms Coutts has degrees in Chemical Engineering and Business Administration, a Graduate Diploma in Biotechnology and extensive experience across a number of industry sectors and disciplines. This includes international engineering project management with Bechtel Corporation in the UK, USA and NZ, strategy consulting, management training and organisational structuring with Boston Consulting Group, and executive search with Egon Zehnder. Ms Coutts is formerly Chair of CSIRO's Health Sector Advisory Council. She is a member of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee. During the past four years Ms Coutts has served as a director of the following listed company :-

Clean Global Energy Limited – Appointed October 2009; Resigned April 2012.

The name and details of DataDot's Company Secretary in office during the financial year and until the date of this report is as follows :-

Mr Graham Loughlin B.A. (Hons), Grad. Cert. Mgt., FAIM, FAICD

Mr Loughlin joined DataDot in December 2004 as Manager of Corporate Strategic Development and was appointed Company Secretary in January 2005. He was previously General Manager, Strategy and Business Development, of Credit Union Services Corporation (Australia) Ltd and a director of several of its subsidiary companies. He has been a Member of the Australian Payments System Council and Australian Housing Council and a non Executive Director of Data Advantage Ltd and Police Bank Limited. Mr Loughlin was formerly Executive Assistant to the Premier and Treasurer of South Australia.

Directors' interests

The relevant interest of each director in the shares and options over shares issued by DataDot, as notified by the directors to the Australian Stock Exchange in accordance with the Corporations Act 2001, at the date of this report is as follows :-

	Interest in Shares	Interest in Share Options	Interest in Share Rights
Bruce Rathie	24,815,854	0	0
Gary Flowers	6,223,857	0	0
Alison Coutts	0	0	0

Meetings of Directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of DataDot during the financial year are :-

	Board Meetings		Remuneration and Nomination Committee Meetings		Audit and Risk Management Committee Meetings	
Director	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Bruce Rathie	16	16	3	3	4	4
Gary Flowers	16	16	3	3	4	4
Alison Coutts	16	16	3	3	4	4

Share rights and options

Share Rights

At the date of this report, details of unvested share rights are as follows :-

Grant date	Date of expiry	Number unvested
1 January 2011	1 January 2018	1,625,000
1 July 2012	1 July 2019	3,000,000
1 January 2013	1 January 2020	8,000,000
22 July 2013	22 July 2020	1,300,000
		13,925,000

Share Options

There were no share options on issue at the date of this report.

For details of share options and share rights issued to directors and executives as remuneration, refer to the Remuneration report.

Indemnity and insurance of officers and auditors

No indemnities have been given to any person who is or has been an officer or auditor of the consolidated group.

During the year DataDot paid insurance premiums in respect of directors’ and officers’ liability insurance contracts. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors’ and officers’ liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

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.

Non audit services

During the year ended 30 June 2013, the following payments were made to DataDot's auditor, BDO East Coast Partnership, as remuneration for services other than audit services :-

	2013 $	2012 $
Taxation services	**50,320**	33,516
Other services	**28,985**	20,000
Total tax and other non-audit services	**79,305**	53,516

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are of the opinion that the services disclosed do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons :-

(a) all non-audit services have been reviewed and approved to ensure that they do not impact on the integrity and objectivity of the auditor; and

(b) none of the services undermine the general principles relating to auditor independence set out in APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company, or jointly sharing economic risks and rewards.

Officers of the Company who are former audit partners of BDO East Coast Partnership

There are no offices of the Company who are former audit partners of BDO East Coast Partnership.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2013 is set out on page 28 of the financial report.

BDO East Coast Partnership continues in office in accordance with section 327 of the *Corporations Act 2001* .

Remuneration report (audited)

The following Remuneration report forms part of the Directors' Report and is the only section subject to audit.

Key management personnel

The following key management personnel (hereafter referred to as "KMP") held office in the current and prior financial year :-

Directors		
Bruce Rathie	Executive Chairman	Appointed to the role 17/01/2012
Gary Flowers	Non Executive Director	
Alison Coutts	Non Executive Director	
Ben Bootle	CEO & Managing Director	Ceased 16/01/2012
Executives		
Ross Hawkey	Chief Financial Officer	Ceased 23/11/2012
Richard Standen	Chief Financial Officer	Appointed 15/04/2013
Graham Loughlin	Strategic Development and Distribution Manager & Company Secretary	
Gunther Schmidt	Manager DataTrace DNA	
Geoff George	R&D Manager	
John Kraft	Group Technology Manager	
Phil Kibler	Managing Director DataDot UK	Ceased 31/12/2011
Andrew Winfield	Managing Director DataDot UK	Appointed to role 01/07/2012
Greg Gothard	Business Development Manager	Ceased 15/02/2012
Paul McLean	Global Business Development Manager	Appointed to role 01/07/2012
Neil Mulcahy	CEO Agtechnix P/L	Ceased 30/6/2012
Nici Andronicus	Aust Business Development Manager	Appointed 08/08/2012

Remuneration report (Audited) - (Continued)

Key management personnel (continued)

The number of shares held by each KMP (or their related party) during the financial year is as follows :-

	Balance as at 01/07/2012	Vesting of Share Rights	On Market Purchases	Balance as at 30/06/2013
Directors				
Bruce Rathie	23,402,448	0	1,413,406	24,815,854
Gary Flowers	516,067	0	5,507,790	6,023,857
Alison Coutts	0	0	0	0
Executives				
Ross Hawkey	371,952	1,500,000	0	1,871,952
Richard Standen	0	0	125,000	125,000
Graham Loughlin	1,131,708	1,250,000	0	2,381,708
Gunther Schmidt	0	0	0	0
Geoff George	0	125,000	0	125,000
John Kraft	0	250,000	0	250,000
Andrew Winfield	0	0	0	0
Paul McLean	0	0	0	0
Nici Andronicus	0	0	0	0
	25,422,175	3,125,000	5,336,863	33,884,038

Remuneration policy

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of DataDot. KMP comprise the directors of DataDot and executives of DataDot, including three executives who are not among the five most highly remunerated executives.

Remuneration levels of KMP are determined by a Remuneration and Nomination Committee comprising only directors. The Committee's charter is to review and make recommendations to the Board in relation to :-

- Executive remuneration and incentive policy;
- The remuneration of the CEO, executive directors and all direct reports of the CEO;
- Executive incentive plans;
- The remuneration of non-executive directors;
- Retention, performance assessment and termination policies and procedures for non-executive directors, the CEO, executive directors and all direct reports of the CEO;
- Establishment and oversight of employee and executive share plans and share option plans;
- Superannuation arrangements;
- The disclosure of remuneration in DDT's publications, including ASX filings and the Annual Report;
- Board composition, having regard to necessary and desirable competencies;
- Board succession plans; and
- Evaluation of Board performance.

The Committee obtains independent advice on remuneration strategy, appropriate remuneration levels and market trends in remuneration.

Remuneration report (Audited) - (Continued)

Remuneration policy (consolidated)

Board policy for determining the composition and value of remuneration for KMP comprises the following elements :-

- Remuneration to contribute to the broader outcome of creating shareholder value;
- Remuneration to be commensurate with individual duties and responsibilities;
- Remuneration to be market competitive in order to attract, retain and motivate people of the highest quality;
- Remuneration to be aligned with DataDot's business strategies and financial targets;
- Executives' remuneration to comprise fixed and variable components;
- Variable components to be tied to the attainment of both short-term and long-term performance targets of individuals and DataDot;
- Variable components of executive remuneration to be between 30% and 50% of the value of total remuneration;
- Variable component payment to be subject to DataDot's financial capacity; and
- This policy to apply uniformly across DataDot.

In relation to non-executive directors, the Constitution of DataDot and ASX Listing Rules specify that aggregate remuneration shall be determined from time to time by a general meeting. The latest determination was at the 2004 AGM when shareholders approved a ceiling on aggregate remuneration of $300,000 per annum. The actual amount paid is currently $50,000 per annum for each non-executive director other than the Chairman of the Audit and Risk Management Committee, who receives $55,000 per annum. The Executive Chairman receives $185,000 per annum. Directors do not receive performance related remuneration and directors' fees cover both main board and committee activities. Directors of Group subsidiary companies do not receive directors' fees.

Relationship between remuneration policy and company performance

The effect of remuneration policy on DataDot's financial performance and on shareholder value is central to the Board's and Remuneration and Nomination Committee's decisions. For this reason a primary objective of remuneration policy is to tie the remuneration of KMP to financial performance, by ensuring that a significant proportion of the total remuneration of KMP is at risk, short term incentive payments (STI) being tied closely to net profit targets, and long-term incentive payments (LTI) being tied closely to growth in shareholder value.

The Company's performance and shareholder wealth for each of the last three years were :-

	2009	2010	2011	2012	2013
Revenue	8,159,972	10,010,986	7,487,425	7,071,396	7,030,437
EDITDA	(3,006,253)	1,269,511	(188,517)	(1,212,299)	366,027
Net loss after tax	(10,985,322)	931,326	(583,399)	(1,908,913)	(166,821)
Basic earnings per share (in cents)	(5.93)	0.27	(0.12)	(0.40)	(0.03)
Share price at year end (in cents)	1.70	2.80	3.20	1.60	1.70

Performance based remuneration

In 2013 the remuneration of five of thirteen KMP included a performance-based component. For two of these five, total remuneration comprised a fixed element and an STI component, both payable in cash. For the other three, total remuneration comprised a fixed element, STI and LTI, with vesting of the LTI component being performance-based for two KMP and tenure-based for the remaining three. For one KMP, total remuneration comprised a fixed element and a tenure-based LTI component. The remaining five KMP, including all three directors, received only fixed remuneration. During the year, one executive who is included among the twelve KMP ceased employment.

The LTI component contains share rights granted under the terms of the DataDot Technology Executives Share Rights Plan, which was approved by shareholders at the 2010 AGM. The characteristics of securities issued under this plan are:-

- Each share right converts into one fully paid ordinary share in the Company on completion of the vesting conditions;
- No amounts are paid or payable by the recipient on receipt or exercise of a share right;
- Subject to the recipient's continuous employment, share rights vest in three equal tranches at intervals of 18 months, 30 months and 42 months after the date of issue;
- A trading restriction applies for a further 12 months after vesting; and
- Share rights expire 7 years after issue.

Remuneration report (Audited) - (Continued)

Performance based remuneration (continued)

Details of share rights provided as remuneration :-

For the year ended 30 June 2013	Balance as at 01/07/2012	Granted as Remun-eration	Vesting of Share Rights	Expiring Share Rights	Balance as at 30/06/2013
Directors					
Bruce Rathie	0	0	0	0	0
Gary Flowers	0	0	0	0	0
Alison Coutts	0	0	0	0	0
Ben Bootle	2,500,000	0	(2,500,000)	0	0
Executives					
Ross Hawkey	4,500,000	0	(1,500,000)	(2,250,000)	750,000
Richard Standen	0	0	0	0	0
Graham Loughlin	3,750,000	0	(1,250,000)	0	2,500,000
Gunther Schmidt	0	4,500,000	0	0	4,500,000
Geoff George	375,000	0	(125,000)	0	250,000
John Kraft	750,000	0	(250,000)	0	500,000
Phil Kibler	0	0	0	0	0
Andrew Winfield	0	0	0	0	0
Greg Gothard	600,000	0	(600,000)	0	0
Paul McLean	0	8,000,000	0	0	8,000,000
Nici Andronicus	0	0	0	0	0
	12,475,000	12,500,000	(6,225,000)	(2,250,000)	16,500,000

For the year ended 30 June 2012	Balance as at 01/07/2011	Granted as Remun-eration	Vesting of Share Rights	Expiring Share Rights	Balance as at 30/06/2012
Directors					
Bruce Rathie	0	0	0	0	0
Gary Flowers	0	0	0	0	0
Alison Coutts	0	0	0	0	0
Ben Bootle	7,500,000	0	0	(5,000,000)	2,500,000
Executives					
Ross Hawkey	4,500,000	0	0		4,500,000
Graham Loughlin	3,750,000	0	0		3,750,000
Gunther Schmidt	0	0	0		0
Geoff George	375,000	0	0		375,000
John Kraft	750,000	0	0		750,000
Phil Kibler	0	0	0		0
Greg Gothard	1,800,000	0	0	(1,200,000)	600,000
Neil Mulcahey	4,500,000	0	0	(4,500,000)	0
Other Employee	750,000	0	0	(750,000)	0
	23,925,000	0	0	(11,450,000)	12,475,000

Shares and share rights issued subsequent to end of the year :-

3,875,000 shares vesting from share rights on the meeting of vesting conditions on 01/07/2013
1,300,000 share rights granted vesting 01/07/2014, 01/07/2015 and 01/07/2016

Remuneration report (Audited) - (Continued)

Remuneration details for the year

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of DataDot and, to the extent different, the five Group executives and five company executives receiving the highest remuneration :-

	Short term benefits			Post employment benefits		Long term benefits	Share based payments	
2013	**Salary, allowances & fees $**	**Bonuses $**	**Non cash $**	**Superannuation $**	**Termination $**	**Long service leave $**	**Share rights $**	**Total $**
Directors								
B Rathie	109,209	0	0	9,829	0	0	0	119,038
G Flowers	31,934	0	0	2,874	0	0	0	34,808
A Coutts	29,287	0	0	2,636	0	0	0	31,923
Executives								
R Hawkey	74,369	0	0	5,891	0	0	33,000	113,260
R Standen	27,692	0	0	2,492	0	0	0	30,184
G Loughlin	132,039	0	0	20,119	0	0	37,733	189,891
G Schmidt	166,372	0	0	14,858	0	0	44,000	225,230
G George	121,874	120,000	0	10,926	0	0	3,773	256,573
J Kraft	132,586	0	0	11,871	0	0	7,547	152,004
A Winfield	116,628	16,661	0	1,749	0	0	0	135,038
P McLean	176,348	0	0	0	0	0	46,586	222,934
N Andronicus	99,527	0	0	0	0	0	0	99,527
	1,217,865	136,661	0	83,245	0	0	172,639	1,610,410

	Short term benefits			Post employment benefits		Long term benefits	Share based payments	
2012	**Salary, allowances & fees $**	**Bonuses $**	**Non cash $**	**Superannuation $**	**Termination $**	**Long service leave $**	**Share rights $**	**Total $**
Directors								
B Rathie	117,855	0	0	10,607	0	0	0	128,462
G Flowers	50,459	0	0	4,541	0	0	0	55,000
A Coutts	45,871	0	0	4,129	0	0	0	50,000
B Bootle	162,961	0	0	16,442	173,612	0	58,259	411,274
Executives								
R Hawkey	158,776	0	0	14,746	0	0	59,924	233,446
G Loughlin	118,742	0	0	44,785	0	0	49,936	213,463
G Schmidt	143,093	23,448	0	14,516	0	0	0	181,057
G George	254,968		0	11,669	0	0	4,994	271,631
J Kraft	136,833	0	0	12,261	0	0	9,987	159,081
P Kibler	67,173	1,597	0	0	0	0	0	68,770
G Gothard	108,152	0	0	10,694	47,483	0	15,980	182,309
N Mulcahy	184,557	0	0	19,802	55,682	0	58,562	318,603
	1,549,440	25,045	0	164,192	276,777	0	257,642	2,273,096

Remuneration report (Audited) - (Continued)

Remuneration details for the year (continued)

The following table details the performance and equity-based remuneration of persons who were KMP during the financial year as a percentage of their total remuneration. The value of share rights is taken to be the cost to DataDot of expensing the share rights in the current financial year.

	Performance based remuneration	
	Bonus (STI) %	**Share rights (LTI) %**
Directors		
Bruce Rathie	0.0%	0.0%
Gary Flowers	0.0%	0.0%
Alison Coutts	0.0%	0.0%
Executives		
Ross Hawkey	0.0%	29.1%
Richard Standen	0.0%	0.0%
Graham Loughlin	0.0%	19.9%
Gunther Schmidt	0.0%	19.5%
Geoff George	46.8%	1.5%
John Kraft	0.0%	5.0%
Andrew Winfield	12.3%	0.0%
Paul McLean	0.0%	20.9%
Nici Andronicus	0.0%	0.0%

Details of the performance based and equity-based remuneration for KMP are set out below. For STI payments dependent on achieving financial targets or business growth, only two payments were made in the financial year. For STI payments dependent on non financial performance, no payments were made in the financial year.

Employment details of members of key management personnel and other executives

(a) Ross Hawkey (ceased employment on 23 November 2012)

For Mr Hawkey the STI ceiling was set at 45% of the fixed element. Payment of the full STI was tied to achievement of five financial and five non financial targets. The five financial targets related to: gross revenue, net revenue, costs, EPS and end of year cash balance. The five non financial targets related to strategic partnerships, investor relations, employee engagement, document management and OH&S management.

These performance targets were chosen because improved financial performance, customer growth and customer retention, stakeholder relationships and process management were judged by the Board to be imperative requirements for DataDot and therefore should be the key performance measures for the CFO.

Mr Hawkey's remuneration included an LTI comprising 4,500,000 share rights that were granted on 1st January 2011. 1,500,000 share rights vested on 1st July 2012 and 750,000 vested on 1st July 2013. The remaining 2,250,000 share rights have been cancelled. A trading restriction applies for one year after each vesting date. The share rights expire on 1st January 2018.

(b) Gunther Schmidt

, .
achieving a budgeted sales target and in part on customer relationship management.

These performance targets were chosen because they recognise that both a quantitative sales measure and qualitative customer relationship measure are key performance indicators for this position. Dr Schmidt was paid 0% of the STI ceiling.

On 1st July 2012 Dr Schmidt was granted 4,500,000 share rights. The terms of grant are that, subject to Dr Schmidt's continuous employment and achieving his divisional budget targets over each of the vesting years, 1,500,000 share rights will vest on each of 1st July 2013, 1st July 2014 and 1st July 2015 and a trading restriction will apply for a further one year after each vesting date. The share rights expire on 1st July 2019.

Remuneration report (Audited) - (Continued)

Employment details of members of key management personnel and other executives (continued)

(c) Graham Loughlin

For Mr Loughlin, the STI ceiling was set at 32% of the fixed element. Payment of the full STI was dependent on achieving targets in three different areas of responsibility: governance and secretarial, corporate strategy and distribution management. These performance targets were chosen because they were judged by the Board to be central to this management role and crucial to attainment of DataDot's key financial objectives.

The Remuneration and Nomination Committee measured performance by comparing at year end the quality and standard of management decisions, outputs and processes across the three areas of responsibility. This method was chosen because it is objective and permits accurate pro rated measures of performance.

Although Mr Loughlin achieved his non financial targets, the Remuneration and Nomination Committee determined that he would be paid 0% of the STI ceiling based on the overall performance of the company.

Mr Loughlin's remuneration includes an LTI comprising 3,750,000 share rights that were granted on 1st January 2011. 1,250,000 share rights vested on each of 1st July 2012 and 1st July 2013 and the remaining 1,250,000 share rights will vest on 1st July 2014, subject to continuous employment. A trading restriction applies for one year after each vesting date. The share rights expire on 1st January 2018.

(d) John Kraft

Mr Kraft's remuneration does not include an STI but does include an LTI comprising 750,000 share rights that were granted on 1st January 2011. 250,000 share rights vested on each of 1st July 2012 and 1st July 2013 and the remaining 250,000 share rights will vest on 1st July 2014, subject to continuous employment. A trading restriction applies for one year after each vesting date. The share rights expire on 1st January 2018.

(e) Paul McClean

For Mr McClean, payment of the STI was dependent on achieving a sales revenue target in designated markets. Subject to achieving this qualifying target, commission was payable at a rate of 5%.

This performance target was chosen because it measures business development by reference to sales and revenue growth. Mr McClean was paid 0% of the STI.

On 1st January 2013 Mr McClean was granted 8,000,000 share rights. The terms of grant are that, subject to Mr McClean's continuous engagement and attainment of sales targets in each vesting year in designated markets and territories, 2,666,666 share rights will vest on each of 1st July 2014 and 1st July 2015 and 2,666,667 share rights will vest on 1st July 2017, and a trading restriction will apply for a further one year after each vesting date. The share rights expire on 1st January 2020.

(f) Nici Andronicus

For Ms Andronicus, payment of STI was dependent on achieving a sales revenue target. Subject to achieving this target, commission was payable at a rate of 5%.

This performance target was chosen because it measures business development by reference to customer, sales and revenue growth. Ms Andronicus was paid 0% of the STI.

On 22nd July 2013 Ms Andronicus was granted 100,000 share rights. The terms of grant are that, subject to Ms Andronicus's continuous engagement and meeting budgeted sales in each vesting year, 33,333 share rights will vest on each of 1st July 2014 and 1st July 2015 and 33,334 share rights will vest on 1st July 2016, and is subject to sales targets being achieved. The share rights expire on 22nd July 2020.

Remuneration report (Audited) - (Continued)

Employment details of members of key management personnel and other executives (continued)

(g) Andrew Winfield

For Mr Winfield, the STI ceiling was set at 42% of the fixed element. Payment of one-half of the STI was dependent on DataDot Technology (UK) Limited achieving financial performance targets and the other half on the DataDot Group achieving financial performance targets.

These performance targets were chosen because they focus on developing regional business growth as an integral part of the DataDot Group. Mr Winfield was paid 33% of the STI.

The Remuneration and Nomination Committee measured performance by comparing at year end the actual financial performance with budget for both DataDot Technology (UK) Limited and the Group.

On 22nd July 2013 Mr Winfield was granted 1,000,000 share rights. The terms of grant are that, subject to Mr Winfield's continuous employment and to DataDot Technology (UK) Limited meeting budget in each vesting year, 333,333 share rights will vest on each of 1st July 2014 and 1st July 2015 and 333,334 share rights will vest on 1st July 2016, and is subject to budgets being met. The share rights expire on 22nd July 2020.

(h) Geoffrey George

Mr Geoff George, the executive responsible for developing DataDot's patented spray application method, receives a contracted royalty payment, expressed as a proportion of gross sales of spray units, to a maximum value of $120,000 annually, which represents 90% of the fixed element. This contract, executed in March 2001, terminates on his resignation.

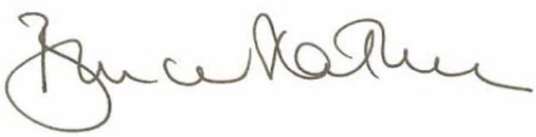
This target was chosen because it ties the value of STI directly to sales of the spray application method developed by Mr George. While this royalty payment is a performance related remuneration payment in the broader sense, it is contingent on and measured by Group sales performance rather than the executive's attaining individual performance targets. Mr George was paid 100% of the STI ceiling.

Mr George's remuneration includes an LTI comprising 375,000 share rights that were granted on 1st January 2011. 125,000 of these share rights vested on each of 1st July 2012 and 1st July 2013 and the remaining 125,000 share rights will vest on 1st July 2014, subject to continuous employment. A trading restriction applies for one year after each vesting date. The share rights expire on 1st January 2018.

Executive service contracts

It is the Board's policy to establish executive service contracts with all KMP. No KMP is employed on a fixed term contract. Terminations notice periods fopr executive service contracts vary between one, two and three months.

This report of the Board of Directors, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors, persuant to section 298 (2) (a) of the Corporations Act.



Bruce Rathie - Executive Chairman

Dated this 24th day of September, 2013 in Sydney

Corporate Governance Statement

This statement outlines the main corporate governance policies of DataDot Technology Limited (DataDot). These policies comply with the ASX Revised Corporate Governance Principles and Recommendations. DataDot's Corporate Governance policies, together with the Board Charter, the Audit and Risk Management Committee Charter and the Remuneration and Nomination Committee Charter, are published on our website www.datadotdna.com/corporate_governance.php .

1 Board of Directors

Role of the Board
The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The board has delegated responsibility for operation and administration of DataDot to the Executive Chairman and executive management. Responsibilities are delineated by formal authority delegations.

These roles are documented in board-approved policy statements.

Board processes
To assist in the execution of its responsibilities, the board has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee. These committees have written mandates and operating procedures, which are reviewed annually.

The board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

Independent professional advice and access to company information
Under DataDot's Board Charter, each director has the right of access to all relevant company information and to DataDot's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense.

Composition of the board
The names of the directors of DataDot in office at the date of this report are disclosed in the Directors' Report.

The Constitution of DataDot specifies the number of directors shall be not less than three or more than ten. The board may at any time appoint a director to fill a casual vacancy and at each annual general meeting, one-third of directors, not including the managing director, and any director appointed since the last annual general meeting, retire from office and may stand for re-election.

The composition of the board is reviewed periodically by the Remuneration and Nomination Committee to ensure that the range of expertise and experience of board members is appropriate for the activities and operations of the consolidated entity. Where it is considered that the board would benefit from the services of a new director with particular skills, the board may appoint the most suitable candidate whose appointment must be confirmed by shareholders at the next general meeting.

The board currently consists of three directors of whom two, Mr Gary Flowers and Ms Alison Coutts, are independent non-executive directors. Neither is a substantial shareholder of DataDot, a former or current executive or customer of DataDot, an adviser or supplier to DataDot, or has a material contractual relationship with DataDot or the consolidated entity other than as a director of DataDot.

Corporate Governance Statement (continued)

1 Board of Directors (continued)

The third director is Mr Bruce Rathie, formerly the independent, non-executive Chairman of DataDot who assumed a temporary role as Executive Chairman upon the resignation of the Managing Director and CEO in January 2012. The Board considered this temporary appointment was and remains in the best interests of shareholders because it provided continuity in leadership and lower management overheads at a time when immediate strategic review and cost control were required. At the earliest opportunity, consistent with the best interests of shareholders, the Board will appoint a Managing Director and CEO and Mr Rathie will resume the status of non-executive Chairman.

The board considers that its composition serves the interests of shareholders because the combined knowledge, skills and experience of directors is adequate, having regard to :-

- the demands of DataDot's size and board responsibilities;
- the integrity and transparency of DataDot's documented governance policies;
- the fact that independent directors comprise a majority of the Audit and Risk Management Committee; and
- the fact that independent directors comprise a majority of the Remuneration and Nomination Committee.

Board evaluation
Under DataDot's policy of Board, Committee and Director Evaluation, both individual and collective performance evaluations are conducted annually. Evaluation is made against the criteria of individual contribution, collective efficacy and procedural adequacy that are specified in the policy.

2 Audit and Risk Management Committee

The Audit and Risk Management Committee serves two functions. In relation to audit, this Committee oversees the financial reporting process to ensure balance, transparency and integrity of published financial information and monitors the effectiveness of internal financial controls. In relation to risk management, the Committee's role is to identify and assess business risks, establish risk mitigation strategies and monitor the effectiveness of control and reporting systems. In relation to compliance, the Committee monitors DataDot's compliance obligations arising under the law, ASX Listing Rules, contracts and internal policies.

The Audit and Risk Management Committee has a documented charter, approved by the board. The Chairman may not be Chairman of the board. The members of the Audit and Risk Management Committee are the two independent, non-executive directors and the Executive Chairman. As not all members are non-executive directors, this represents a departure from the ASX Governance Council's recommended audit committee membership. Full compliance with the recommendation will be restored when Mr Rathie resumes his status as a non-executive director. In the interim, the Board considers that DataDot derives a greater benefit from retaining Mr Rathie's expertise on the Committee than accepting his temporary resignation from the Committee.

The members of the Audit and Risk Management Committee during the year were :-

Mr G Flowers, B.Com., LL.B., FAICD. (Chairman) – Independent Non- Executive;
Mr B Rathie, B.Com., LL.B., MBA, Grad Dip CSP, SA Fin., FAICD, FAIM. Executive Chairman;
Ms A Coutts, B.E. (Chem), MBA, Grad Dip Biotech – Independent Non-Executive.

The external auditors and the Chief Financial Officer are invited to Audit and Risk Management Committee meetings at the discretion of the committee. The Audit and Risk Management Committee met four times during the year. Committee members' attendance record is disclosed in the table of Directors' meetings on page 8. The Executive Chairman and the Chief Financial Officer declared in writing to the board that DataDot's financial reports for the year ended 30 June 2013 present a true and fair view, in all material respects, of DataDot's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

Management has established and implemented a risk management and internal control system for assessing, monitoring and managing strategic, operational, financial reporting and compliance risks for the consolidated entity. The system is based upon policies, guidelines, delegations and reporting as well as the selection and training of qualified personnel. The Board believes the current control framework to be suitable for DataDot's current operations taking into account the consolidated entity's stage of development. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the consolidated entity.

Corporate Governance Statement (continued)

3 Ethical Standards

All directors, managers and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. DataDot's Code of Conduct and operating policies are published internally for all employees and on DataDot's website.

In accordance with the Corporations Act 2001 and DataDot's constitution, directors must maintain a current Register of Directors' Interests and keep the board advised of any interest that could potentially conflict with those of DataDot. DataDot's Related Party Transactions Policy applies across DataDot the same standards of disclosure that apply under statute to the parent as a listed company. Any transactions with directors are formally approved by the board. The Director concerned does not participate in discussion or approval of the transaction. Details of director related entity transactions with DataDot are set out in Note 24 and Remuneration report.

Director dealings in company shares
Directors and employees may acquire shares in DataDot, but are prohibited from dealing in Company shares whilst in the possession of price sensitive information that has not been made public. DataDot's published Share Trading policy requires that director and employee trading be restricted to specified trading windows and requires disclosure of trading activity.

Code of conduct
DataDot's published Code of Conduct sets out DataDot's responsibilities to shareholders, customers, suppliers, employees, other stakeholders and the wider community. It prescribes minimum principles and standards of conduct that DataDot expects of directors, employees, contractors and consultants engaged in its service.

4 Continuous and Periodic Disclosure to ASX

DataDot's published Disclosure Compliance policy prescribes DataDot's disclosure obligations under the ASX Listing Rules and establishes the procedures and individual responsibilities that will ensure compliance.

The policy adopts five per cent of the base amount (e.g. total revenue, total expenses, and total assets) as the threshold for materiality where it can be measured quantitatively, and requires consideration of strategic position, reputation, ability to carry on business and legal compliance as qualitative criteria for determining materiality under the Listing Rules governing continuous disclosure.

The Company Secretary is responsible for all communications with the ASX.

5 Communication with Shareholders

The Board provides shareholders with information under a comprehensive Shareholder Communication Policy. Within that policy:

- periodic disclosure of financial results is achieved by announcing them to the ASX, posting them on DataDot's website and issuing media releases;
- continuous disclosure of all material matters that may affect the price of DataDot's securities is achieved by announcing them to the ASX, posting them on DataDot's website, and issuing media releases;
- the annual report is available to all shareholders either in electronic format or hard copy. The board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. Half-year financial statements prepared in accordance with the requirements of Accounting Standards in Australia and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange Ltd. The financial statements are sent to any shareholder who requests them;
- the Board encourages full participation of shareholders at the annual general meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals;
- the external auditor is requested to attend the annual general meeting to answer any questions concerning the audit and the content of the auditor's report.

Corporate Governance Statement (continued)

6 Diversity Policy

The Board has adopted a diversity policy that is a statement of commitment to cultural and gender diversity in the company and of the benefits derived from workplace diversity. Under the policy the Board has set a single measurable objective of attaining equal gender representation in each of the four categories of personnel that together make up the company's complement of directors and staff. They are:

- Directors, including the Managing Director and CEO;
- Staff who report directly to the CEO;
- Staff who report to managers who report to the CEO;
- Other staff.

The table below shows the number and proportion of female personnel in each category and the total personnel numbers at 30 June 2012 and 2013.

Gender Diversity

	30 June 2013			30 June 2012		
	Number of Females	**Total Personnel Number**	**% Females**	Number of Females	Total Personnel Number	% Female
Directors	**1**	**3**	**33**	1	3	33
First Level Reports	**2**	**9**	**22**	0	5	0
Second Level Reports	**7**	**12**	**58**	7	13	54
Other Staff	**14**	**30**	**47**	7	16	44
Total	**24**	**54**	**44**	15	37	40

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DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF DATADOT TECHNOLOGY LIMITED

As lead auditor of DataDot Technology 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.

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

Arthur Milner

Partner

BDO Audit East Coast Partnership

Sydney, 24 September 2013

Consolidated Financial Statements
for the year ended 30 June 2013

Consolidated Statement of Profit or Loss

for the year ended 30 June 2013

	Notes	**2013**	2012
		$	Restated $
Revenue			
Sale of goods		**6,178,922**	6,422,751
Service and licence fees		**297,400**	273,257
Royalties		**554,115**	375,388
		7,030,437	7,071,396
Cost of sales		**3,097,489**	2,997,260
Gross Profit		**3,932,948**	4,074,136
Other income	2	**640,399**	592,284
Expenses			
Employee benefits expenses		**1,786,179**	3,118,903
Administrative expenses		**1,106,686**	1,240,799
Marketing expenses		**506,706**	240,097
Occupancy expenses		**394,534**	382,862
Travel expenses		**317,433**	307,189
Finance costs	3	**48,449**	49,877
Depreciation, amortisation and disposal expenses	3	**435,761**	529,794
Bad and doubtful debts	9	**85,526**	201,475
		4,681,274	6,070,996
Other expenses :-			
Restructuring expense		**0**	315,297
Impairment losses	13	**0**	194,703
		0	510,000
Loss before income tax		**(107,927)**	(1,914,576)
Income tax expense	4	**58,894**	(5,663)
Loss for the year		**(166,821)**	(1,908,913)
Loss for the year attributable to :-			
Members of the parent entity		**(160,878)**	(1,647,001)
Non controlling interest		**(5,943)**	(261,912)
		(166,821)	(1,908,913)
Basic earnings / (loss) per share (cents per share)	7	**(0.03)**	(0.40)
Diluted earnings / (loss) per share (cents per share)	7	**(0.03)**	(0.40)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	**2013** **$**	2012 Restated $
Loss for the year		**(166,821)**	(1,908,913)
Other comprehensive income :-			
Items that will not be classified subsequently to profit or loss :-			
Exchange difference on translation of foreign operations		**22,490**	(61,155)
Total comprehensive income for the year net of tax		**(144,331)**	(1,970,068)
Total comprehensive income attributable to :-			
Members of the parent entity		**(138,388)**	(1,708,156)
Non controlling interest		**(5,943)**	(261,912)
		(144,331)	(1,970,068)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2013

	Notes	**2013** $	2012 Restated $
Current Assets			
Cash and cash equivalents	8	**897,398**	1,409,367
Trade and other receivables	9	**1,173,209**	1,333,620
Inventories	10	**1,136,582**	1,417,371
Grant receivable	11	**308,000**	508,687
Current tax assets	4	**4,036**	58,701
Total Current Assets		**3,519,225**	4,727,746
Non-Current Assets			
Plant and equipment	12	**905,962**	794,399
Intangible assets	13	**3,294,967**	2,961,847
Deferred tax assets	4	**0**	0
Total Non-Current Assets		**4,200,929**	3,756,246
Total Assets		**7,720,154**	8,483,992
Current Liabilities			
Trade and other payables	14	**914,150**	1,061,915
Borrowings	15	**437,664**	748,904
Income tax payable	4	**11,494**	20,148
Provisions	16	**365,898**	455,573
Other current liabilities	17	**31,362**	0
Total Current Liabilities		**1,760,568**	2,286,540
Non-Current Liabilities			
Borrowings	15	**52,806**	0
Provisions	16	**2,536**	4,409
Total Non-Current Liabilities		**55,342**	4,409
Total Liabilities		**1,815,910**	2,290,949
Net Assets		**5,904,244**	6,193,043
Equity			
Contributed equity	18	**33,376,382**	33,102,482
Accumulated losses		**(25,161,212)**	(25,068,191)
Reserves	19	**(2,310,926)**	(1,795,099)
Parent interests		**5,904,244**	6,239,192
Non-controlling interests		**0**	(46,149)
Total Equity		**5,904,244**	6,193,043

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity **for the year ended 30 June 2013**

	Attributable to equity holders of the parent						
	Contributed equity $	**Accumulated losses $**	**Foreign currency translation reserve $**	**Employee equity benefit reserve $**	**Other reserve $**	**Non controlling interests $**	**Total equity $**
Balance at 1 July 2011	33,102,482	(25,857,705)	540,360	148,856	0	(93,661)	7,840,332
Prior period adjustment (Note 29)	0	2,436,515	(2,380,148)	(10,898)	0	0	45,469
Balance at 1 July 2011 restated	33,102,482	(23,421,190)	(1,839,788)	137,958	0	(93,661)	7,885,801
Loss after income tax expense for the year restated	0	(1,647,001)	0	0	0	(261,912)	(1,908,913)
Other comprehensive income for the year, net of tax	0	0	(61,155)	0	0	0	(61,155)
Total comprehensive income for the year	0	(1,647,001)	(61,155)	0	0	(261,912)	(1,970,068)
Transactions with owners in their capacity as owners :-							
Share based payments restated	0	0	0	277,310	0	0	277,310
Acquisition of non-controlling interest in AgTechnix Pty Limited	0	0	0	0	(309,424)	309,424	0
Balance at 30 June 2012	33,102,482	(25,068,191)	(1,900,943)	415,268	(309,424)	(46,149)	6,193,043
Loss after income tax expense for the year	**0**	**(160,878)**	**0**	**0**	**0**	**(5,943)**	**(166,821)**
Other comprehensive income for the year, net of tax	**0**	**0**	**22,490**	**0**	**0**	**0**	**22,490**
Total comprehensive income for the year	**0**	**(160,878)**	**22,490**	**0**	**0**	**(5,943)**	**(144,331)**
Transactions with owners in their capacity as owners :-							
Share based payments	**0**	**0**	**0**	**172,639**	**0**	**0**	**172,639**
Share rights excercised	**273,900**	**0**	**0**	**(273,900)**	**0**	**0**	**0**
Share rights expired	**0**	**67,857**	**0**	**(67,857)**	**0**	**0**	**0**
Acquisition of non-controlling interest in DataDot Technology (UK) Limited	**0**	**0**	**0**	**0**	**(369,199)**	**52,092**	**(317,107)**
Balance at 30 June 2013	**33,376,382**	**(25,161,212)**	**(1,878,453)**	**246,150**	**(678,623)**	**0**	**5,904,244**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement Cash Flows

for the year ended 30 June 2013

	Notes	**2013** $	2012 Restated $
Cash from operating activities			
Receipts from customers (inclusive of GST)		**7,853,109**	7,135,984
Payments to suppliers and employees (inclusive of GST)		**(7,666,593)**	(8,593,470)
Interest paid		**(48,449)**	(13,789)
Income tax paid		**(12,883)**	(124,920)
Receipt of government grant		**508,687**	11,500
Net cash flows from / (used in) operating activities	8	**633,871**	(1,584,695)
Cash flows from investing activities			
Interest received		**10,256**	72,097
Purchase of plant and equipment		**(272,771)**	(148,193)
Payments for development and other intangible assets		**(609,930)**	(593,824)
Net cash flows used in investing activities		**(872,445)**	(669,920)
Cash flows from financing activities			
Payment for acquisition of minority interest		**(156,984)**	0
Proceeds from borrowings		**0**	195,000
Repayment of borrowings		**(54,914)**	(48,247)
Payment of finance lease liabilities		**(65,463)**	0
Net cash flows from / (used in) financing activities		**(277,361)**	146,753
Net decreases in cash and cash equivalents		**(515,935)**	(2,107,862)
Cash and cash equivalents at beginning of year		**1,409,367**	3,528,593
Effect of exchange rate on cash holdings in foreign currencies		**(28,909)**	(11,364)
Cash and cash equivalents at end of year	8	**864,523**	1,409,367

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

DataDot Technology Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001 as appropriate for for-profit oriented entities.

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The principal accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available for sale financial assets, financial assets at fair value through profit or loss, certain classes or property, plant and equipment and derivative financial instruments.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of DataDot Technology Limited and its subsidiaries (hereafter referred to as 'DataDot' and 'the Group') (as outlined in note 23) as at and for the period ended 30 June each year. Interests in associates and joint ventures are equity accounted and are not part of the Consolidated Group (see note (i) below).

Subsidiaries are all those entities over which DataDot has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether DataDot controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by DataDot and cease to be consolidated from the date on which control is transferred out of DataDot.

Investments in subsidiaries held by DataDot Technology Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

Non-controlling interests are allocated their share of net profit after tax in the statement of profit or loss and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interest and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the consideration paid or received is recognised as a separate reserve within equity attributable to owners of DataDot Technology Limited.

1 Summary of significant accounting policies (continued)

(c) Basis of consolidation (continued)

If DataDot loses control over a subsidiary, it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(d) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of DataDot Technology Limited and its Australian subsidiaries is Australian dollars ($). Each entity in DataDot determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currencies of the overseas subsidiaries are:

Name of overseas subsidiaries	*Functional currency*
DataDot Technology USA Inc	United States Dollar (US$)
DataDot Technology (UK) Ltd	Great Britain Pound (£)

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Group Companies functional currency to presentation currency

The results of the overseas subsidiaries are translated into Australian dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of DataDot Technology Limited at the rate of exchange ruling at the statement of financial position date and their statements of comprehensive income are translated at the average exchange rate for the year.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. These variations are recognised in the statement of comprehensive income in the period.

1 Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(f) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that DataDot will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value

Costs incurred in bringing each product to its present location and condition are accounted for as follows :-

Raw materials – purchase cost on either the weighted average cost or on first-in, first-out basis; and

Finished goods and work -in -progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transactions costs.

Recognition and derecognition

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that DataDot commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

Subsequent measurement

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

(ii) Loans and receivables

Loans and receivables including loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired. These are included in current assets, except those with maturities greater than 12 months after reporting date, which are classified as non-current.

(i) Interest in a jointly controlled entity

DataDot has or had an interest in a joint venture that is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled entity involves the establishment of a separate entity.

DataDot's investment in its jointly controlled entity is accounted for under the equity method of accounting in the consolidated financial statements. The financial statements of the joint venture are used by DataDot to apply the equity method. The reporting dates of the joint venture and DataDot are identical and both use consistent accounting policies.

The investment in the joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in DataDot's share of net assets of the joint venture, less any impairment in value. The consolidated statement of comprehensive income reflects DataDot's share of the results of operations of the joint venture.

Where there has been a change recognised directly in the joint venture equity, DataDot recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

(j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated over the useful life of the asset using a combination of straight-line basis and diminishing value method. The estimated useful lives of the plant and equipment are over 4 to 10 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

1 Summary of significant accounting policies (continued)

(k) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to DataDot substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that DataDot will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(l) Impairment of financial assets
DataDot assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

DataDot first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

1 Summary of significant accounting policies (continued)

(m) Impairment of non-financial assets other than intangibles

Non-financial assets other than intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

DataDot conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(n) Goodwill and intangibles

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

1 Summary of significant accounting policies (continued)

(n) Goodwill and intangibles (continued)

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when DataDot can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to DataDot's intangible assets is as follows:

Development costs:-	
Useful lives	Finite
Amortisation method used	Amortised for a period of 5-10 years on a straight-line basis.
Internally generated or acquired	Internally generated
Impairment testing	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.
Patent costs :-	
Useful lives	Finite
Amortisation method used	Amortised for a period of 10 years on a straight-line basis.
Internally generated or acquired	Acquired
Impairment testing	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

The patents have been granted for a minimum of 10 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(o) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature are not discounted. They represent liabilities for goods and services provided to DataDot prior to the end of the financial year that are unpaid and arise when DataDot becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

1 Summary of significant accounting policies (continued)

(p) Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless DataDot has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. DataDot Technology Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowings).

(q) Provisions and employee benefits

Provisions are recognised when DataDot has a present obligation (legal or constructive) when, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

(r) Share based payment transactions

Equity settled transactions:

DataDot provides benefits to its employees (including KMP) in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

The Executive Share Rights Plan (ESRP) provides benefits to senior executives of DataDot.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(i) The grant date fair value of the award.

(ii) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.

(iii) The expired portion of the vesting period.

The charge to the statement of profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if fewer awards vest than were originally anticipated. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had expired on the date of cancellation. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 7).

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1 Summary of significant accounting policies (continued)

(t) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to DataDot and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(iii) Royalties

Revenue is recognised when the underlying goods are sold. Fixed rate manufacturing royalties are recognised over the period of the underlying agreement.

(iv) Licence fee

Revenue is recognised when DataDot has an unconditional entitlement to the fee.

(v) Interest income

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.

(vi) Government grants

Government grants are recognised in the statement of financial position as a asset when the grant is reasonably certain

The grant is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(u) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

1 Summary of significant accounting policies (continued)

(u) Income tax and other taxes (continued)

- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation
DataDot Technology Limited and its wholly owned Australian controlled entities implemented the tax consolidated legislation as of 1 July 2003.

In addition, DataTrace DNA Pty Limited became part of the tax consolidation group in December 2010 when it became a wholly owned subsidiary of DataDot Technology Limited. The head entity, DataDot Technology Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. As DataDot is in a cumulative tax loss position, DataDot has not applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

AgTechnix Pty Limited became a wholly owned subsidiary of DataDot Technology Limited on 29 June 2012 and is now part of the tax consolidated group.

In addition to its own current and deferred tax amounts, DataDot Technology Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group when it is probable that future taxable profit will allow the deferred tax asset to be recovered.

DataDot Technology Limited has not entered into any tax funding agreements with the tax consolidated entities.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1 Summary of significant accounting policies (continued)

(v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for

- Costs of servicing equity (other than dividends) and preference share dividends.
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Adoption of new and revised accounting standards

During the current year, DataDot adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations is discussed above. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(x) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. DataDot has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the entity :-

Standard name	Effective date for entity	Requirements	Impact
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	30 Jun 14	Non-urgent but necessary changes to standards.	No impact expected.
AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012)	30-Jun-16	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039 (issued December 2012)	30-Jun-14	Deletes Australian Interpretation 1039 Substantive Enactment of Major Tax Bills In Australia from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001 or other general purpose financial statements.	There will be no impact on first-time adoption of this amendment as the group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.

1 Summary of significant accounting policies (continued)

(x) New accounting standards for application in future periods (continued)

Standard name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments (issued December 2009 and amended December 2012)	30-Jun-16	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The entity has not yet made an assessment of the impact of these amendments. The entity has financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively from 1 January 2015.
AASB 10 Consolidated Financial Statements (issued August 2011)	30-Jun-14	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee.	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities or because the new definition of control does not change the classification of any of the entities investments in subsidiaries, joint arrangements or associates.
AASB 11 Joint Arrangements (issued August 2011)	30-Jun-14	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	All joint ventures of the entity are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11.

1 Summary of significant accounting policies (continued)

(x) New accounting standards for application in future periods (continued)

Standard name	Effective date for entity	Requirements	Impact
AASB 119 Employee Benefits (reissued September 2011)	30-Jun-14	Main changes include: • Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans • Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods • Subtle amendments to timing for recognition of liabilities for termination benefits • Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. When this standard is first adopted for the 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date. Comparatives for the year ended 30 June 2013 will also be restated.
AASB 12 Disclosures of Interests in Other Entities (issued August 2011)	30 Jun 14	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 Fair Value Measurement (issued September 2011).	30-Jun-14	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013. When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

1 Summary of significant accounting policies (continued)

(y) Critical accounting estimates and judgments

The preparation of the 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has 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 financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements
Impairment of non -financial assets
DataDot assesses impairment of all assets at each reporting date by evaluating conditions specific to DataDot and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

Capitalised development costs
Development costs are only capitalised by DataDot when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale.

Revision of estimated useful life of development costs
The Group originally determined that the capitalised development costs would generate revenues over a 3 to 10 year period. During the period the Group revised that period up to 5 years for product development and up to 10 years for other development activities. As a result, amortisation expense is decreased prospectively over the remaining 5 to 10 years during which the capitalised development costs are expected to generate revenues. This has resulted in an decreased amortisation expense during the current financial year of $110,987.

Based on the capital development costs recognised as at 30 June 2013, the effect of the change in future periods will be a decrease in amortisation by the following amounts :-

	$
Financial Year 2014	50,489
Financial Year 2015	137

As future capitalised development costs are unknown, it is impractical to exactly estimate the actual effect in future periods

1 Summary of significant accounting policies (continued)

(y) Critical accounting estimates and judgments (continued)

(i) Significant accounting judgements (continued)

Taxation

DataDot's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

No deferred tax assets are recognised in DataDot's financial statements for the carried forward tax losses for the Parent entity, DataDot Technology (Australia) Pty Limited, DataDot Technology (USA) Inc., or DataDot Technology (UK) Limited. As at 30 June 2013 the amount of deferred tax assets attributable to revenue losses not brought to account was $8,061,337 (2012: $8,195,897)

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of profit or loss.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

DataDot determines, at least on an annual basis, whether goodwill and intangibles with indefinite useful lives are impaired. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in the estimation of recoverable amount are discussed in note 13.

Share-based payment transactions

DataDot measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased manufacturing premises. The provision includes future cost estimates associated with factory dismantling and make good of the office environment.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

2 Other Income

	2013 $	2012 Restated $
Interest revenue	**10,256**	72,097
Government grants:		
Research and development grant *	**308,000**	508,687
Global growth funding grant *	**0**	10,000
Australian apprenticeships employer incentives	**0**	1,500
Revaluation of financial liability (refer note 15 and 22)	**315,151**	0
Sundry income	**6,992**	0
	640,399	592,284

* There are no unfulfilled conditions or contingencies attached the grants.

3 Expenses

The consolidated income statement includes the following specific expenses :-

	2013 $	2012 Restated $
Cost of sales		
Provision for stock obsolescence	**12,999**	0
Administration expenses		
Net loss/(gain) on foreign currency	**(53,930)**	45,470
Minimum lease payments	**5,004**	9,676
	(48,926)	55,146
Occupancy expenses		
Minimum lease payments	**234,403**	246,853
Finance costs		
Bank loans and overdrafts	**3,678**	10,334
Other borrowings	**38,024**	7,726
Finance charges payable under finance leases and hire purchase contracts	**6,747**	31,817
Total finance costs	**48,449**	49,877
Depreciation, amortisation and disposals		
Depreciation	**161,783**	285,480
Amortisation	**258,983**	244,314
Loss on disposal of plant and equipment	**14,995**	0
Total Depreciation and Amortisation	**435,761**	529,794

4 Income Tax

(a) Major components of tax expenses

	2013 $	2012 Restated $
Current income tax expense	**21,462**	(5,663)
Withholding Tax	**37,432**	0
Deferred income tax	**0**	0
Income tax expense	**58,894**	(5,663)

4 Income Tax (continued)

	2013	2012
	$	$
(b) The prima facie tax on loss before income tax of $107,927 (2012 : $1,914,576) **is reconciled to the income tax expense as follows :-**		
Net loss before income tax at the tax at the statutory income tax rate of 30% (2012: 30%)	**(32,378)**	(574,373)
Foreign tax rate adjustment	**70,313**	32,332
Adjustment for income assessable in overseas tax jurisdictions	**37,432**	68,792
Research and development expenditure added back	**97,320**	221,351
Expenditure not allowable	**20,836**	43,952
Other timing differences	**47,365**	(31,387)
Previously unrecognised tax losses brought to account	**0**	(319,387)
Unused tax losses and tax offsets not recognised as deferred tax assets	**(181,994)**	553,057
Aggregate income tax expense/(benefit)	**58,894**	(5,663)
(c) Recognised deferred tax assets and liabilities		
Opening balance	**0**	0
Deferred tax asset credited to income	**50,061**	15,530
Deferred tax liability charged to income	**(50,061)**	(15,530)
Closing balance	**0**	0
Deferred tax assets and liabilities		
Deferred income tax at 30 June relates to the following :-		
Deferred tax liabilities		
Development costs	**368,037**	496,469
Plant and equipment	**10,469**	13,987
Patents & Trademarks	**216,107**	0
Accounts receivable	**0**	34,097
Gross deferred tax liabilities	**594,613**	544,553
Set-off of deferred tax assets	**(594,613)**	(544,553)
Net deferred tax liabilities	**0**	0
Deferred tax assets		
Tax losses	**181,994**	634,231
Foreign currency balances	**629,407**	609,296
Goodwill	**78,270**	101,026
Provisions	**106,312**	82,826
Accruals	**120,072**	40,667
Equity raising costs	**50,670**	80,174
Legal fees	**0**	18,408
Doubtful debts and obsolescence	**16,166**	2,939
Other timing differences	**0**	33,355
Gross deferred tax assets	**1,182,889**	1,602,922
Set-off of deferred tax liabilities	**(594,613)**	(544,553)
Net deferred tax assets arising from temporary differences not brought to account	**588,276**	1,058,369

The potential deferred tax assets arising from unused tax losses and temporary differences have only been recognised where it is probable that the future taxable profit will be available against which tax losses can be utilised.

4 Income Tax (continued)

(c) Recognised deferred tax assets and liabilities (continued)

	2013 $	2012 $
The amount of the potential deferred tax assets attributable to revenue losses not brought to account	**8,195,897**	8,290,926
Adjustment recognised for prior periods	**47,434**	138,641
Less losses recognised as realisation of benefit is deemed to be sufficiently probable	**(181,994)**	(233,670)
	8,061,337	8,195,897

The potential deferred tax asset will only be obtained if:

(i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;

(ii) the relevant company continues to comply with the conditions for deductibility imposed by law; and

(iii) no changes in tax legislation adversely affect the relevant company in realising the benefit.

Tax consolidation

DataDot Technology Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2003. In December 2010, DataTrace DNA Pty Limited became a member of the tax consolidated group after becoming a wholly owned subsidiary of DataDot Technology Limited. DataDot Technology Limited is the head entity of the tax consolidated group. Members of the group have not entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. There is no agreement for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the reporting date, the possibility of default is remote.

AgTechnix Pty Limited became a wholly owned subsidiary of DataDot Technology Limited on 29 June 2012 and is now part of the tax consolidated group.

5 Auditors' Remuneration

The auditor of DataDot Technology Limited is BDO East Coast Partnership

Amounts received or due and receivable for audit services by BDO East Coast Partnership :-

	2013 $	2012 $
An audit or review of the financial report of the entity and any other entity in the consolidated group	**107,287**	113,876
Other services in relation to the entity and any other entity in the consolidated group :-		
Tax compliance	**50,320**	33,516
Other services	**28,985**	20,000
	186,592	167,392

Amounts received or due and receivable for audit services by Related Entities of BDO East Coast Partnership :-

	2013 $	2012 $
An audit or review of the financial report of the entity and any other entity in the consolidated group	**30,875**	0

Amounts received or due and receivable by non BDO audit firms for:

	2013 $	2012 $
Taxation services	**821**	624
Other services	**8,957**	12,132
	9,778	12,756

6 Dividends

	2013 $	2012 $
Dividends declared or paid during the year	**0**	0
Franking account balance	**0**	0

7 Earnings Per Share

	2013	2012
	$	Restated $
Basic earnings / (loss) per share (cents per share)	**(0.03)**	(0.40)
Diluted earnings / (loss) per share (cents per share)	**(0.03)**	(0.40)
Net loss used in calculating earnings / (loss) per share	**(166,821)**	(1,908,913)
Weighted average number of shares :-	**No**	No
Weighted average number of shares used in calculating basic earnings per share	**480,800,800**	474,575,800
Adjustments for calculation of diluted earning per share	**17,628,082**	16,471,712
Weighted average number of shares used in calculating diluted earnings per share	**498,428,882**	491,047,512

Shares and share rights issued subsequent to end of the year :-
3,875,000 shares on vesting from share rights 01/07/2013
1,300,000 share rights issued vesting 22/07/2014, 22/07/2015 and 22/07/2016

8 Cash and Cash Equivalents

Reconciliation of cash

Cash at the end of the financial year shown in the consolidated statement of cash flows is reconciled as follows :-

	2013	2012
Cash at bank and on hand	**897,398**	1,409,367
Bank overdraft	**(32,875)**	0
	864,523	1,409,367

Cash at bank earns interest at floating rates based on daily bank deposits.

Cash Flow Information

Reconciliation of net loss after tax to net cash flow from operations :-

	2013	2012
Loss after income tax	**(166,821)**	(1,908,913)
Add/(less) items classified as investing/financing activities:		
Interest received	**(10,256)**	(72,097)
Add/(less) non-cash items:		
Depreciation and amortisation	**420,766**	529,794
Disposal of plant and equipment	**14,992**	3,990
Revaluation of financial liability	**(315,151)**	0
Non-cash borrowing costs	**0**	33,940
Share based payments	**172,639**	277,310
Foreign exchange variance	**(47,763)**	45,470
Impairment losses	**0**	194,703
Impairment for doubtful accounts	**85,526**	201,475
Changes in assets and liabilities :-		
(Increase)/decrease in trade and other receivables	**160,411**	(403,684)
(Increase)/decrease in current tax assets	**54,665**	0
(Increase)/decrease in inventories	**280,789**	(476,325)
(Increase)/decrease in grant receivable	**200,687**	0
(Decrease)/increase in trade and other payables	**(147,765)**	97,139
(Decrease)/increase in current tax liabilities	**(8,654)**	(59,345)
(Decrease)/increase in other liabilities	**31,362**	(141,872)
(Decrease)/increase in provisions	**(91,548)**	93,720
Net cash from / (used in) operating activities	**633,879**	(1,584,695)

9 Trade and Other Receivables

	2013	2012
	$	$
Trade receivables	**1,014,274**	1,169,858
Provision for impairment	**(144,603)**	(92,859)
	869,671	1,076,999
Prepayments	**159,495**	161,722
Other debtors and receivables	**144,043**	94,899
	1,173,209	1,333,620

(a) Provision for impairment

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment charge of $85,526 (2012: $201,475) has been recognised by DataDot. These amounts have been included in the bad and doubtful debt expense item.

Movement in provision for impairment of receivables is as follows:

	2013	2012
At 1 July	**92,859**	9,797
Charge for the year	**85,526**	201,475
Amount written off (included in bad and doubtful debt expense)	**(33,782)**	(118,413)
At 30 June	**144,603**	92,859

	2013	2012
Aging of trade receivables:-		
Current	**683,874**	752,373
30 days	**180,631**	218,546
60 days	**13,487**	54,182
90 days and over	**136,282**	144,757
	1,014,274	1,169,858

	2013	2012
The aging of the impaired receivables provided for above are as follows :-		
60 days	**8,321**	0
90 days and over	**136,282**	92,859
	144,603	92,859

Customers with balances past due but without provision for impairment amounts to $185,797 (2012 : $324,626)

	2013	2012
The aging of the past due but not impaired receivables are as follows :-		
30 days	**180,631**	218,546
60 days	**5,166**	54,182
90 days and over	**0**	51,898
	185,797	324,626

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it DataDot's policy to transfer (on-sell) receivables to special purpose entities.

Refer to note 26 for more information on the risk management policy of DataDot and the credit quality of DataDot's trade receivables.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 26.

10 Inventories

	2013	2012
	$	$
Raw materials	**1,026,017**	1,355,693
Finished goods	**110,565**	61,678
	1,136,582	1,417,371

11 Grant Receivable

	2013 $	2012 Restated $
Research and development grant	**308,000**	508,687

12 Plant and Equipment

	2013	2012
Plant and equipment - at cost		
At cost	**2,699,163**	2,558,376
Accumulated depreciation	**(1,943,750)**	(1,794,778)
Total owned plant and equipment	**755,413**	763,598
Plant and equipment - leased		
Cost	**152,923**	118,453
Accumulated depreciation	**(15,292)**	(94,972)
Total leased plant and equipment	**137,631**	23,481
Leasehold improvements		
Cost	**169,061**	155,753
Accumulated depreciation	**(156,143)**	(148,433)
Total leasehold improvements	**12,918**	7,320
Total Plant and Equipment		
Cost	**3,021,147**	2,832,582
Accumulated depreciation	**(2,115,185)**	(2,038,183)
	905,962	794,399

Movements in carrying amounts

	Plant & equipment at cost $	Plant & equipment leased $	Leasehold Improvements $	Totals $
Balance as at 1 July 2011	819,777	39,873	7,805	867,455
Additions	145,693	0	2,500	148,193
Disposals	(4,192)	0	0	(4,192)
Depreciation charge for the year	(165,517)	(9,805)	(2,985)	(178,307)
Exchange adjustments	9,649	(6,587)	0	3,062
Restated Balance at 30 June 2012	805,410	23,481	7,320	836,211
Prior period adjustment (Note 29)	(41,812)	0	0	(41,812)
Restated Balance at 30 June 2012	763,598	23,481	7,320	794,399
Additions	**136,075**	**129,442**	**7,254**	**272,771**
Transfer from Intangibles	**17,837**	**0**	**0**	**17,837**
Disposals	**(14,992)**	**0**	**0**	**(14,992)**
Depreciation charge for the year	**(144,837)**	**(15,292)**	**(1,654)**	**(161,783)**
Exchange adjustments	**(2,270)**	**0**	**0**	**(2,270)**
Balance at 30 June 2013	**755,411**	**137,631**	**12,920**	**905,962**

(a) Plant and equipment pledged as security for liabilities

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Plant and equipment with a carrying amount of $722,266 (restated 2012 : $707,425) are pledged as securities for current and non-current liabilities as disclosed in note 15.

During the year, DataDot acquired plant and equipment and leasehold improvements with an aggregate value of $152,923 (2012 : $Nil) by means of finance leases.

13 Intangible Assets

	2013	2012
	$	$
Development		
Cost	**1,698,432**	1,578,121
Accumulated amortisation	**(471,643)**	(688,093)
Net carrying amount	**1,226,789**	890,028
Patent and trademarks		
Cost	**1,205,786**	1,098,545
Accumulated amortisation	**(433,221)**	(334,995)
Net carrying amount	**772,565**	763,550
Goodwill		
Cost	**1,258,863**	1,258,864
Software		
Cost	**65,582**	72,727
Accumulated amortisation	**(28,832)**	(23,322)
Net carrying value	**36,750**	49,405
Total Intangible Assets	**3,294,967**	2,961,847

Movements in carrying amounts

	Development	Patents and trademarks	Goodwill	Software Development	Totals
	$	$	$	$	$
Balance as at 1 July 2011	623,491	862,106	1,258,864	61,399	2,805,860
Additions	449,812	140,896	0	3,116	593,824
Amortisation	(183,275)	(44,749)	0	(15,110)	(243,134)
Impairment losses	0	(194,703)	0	0	(194,703)
Balance at 30 June 2012	890,028	763,550	1,258,864	49,405	2,961,847
Additions	**485,522**	**107,230**	**0**	**17,178**	**609,930**
Disposals - cost	**(365,211)**	**0**	**0**	**0**	**(365,211)**
Transfer to PPE	**0**	**0**	**0**	**(17,837)**	**(17,837)**
Amortisation	**(148,761)**	**(98,225)**	**0**	**(11,997)**	**(258,983)**
Write back of accumulated amortisation on disposal	**365,211**	**0**	**0**	**0**	**365,211**
Balance at 30 June 2013	**1,226,789**	**772,555**	**1,258,864**	**36,749**	**3,294,957**

Development costs
Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The intangible assets have been assessed as having finite lives. All intangible assets are amortised using the straight line method over a period of 5 to 10 years. The amortisation has been recognised in the statement of profit or loss in the line item “depreciation and amortisation expense”. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Patents and trademarks
Patent costs are carried at cost less accumulated amortisation and accumulated impairment losses. These intangible assets have been assessed as having a finite life and are amortised using the straight line method over the period of the patent. The amortisation has been recognised in the income statement in the line item 'depreciation and amortisation expense'. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

13 Intangible Assets (continued)

Patents and trademarks (continued)

In 2013, $107,230 (2012 : $140,896) of costs associated with the lodging, renewal, and maintenance of patents & trademarks were incurred with $98,225 (2012 : $44,749) of associated amortisation being expensed during the period. After a review of patents, an impairment charge of $Nil (2012 : $194,703) was incurred to reflect the intentional abandonment of identified patents.

Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on at least an annual basis or whenever there is an indication of impairment.

Impairment testing

The group has identified two cash generating units (CGUs); DataDot (with a carrying value of $1,512,962) and DataTrace (with a carrying value of $2,704,032). The recoverable value of the CGUs is determined based on value in use calculations. Value in use is calculated based on the present values of cash flow projections over a five year period with the terminal value calculated on the year 5 projected cash flow divided by the discount rate less the growth rate.

Management has based the value‑in‑use calculations on the budgets approved by the DataDot Board. The budget uses estimated growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated inflation rates over the period.

The cash flows are discounted using a discount rate of 20%. The discount rate of 20% pre-tax reflects management’s assessment of the time value of money and DataDot’s weighted average cost of capital adjusted for the risk free rate and the volatility of the share price relative to market movements, and inherent uncertainty of the business. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5% and are included in the terminal value calculation. The growth rate does not exceed the long term average growth rate for the business in which the cash generating unit operates.

Impact of possible changes in key assumptions

If the discount rate was increased by 1.2% or more, the DataTrace CGU would indicate an impairment of DataTrace's intangible assets of $5,951, with all other assumptions remaining constant.

14 Trade and Other Payables

Trade payables	**410,345**	595,304
Sundry creditors and accruals	**492,110**	459,421
Other taxes payable	**11,695**	7,190
	914,150	1,061,915

Fair value and credit risk

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 26

15 Borrowings

	Maturity	2013 $	2012 $
Current			
Interest bearing secured :-			
Bank overdraft		**32,875**	0
Obligations under finance leases and hire purchase contracts	2014	**49,975**	1,457
Bank loan	2014	**3,720**	58,625
		86,570	60,082
Interest bearing unsecured :-			
Loans payable to other parties	2014	**257,673**	0
Non Interest bearing unsecured :-			
Loans payable to other parties	2014	**93,421**	688,822
Total current borrowings		**437,664**	748,904
Non-current			
Interest bearing secured **:-**			
Obligations under finance leases and hire purchase contracts	2015	**52,806**	0
Total non-current borrowings		**52,806**	0

Fair value
The carrying value of DataDot's current and non-current borrowings approximate their fair value.

Interest rate, foreign exchange and liquidity risk
Details regarding foreign exchange and interest rate risk exposure are disclosed in note 26

Assets pledged as security
Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The bank loan is in the form of a commercial loan. A fixed and floating charge over the assets of DataDot Technology Limited and DataDot Technology (Australia) Pty Limited has been provided to the bank as security for the loan. Plant and equipment with a carrying amount of $722,266 (restated 2012 : $707,425) are pledged as securities for current and non-current liabilities. The loan is repayable over 36 monthly periods.

Defaults and breaches
During the current and prior years, there were no defaults or breaches on any of the loans.

Interest bearing unsecured loans - current

A current amount payable to other parties of $257,673 (£154,656) which DataDot Technology (UK) Limited (DDUK) borrowed at an interest free basis in 2002 for the establishment of the UK business. The loan, which is guaranteed by DataDot, was renegotiated in August 2012 as part of the share sale agreement to include interest of 7.5% pa and is repayable in instalment by 30 June 2014. On 1 July 2013, £59,656 of the loan was repaid by DDUK with the remaining £95,000 to be repaid in December 2013 and June 2014.

Non interest bearing unsecured loans - current
A current amount payable to other parties of $93,421 (£59,995) arose from an executed share sale agreement for the purchase of shares owned by another DDUK minority shareholder in August 2012 for £60,000 of which £5 was paid on execution and the balance due on 1 July 2013.

A non interest bearing unsecured borrowing at 30 June 2012 of $315,151 (included in the $688,822 balance in the 30 June 2012) relates to funding that was received from IPECO Pty Limited for AgTechnix Pty Limited. The funding has been revalued to $nil at 30 June 2013 on the basis that it is not expected that the amount will be repaid as AgTechnix is not anticipated to make profits in the period to 29 June 2015. Due to the fact that a possible obligation remains, this has been disclosed as a contingent liability (refer note 22).

16 Provisions

	2013	2012
	$	$
Current		
Employee benefits	**294,358**	280,346
Restructuring costs provision	**0**	103,687
Other provisions	**71,540**	71,540
	365,898	455,573
Non Current		
Employee benefits	**2,536**	4,409

Employee benefits

	2013	2012
Aggregate employee benefits provision :-		
Balance at beginning of the year	**280,346**	294,384
Additional provisions	**120,059**	149,322
Amount used	**(106,047)**	(163,360)
Balance at end of the year	**294,358**	280,346

The current provision for all employee benefits (annual and long service leave) includes all unconditional entitlements where employees have completed the required period of service. The amount is presented as current since the consolidated entity does not have unconditional right to defer settlement. However based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued annual and long service leave within the next twelve months.

	2013	2012
Annual and long service leave that is not expected to be taken within the next twelve months	**183,011**	124,776

Restructuring costs provision
In 2012 the Board and Management implemented major cost reductions and as a result of DataDot's restructure achieved significant additional sustained savings. The major cost components of the restructuring were termination payments associated with cessation of employment together with costs incurred in closing facilities surplus to requirements.

Other provisions
A provision of $20,000 (2012 : $20,000) estimating potential amounts payable under an agreement with an Australian motor vehicle distributor where DataDot has agreed to remit the theft excess (to a maximum of $800) payable by automobile owners in the event that vehicles are stolen and remain unrecovered (subject to conditions) is included in other provisions.

A provision of $1,540 (2012 : $1,540) estimating potential amounts payable under an agreement with Swann Insurance which DataDot has agreed to remit the insurance excess on behalf of policy holders who have applied DataDots to their vehicles and whose vehicles have been stolen is included in other provisions.

In accordance with the lease agreement with the owner of DataDot's facilities in Frenchs Forest, Australia, DataDot must restore the leased premises to its original condition at the end of the lease term, a provision of $50,000 (2012 : $50,000) is included in other provisions.

17 Other Liabilities

	2013	2012
Unearned income	**31,362**	0

18 Contributed Equity

	2013	2013	2012	2012
	No	**$**	No	$
Issued capital at beginning of financial period	**474,575,800**	**33,102,482**	474,575,800	33,102,482
Shares issued or under issue during the year :-				
Vested share rights issued under the ESRP at 1 July 2012 at 4.4c per share	**6,225,000**	**273,900**	0	0
Issued Capital at the end of the financial period	**480,800,800**	**33,376,382**	474,575,800	33,102,482

18 Contributed Equity (continued)

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As disclosed in Note 15, DataDot had total interest bearing liabilities of $397,049 as at 30 June 2013 (2012 : $60,082). DataDot is not subject to any externally imposed capital requirements.

19 Reserves

	2013 $	2012 Restated $
Foreign currency translation reserve		
Balance at beginning of financial year	**(1,900,943)**	540,360
Currency translation differences arising during the year	**22,490**	(61,155)
Balance at end of financial year	**(1,878,453)**	479,205
Prior period adjustment (Note 29)	**0**	(2,380,148)
Restated balance at end of financial year	**(1,878,453)**	(1,900,943)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	2013 $	2012 Restated $
Employee equity benefits reserve		
Restated balance at beginning of financial year	**415,268**	148,856
Movement in share-based payments	**(169,118)**	277,310
Balance at end of financial year	**246,150**	426,166
Prior period adjustment (Note 29)	**0**	(10,898)
Restated balance at end of financial year	**246,150**	415,268

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including KMP, as part of their remuneration. Refer to note 24.

	2013 $	2012 Restated $
Other reserves		
Balance at beginning of financial year	**(309,424)**	0
Acquisition of non-controlling interest in AgTechnix Pty Limited	**0**	(309,424)
Acquisition of non-controlling interest in DataDot Technology (UK) Limited	**(369,199)**	0
Balance at end of financial year	**(678,623)**	(309,424)

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control. Refer to note 25.

	2013 $	2012 Restated $
Total Reserves	**(2,310,926)**	(1,795,099)

20 Segment Information

Segment descriptions

DataDot has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Three of the operating segments are identified by management based on the location of the selling segment. Two of the operating segments are identified by management based on the product offerings. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

20 Segment Information (continued)

Products and services by segment

The three geographical regions of Asia Pacific, Americas and Europe each manufacture and distribute an asset identification system that includes :-

DataDotDNA® ‑ polymer and metallic microdots containing etched data that is unique to the assets to which the microdots are attached;

DataBaseDNA ‑ a global database that records asset identification data and is accessible by law enforcement agencies and insurance investigators.

The only operating segment that is identified by product offerings managed on a global basis is :-

DataTraceDNA® – a high speed, high security, machine readable system for authenticating materials, products, and assets and IntelliSeed™ by AgTechnix is a frontier patent pending technology, supporting global agriculture and protecting investments in intellectual property across a diverse spectrum of agricultural activities, including seed and plant genetics.

Accounting policies and inter‑segment transactions

The accounting policies used by DataDot in reporting segments internally is the same as those contained in the prior period. Inter segment pricing is determined on an arm's length basis.

The following tables present the revenue, profit/(loss) before tax, assets and liabilities information regarding operating segments for years ended 30 June 2013 and 30 June 2012.

Major customers

DataDot has a number of customers to which it provides both products and services. In Australasia, one customer accounts for 17% of total revenue (2012 : 17%) and in Europe one customer accounts for 11% of total revenue (2012 : 11%).

Segment performance Year ended 30 June 2013	**Australasia $**	**Americas $**	**Europe $**	**DataTraceDNA $**	**Eliminations $**	**Total $**
Revenue from External customers	**3,059,802**	**1,032,979**	**2,126,587**	**811,069**	**(1,892,712)**	**5,137,725**
Revenue from transactions with other operating segments of the same entity	**1,487,531**	**257,449**	**2,010**	**145,722**	**0**	**1,892,712**
Sales revenue	**4,547,333**	**1,290,428**	**2,128,597**	**956,791**	**(1,892,712)**	**7,030,437**
Gross profit	**3,194,443**	**644,975**	**710,397**	**440,986**	**(1,057,853)**	**3,932,948**
EBITDA	**(274,676)**	**(42,548)**	**62,271**	**619,932**	**1,048**	**366,027**
Depreciation, amortisation, disposals & Impairment	**(232,398)**	**(11,223)**	**(3,683)**	**(188,457)**	**0**	**(435,761)**
Finance revenue	**93,661**	**86**	**177**	**1,062**	**(84,730)**	**10,256**
Finance costs	**(10,500)**	**(6,640)**	**(50,763)**	**(64,228)**	**83,682**	**(48,449)**
Profit / (Loss) before income tax	**(423,913)**	**(60,325)**	**8,002**	**368,309**	**0**	**(107,927)**
Income tax expense	**(44,520)**	**(6,182)**	**(8,192)**	**0**	**0**	**(58,894)**
Net profit / (loss) after income tax	**(468,433)**	**(66,507)**	**(190)**	**368,309**	**0**	**(166,821)**
Segment assets	**14,261,548**	**693,993**	**1,151,718**	**2,241,832**	**(10,628,937)**	**7,720,154**
Segment liabilities	**7,946,056**	**5,458,473**	**1,089,263**	**1,698,881**	**(14,376,773)**	**1,815,900**

20 Segment Information (continued)

Segment performance (continued) **Year ended 30 June 2012**	Australasia $	Americas $	Europe $	DataTraceDNA $	Eliminations $	Total $
Revenue from External customers	3,547,056	836,611	1,621,669	1,066,060	(1,604,387)	5,467,009
Revenue from transactions with other operating segments of the same entity	1,335,784	139,732	3,784	125,087	0	1,604,387
Sales revenue	4,882,840	976,343	1,625,453	1,191,147	(1,604,387)	7,071,396
Gross profit	3,450,389	637,633	460,493	565,027	(1,039,406)	4,074,136
EBITDA	(838,312)	93,639	(186,492)	(710,955)	429,821	(1,212,299)
Depreciation, amortisation, disposals & Impairment	(563,068)	(16,700)	(8,377)	(136,352)	0	(724,497)
Finance revenue	74,599	31	0	2,011	(4,544)	72,097
Finance costs	(18,104)	(8)	(36,036)	(273)	4,544	(49,877)
Profit / (loss) before income tax	(1,344,885)	76,962	(230,905)	(845,569)	429,821	(1,914,576)
Income tax expense	(57,988)	0	63,651	0	0	5,663
Net profit / (loss) after income tax	(1,402,873)	76,962	(167,254)	(845,569)	429,821	(1,908,913)
Segment assets	13,814,081	636,641	1,058,723	2,435,669	(9,461,122)	8,483,992
Segment liabilities	6,929,480	5,378,915	1,018,118	2,247,715	(13,283,281)	2,290,947

21 Commitments

	2013 $	2012 $
Finance lease commitments		
Minimum finance lease payments payable		
Within one year	**54,392**	51,328
Later than one year but not later than five years	**54,392**	99,741
Later than five years	**0**	0
	108,784	151,069
Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the financial statements		
Minimum operating lease payments payable		
Within one year	**151,495**	127,816
Later than one year but not later than five years	**328,300**	15,798
Later than five years	**0**	0
	479,795	143,614
Remuneration commitments		
Commitments for the payment of salaries and other remuneration under long term employment contacts in existence at the reporting date but not recognised as liabilities.		
Minimum remuneration payments payable		
Within one year	**328,923**	176,435
Later than one year but not later than five years	**0**	0
Later than five years	**0**	0
	328,923	176,435

22 Contingent Liabilities

Guarantees

DataDot has issued bank guarantees of $32,750 (2012: $38,050). No liability was recognised by DataDot in relation to the bank guarantee as the fair value of the guarantee is immaterial.

Insurance company initiative

Under a sales agreement with an insurance company, DataDot 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. A provision has been made (refer note 16 *Other provisions*). 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.

Theft deterrent system rebate contingencies

Under an agreement with an Australian motor vehicle distributor, DataDot has agreed to remit the theft excess (to a maximum of $800) payable by automobile owners in the event that vehicles are stolen and remain unrecovered (subject to certain conditions). A provision has been made (refer note 16 *Other provisions*). The estimate is based on the probability of vehicles being stolen and unrecovered and 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.

Tax related contingencies - transfer pricing

DataDot has offshore operations in the United States and the United Kingdom. As disclosed in note 24, there are intra Group transactions, which include DataDot and its subsidiaries. These transactions are on an arm's length basis and are conducted at normal market prices and on normal commercial terms.

Subsidiary funding arrangement

An amount of $315,151 in funding was received from IPECO Pty Limited for AgTechnix Pty Limited. The funding is to be repaid from profits generated by AgTechnix over the three years to 29 June 2015. It has been determined from forecasts that insufficient profits will be generated during the three years and on that basis it is not expected that the amount will be repaid. However, if sufficient profits are made during the three years, repayment of the funding will be required and a revaluation expense will need to be taken up in the statement of comprehensive income. Due to the fact that a possible obligation remains, this has been disclosed as a contingent liability.

23 Controlled Entities and Joint Ventures

	Country of Incorporation	% Equity 2013	2012	Investment 2013 $	Investment 2012 $
Ultimate parent entity					
DataDot Technology Limited	Australia				
Controlled entities					
DataDot Technology (Australia) Pty Limited	Australia	**100**	100	**100**	100
DataDot Technology USA Inc.	USA	**100**	100	**181,818**	181,818
DataDot Technology (UK) Limited	UK	**100**	72	**1,177**	846
DataDot Technology (Europe) Limited	UK	**100**	100	**167**	0
AgTechnix Pty Limited	Australia	**100**	100	**200**	200
DataTrace DNA Pty Limited	Australia	**100**	100	**2,395,010**	2,395,010
DataDot N.Z. Pty Limited	New Zealand	**100**	100	**404**	0
Joint venture entities					
DataDot Technology (Asia) Pte. Limited	Taiwan	**0**	50	**0**	0
DataDot Security Solutions Inc	USA	**50**	50	**0**	0

24 Related Party Transactions

Key management personnel

Details regarding key management personnel, their positions, share, right and option holdings are detailed in the Remuneration report within the Director's Report.

	Note	2013	2012
Remuneration of key management personnel :-		**$**	$
Short term employee benefits		**1,354,526**	1,574,484
Post employment benefits		**83,246**	164,192
Termination benefits		**64,806**	276,778
Share based payments	27	**172,639**	257,642
		1,675,217	2,273,096
DataDot Technology Limited funding received prior to the acquisition of the minority shareholding from IPECO Pty Limited for AgTechnix Pty Limited		**0**	195,000

25 Acquisitions & Disposals

Acquisition of Minority Shareholding in AgTechnix Pty Limited

On 29 June 2012, DataDot acquired the remaining 49% of AgTechnix Pty Limited (AgTechnix) A class shares and 50% of AgTechnix B class shares owned by IPECO Pty Limited, so becoming the sole shareholder and owner of AgTechnix and making AgTechnix a fully integrated, wholly-owned subsidiary of DataDot. The acquisition was undertaken to better utilise existing product support capacity within DataDot and to rationalise operating costs, including the costs to DataDot and IPECO of maintaining a separate JV company. AgTechnix will be operated utilising existing DataDot resources and as such AgTechnix will have no staffing or other operating costs going forward. The shares were transferred for a nominal consideration. DataDot recognised a decrease in non-controlling interests of $309,424 and an increase in equity attributable to owners of the parent of $309,424 as shown in other reserves.

Over the past two years, DataDot and IPECO Pty Limited have each provided funding to AgTechnix for a total of $315,151 for each entity. This funding is classified as Interest Bearing Loans & Borrowings and described in note 15 above. No additional funding will be provided to AgTechnix. The funding will be repaid to DataDot and IPECO equally from profits generated by AgTechnix over the next three years. If insufficient profits are generated during the three years then the remaining balance will be extinguished at the end of the three year period.

Disposal of joint Venture Interest in DataDot Technology (Asia) Pte Limited

On 30 June 2013, DataDot transferred its 50% share in DataDot Technology (Asia) Pte Limited for $1 to DataDot Technology Taiwan Pte Limited which is not a related party of the consolidated entity.

Acquisition of minority shareholding in DataDot Technology UK Limited (DDUK)

During the period, on 15 August, a share sale agreement was executed between DataDot Technology Limited (DataDot) and a minority shareholder of DataDot Technology UK Limited (DDUK). Under the agreement, all the shares owned by the minority shareholder were purchased by DataDot for an agreed consideration of £150,000. As part of the share sale agreement, £105,000 of a £250,000 loan from the minority shareholder to DDUK was also repaid during the period, with payment of the remaining £145,000 due in three instalments (£50,000 in July 2013 which has been paid, £50,000 in December 2013 and £45,000 in June 2014). The amount of the loan outstanding is interest bearing.

DataDot also executed a share sale agreement with the other minority shareholder of DDUK, for an agreed consideration of £60,000, with £5 paid immediately and the remaining £59,995 due on or before 1 July 2013 and was paid on the due date. This agreement was effective on 30 August 2012, at which point DataDot owned 100% of DDUK.

26 Financial Risk Management

DataDot's principal financial instruments comprise banks loans, finance leases and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for DataDot's operations. DataDot has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, DataDot's policy that no trading in financial instruments shall be undertaken. The main risks arising from DataDot's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

The main risks DataDot is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

Interest Rate Risk

DataDot's exposure to cash flow interest rate risk is minimal as DataDot's only long-term debt obligation with a floating interest rate is a $150,000 commercial bank loan with Commonwealth Bank of Australia repayable in 36 equal instalments.

Foreign exchange risk

As a result of significant investment in wholly-owned and partly-owned controlled entities in the United States, the United Kingdom and Taiwan, DataDot's statement of financial position can be affected significantly by movements in the exchange rates. DataDot does not seek to hedge this exposure.

DataDot also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

DataDot does require its operating units to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of $100,000 for which payment is anticipated more than one month after DataDot has entered into a firm commitment for a sale or purchase. There has been no such transaction during the year. It is DataDot's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness.

At 30 June 2013 DataDot had the following exposure to foreign currency that is not designated in cash flow hedges:	**$**	$
Financial Assets		
Cash and cash equivalents	**526,838**	412,863
Trade and other receivables	**896,365**	1,049,570
	1,423,203	1,462,433
Financial Liabilities		
Trade and other payables	**697,179**	722,096
Borrowings	**102,781**	0
	799,960	722,096
Net exposure	**623,243**	740,337

The following sensitivity analysis is based on the foreign currency rate risk exposures in existence at the statement of financial position date. At 30 June 2013, if the Australian dollar moved against the UK Pound and the US Dollar, as illustrated in the table below, with all other variables held constant, post tax profit/(loss) and equity would have been affected as follows:

Judgements of reasonably possible movements higher / (lower)		**Post tax profit/(loss) $**	**Equity $**
Year Ended 30 June 2013			
Plus	5%	**(13,883)**	**34,413**
Minus	10%	**30,218**	**(80,363)**
Year Ended 30 June 2012			
Plus	5%	(19,819)	(249,248)
Minus	10%	48,033	587,464

The effect of volatility of foreign exchange rates within expected reasonable possible movements would not be material.

26 Financial Risk Management (continued)

Price risk

DataDot's exposure to commodity price risk is minimal.

Credit Risk

Credit risk arises from the financial assets of DataDot, which comprise cash and cash equivalents, trade and other receivables. DataDot's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

DataDot does not hold any credit derivatives to offset its credit exposure.

DataDot trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it DataDot's policy to securitise its trade and other receivables.

It is DataDot's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that DataDot's exposure to bad debts is not significant.

Liquidity risk

Liquidity risk arises from the financial liabilities of DataDot and DataDot's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

DataDot's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, convertible notes, finance leases and hire purchase contracts. DataDot manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

At reporting date, DataDot had total credit facilities of $144,184. $3,720 was utilised as a bank loan with 1 monthly repayment outstanding. $38,323 was provided through Lines of Credit of which $5,448 was available for immediate use. $32,750 was utilised in the provision of bank guarantees against commercial leases on real property. $1,783 was utilised against a corporate credit card facility and $47,460 was available for immediate use.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities as of 30 June 2013. For all obligations shown the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount of timing are based on the conditions existing as at 30 June 2012.

The remaining contractual maturities of DataDot's financial liabilities are:	**2013**	2012
	$	$
6 months or less	**337,703**	190,068
6 - 12 months	**99,963**	29,312
1 - 5 years	**52,806**	528,067
	490,472	747,447

Maturity analysis of financial assets and liabilities based on management's expectations

The risk implied from the values shown in the tables below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g. inventories and trade receivables). These assets are considered in DataDot's overall liquidity risk.

26 Financial Risk Management (continued)

Consolidated entity 30 June 2013	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	**$**	**$**	**$**
Financial Assets				
Cash and cash equivalents	**897,398**	**0**	**0**	**897,398**
Trade and other receivables	**1,173,209**	**0**	**0**	**1,173,209**
Grant receivable	**308,000**	**0**	**0**	**308,000**
	2,378,607	**0**	**0**	**2,378,607**
Financial Liabilities				
Trade and other payables	**914,150**	**0**	**0**	**914,150**
Borrowings	**437,664**	**52,806**	**0**	**490,470**
	1,351,814	**52,806**	**0**	**1,404,620**
Net maturity	**1,026,793**	**(52,806)**	**0**	**973,987**

Consolidated entity 30 June 2012	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	1,409,367	0	0	1,409,367
Trade and other receivables	1,333,620	0	0	1,333,620
Grant receivable	508,687	0	0	508,687
	3,251,674	0	0	3,251,674
Financial Liabilities				
Trade and other payables	1,061,917	0	0	1,061,917
Interest bearing loans & borrowings	748,904	0	0	748,904
	1,810,821	0	0	1,810,821
Net maturity	1,440,853	0	0	1,440,853

27 Share Based Payments

	2013	2012
Expenses arising from share based payments :-	**$**	Restated $
Shares and rights issued under Employee Share Rights Plan :-		
Share Rights issued at 4.4c to Ben Bootle 01/01/2011 vesting 01/07/2012	**0**	73,467
Share Rights issued at 4.4c to Ross Hawkey 01/01/2011 vesting 01/07/2013	**33,000**	89,381
Share Rights issued at 4.4c to Graham Loughlin 01/01/2011 vesting 01/07/2013 & 01/07/2014	**37,733**	74,484
Share Rights issued at 4.4c to Greg Gothard 01/01/2011 vesting 01/07/2012	**0**	17,632
Share Rights issued at 4.4c to Geoff George 01/01/2011 vesting 01/07/2013 & 01/07/2014	**3,773**	7,448
Share Rights issued at 4.4c to John Kraft 01/01/2011 vesting 01/07/2013 & 01/07/2014	**7,547**	14,898
Share Rights issued at 1.6c to Gunther Schmidt 01/01/2011 vesting 01/07/2013, 01/07/2014 & 01/07/2015	**44,000**	0
Share Rights issued at 2.6c to Ripley 33 P/L for contractor services rendered by Paul McLean 01/01/2013 vesting 01/07/2014, 01/07/2015 & 01/07/2016	**46,586**	0
Total Expense arsing from share based payments during the period	**172,639**	277,310

Movements is share rights for the financial year	**2013**	**2013**	2012	2012
	No	**Avg issue $**	No	Avg issue $
Balance at the beginning of the period	**12,475,000**	**0.0440**	19,425,000	0.0440
Rights granted	**12,500,000**	**0.0224**	4,500,000	0.0440
Shares issued	**(6,225,000)**	**0.0440**	0	0.0000
Rights expired	**(2,250,000)**	**0.0440**	(11,450,000)	0.0440
Balance at the end of the period	**16,500,000**	**0.0269**	12,475,000	0.0440

28 Parent Entity Disclosures

The following information has been extracted from the books and records of the parent, DataDot Technology Limited and has been prepared in accordance with Accounting Standards.

	2013	2012
Assets	**$**	Restated $
Current assets	**401,655**	1,716,203
Non-current assets	**6,018,199**	4,532,777
Total assets	**6,419,854**	6,248,980
Liabilities		
Current liabilities	**674,689**	624,873
Non-current liabilities	**6,095,972**	5,259,565
Total liabilities	**6,770,661**	5,884,438
Equity		
Issued capital	**33,376,382**	33,102,482
Accumulated losses	**(33,656,662)**	(33,061,757)
Reserves	**(70,528)**	323,817
Total equity	**(350,808)**	364,542
Loss for the year of the parent entity	**(571,204)**	(1,210,801)
Total comprehensive income for the year net of tax	**(571,204)**	(1,210,801)

Parent Entity Commitments and Guarantees

DataDot has issued a bank guarantee of $32,750 (2012 : $32,750). No liability was recognised by DataDot in relation to the bank guarantee as the fair value of the guarantee is immaterial.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long term employment contacts in existence at the reporting date but not recognised as liabilities.

Minimum remuneration payments payable		
Within one year	**302,543**	176,435
Later than one year but not later than five years	**0**	0
Later than five years	**0**	0
	302,543	176,435

29 Prior Period Adjustments and Restatement of Comparatives

Inventory, plant and equipment and depreciation & amortisation

Depreciation of plant and equipment commissioned and used in production and for loan in the year ended 30 June 2012 has been understated. This plant and equipment was not included in the schedule of depreciation as the assets were classified as under construction or as inventory. For the year ended 30 June 2012, inventory was overstated by $66,541, plant and equipment written down value was overstated by $41,812 and depreciation and amortisation expense was understated by $108,353.

Employee equity benefit reserve and employee benefits expense

Share rights granted to employees were not recognised over the correct vesting period and included a 12 month holding lock period beyond the vesting period. Additionally, expired share rights were classified as an expense and should have been written back to accumulated losses. As a result, for the year ended 30 June 2012, accumulated losses were overstated by $56,368, employee equity benefits reserve was understated by $91,616 and employee benefit expenses were understated by $147,923 (2012: $45,410).

Research and development grant

The research and development grant received and receivable from the Australian government has been reclassified as other income. A grant amount of $508,687 was classified as income tax benefit in the 2012 financial statements.

29 Prior Period Adjustments and Restatement of Comparatives (continued)

Accumulated losses and foreign currency translation reserve

The unrealised exchange loss on the loan account with the subsidiary DataDot Technology USA Inc was classified as a loss in prior periods and has been reclassified as foreign currency translation reserve. There is no profit and loss reclassification effect in 2012. As a result, for the year ended 30 June 2012, accumulated losses were overstated by $2,380,148, foreign currency translation reserve was understated by $2,380,148.

Reclassification

DataDot undertook a review of accounts and classification is order to standardise reporting across the Group. As a result the following classification amendments have been made :-

	Adjustment $
Sale of goods	(188,141)
Service and licence fees	188,141
Cost of goods sold	(60,067)
Employee benefits expense	(216,484)
Administrative expenses	208,933
Marketing expenses	36,073
Finance costs	31,544

In relation to the above prior period adjustments and restatements of comparatives, the extracts for those items affected are below :-

	2012 Reported $	Adjustment $	2012 Restated $
Consolidated statement of profit or loss and other comprehensive income - extract			
Sale of goods	6,610,892	(188,141)	6,422,751
Service and licence fees	85,116	188,141	273,257
Cost of goods sold	3,057,327	(60,067)	2,997,260
Gross profit	4,134,202	(60,066)	4,074,136
Other income	83,597	508,687	592,284
Expenses			
Employee benefits expense	3,187,464	(68,561)	3,118,903
Administrative expenses	1,031,866	208,933	1,240,799
Marketing expenses	204,024	36,073	240,097
Finance costs	18,333	31,544	49,877
Depreciation and amortisation expenses	421,441	108,353	529,794
Loss from continuing operations before income tax	(2,166,988)	252,412	(1,914,576)
Income tax benefit	514,350	(508,687)	5,663
Net loss for the period	(1,652,638)	(256,275)	(1,908,913)
Loss for the period attributable to members of the parent entity	(1,390,726)	(256,275)	(1,647,001)
Total comprehensive income for the period net of tax	(1,713,793)	(256,275)	(1,970,068)
Total comprehensive income for the period net of tax attributable to members of the parent entity	(1,451,881)	(256,275)	(1,708,156)
Basic earnings / (loss) per share (cents per share)	(0.35)	(0.05)	(0.40)
Diluted earnings / (loss) per share (cents per share)	(0.35)	(0.05)	(0.40)

29 Prior Period Adjustments and Restatement of Comparatives (continued)

	2012 Reported $	Adjustment $	2012 Restated $
Consolidated statement of financial position - extract			
Current Assets			
Inventories	1,483,912	(66,541)	1,417,371
Total Current Assets	4,794,287	(66,541)	4,727,746
Non‑Current Assets			
Plant and equipment	836,211	(41,812)	794,399
Total Non‑Current Assets	3,798,058	(41,812)	3,756,246
Total Assets	8,592,345	(108,353)	8,483,992
Net Assets	6,301,396	(108,353)	6,193,043
Equity			
Accumulated losses	(27,248,431)	2,180,240	(25,068,191)
Reserves	493,494	(2,288,593)	(1,795,099)
Parent interests	6,347,545	(108,353)	6,239,192
Total Equity	6,301,396	(108,353)	6,193,043

30 Subsequent Events

No matter or circumstance has arisen since 30 June 2013 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group.

Directors' 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;

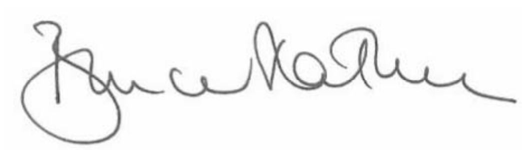
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date;

- 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



Bruce Rathie
Executive Chairman
24 September 2013

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Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of DataDot Technology Limited

Report on the Financial Report

We have audited the accompanying financial report of DataDot Technology Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 DataDot Technology 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 DataDot Technology Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity'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 9 to 16 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 DataDot Technology Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO East Coast Partnership

Arthur Milner
Partner

Sydney, 24 September 2013

Shareholder Information

ASX Additional Information
Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 20 September 2013.

Statement of Issued Shares
The total number of shareholders is 1,754. There are 484,675,800 ordinary fully paid shares listed on the Australian Securities Exchange. The twenty largest shareholders hold 47.89% of DataDot's issued capital.

Substantial shareholders
The number of substantial shareholders and their associates are set out below :-

Shareholders	**Number of shares**
Bannaby Investments Pty Ltd <Super Fund Account>	28,988,403
T M Consulting Pty Ltd <Super Fund Account>	25,988,403

Associated Shareholders

Katrat Investments (20,000,000), Nestegg No 1 Pty Ltd (3,700,000) and Rathie Superannuation Fund (1,115,854)	24,815,854

Voting rights
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.

Share Rights
No voting rights.

On-Market Buyback
There is no current on-market buyback.

Distribution of equity security holders

	Ordinary shares	
Holding	**Shares**	**Share Rights**
1 - 1,000	49	-
1,001 - 5,000	231	-
5,001 - 10,000	256	-
10,001 - 100,000	789	-
100,000 and over	429	9
Total	1,754	9

The number of shareholders holding less than a marketable parcel of ordinary shares is 779.

Securities exchange
The Company is listed on the Australian Securities Exchange.

Other class of equity securities

Share Rights issued	13,925,000

Voluntary escrow
A total of 3,875,000 ordinary shares are under holding lock until 1st July 2014.

Shareholder Information (continued)

Twenty largest shareholders

	Ordinary shares	
	Number held	% of issued shares
Bannaby Investments Pty Ltd <Super Fund A/C>	28,988,403	5.981
T M Consulting Pty Ltd <Super Fund A/C>	25,988,403	5.362
Mr Collin Hwang	23,658,537	4.881
UBS Nominees Pty Ltd	23,490,244	4.847
Katrat Investments Pty Ltd	20,000,000	4.126
Mr Brent McLaws	16,040,000	3.309
Mr Evan Philip Clucas & Ms Leanne Jane Weston	14,809,935	3.056
CSIRO IP&L	13,718,327	2.830
Navigator Australia Ltd <MLC Investment Sett A/C>	9,379,000	1.935
Hamish Edward Elliot Brown	8,413,380	1.736
HSBS Custody Nominees (Australia) Limited	6,703,908	1.383
Damn Investments Pty Ltd	6,300,161	1.300
Appwam Pty Ltd	5,000,000	1.032
Dixson Trust Pty Limited	5,000,000	1.032
Mr Norman Colburn Mayne <N C Mayne Family Fund A/C>	5,000,000	1.032
House of Maister Services Limited	4,159,880	0.858
Mr Stephen Mahnken & Mrs Dior Mahnken <Three Fish A/C>	4,000,000	0.825
Mr Nicholas Richard Harold Notley	4,000,000	0.825
Lloyds & Casanove Investment Partners Limited	3,743,998	0.772
Nestegg No 1 Pty Limited	3,700,000	0.763

Holders of share rights

	Number held	Share Rights % of Issued Share Rights
Mr Graham Loughlin	1,200,000	8.98
Mr John Kraft	250,000	1.79
Mr Geoff George	125,000	0.9
Dr Gunther Schmidt	3,000,000	21.54
Mr Paul McClean (Ripley 33 Pty Ltd)	8,000,000	57.45
Mr Richard Standen	100,000	0.72
Ms Laura Whetstone	100,000	0.72
Ms Nici Andronicus (Ripley 33 Pty Ltd)	100,000	0.72
Mr Andrew Winfield	1,000,000	7.18

DataDot Technology Limited

ABN 54 091 908 726

Corporate Information

Offices

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Phone: +1 800 546 4454; Fax +1 509 483 6906

Directors & Officers

Mr B. Rathie	Executive Chairman
Mr G. Flowers	Non-Executive Director
Ms A. Coutts	Non-Executive Director
Mr G. Loughlin	Company Secretary
Mr R. Standen	Chief Financial Officer

Auditors

BDO East Coast Partnership
Level 10, 1 Margaret Street, Sydney NSW 2000, Australia

Bankers

Commonwealth Bank of Australia
Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000

Share Register

Boardroom Pty Limited
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Phone: +61 2 9290 9600; Fax +61 2 9279 0664

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