DataDot Technology Limited

ABN 54 091 908 726

Securities Exchange Announcement

2nd November 2012

Executive Chairman's Address to AGM

Ladies and Gentlemen,

I propose to discuss the following in my address:

1. 2012 Financial Result
2. What will make a difference for 2013 where I will consider both strategy and management;
3. Likely developments in 2013; and finally
4. Outlook

1. 2012 Financial Result

Taken as a whole over the full year, the financial results for 2012 were disappointing. Trading conditions were tough particularly in Europe and the US where the impact of the GFC were felt the most and were further exacerbated by the aftermath of natural disasters. Revenues were $7,143,493 being $343,932 or 4.6% lower than in 2011 and the consolidated net loss after income tax was $1,652,638 being $1.069 million higher than in 2011.

However, disaggregating the two consecutive half years, the results reveal the positive transition to recovery that I undertook to accomplish when the Board re-structured management in January and I assumed the role of Executive Chairman.

In the first half of the financial year to 31st December, consolidated revenues of $3,317,772 were $819,492 or 20% lower than in the corresponding period in 2011. In the second half to 30th June, consolidated revenues of $3,825,721 exceeded first half revenues by $507,949, or 15%.

And while the consolidated net loss after income tax was $1,196,072 in the first half, it improved to a loss of $456,566 in the second half, including an R&D tax incentive benefit of $508,687.

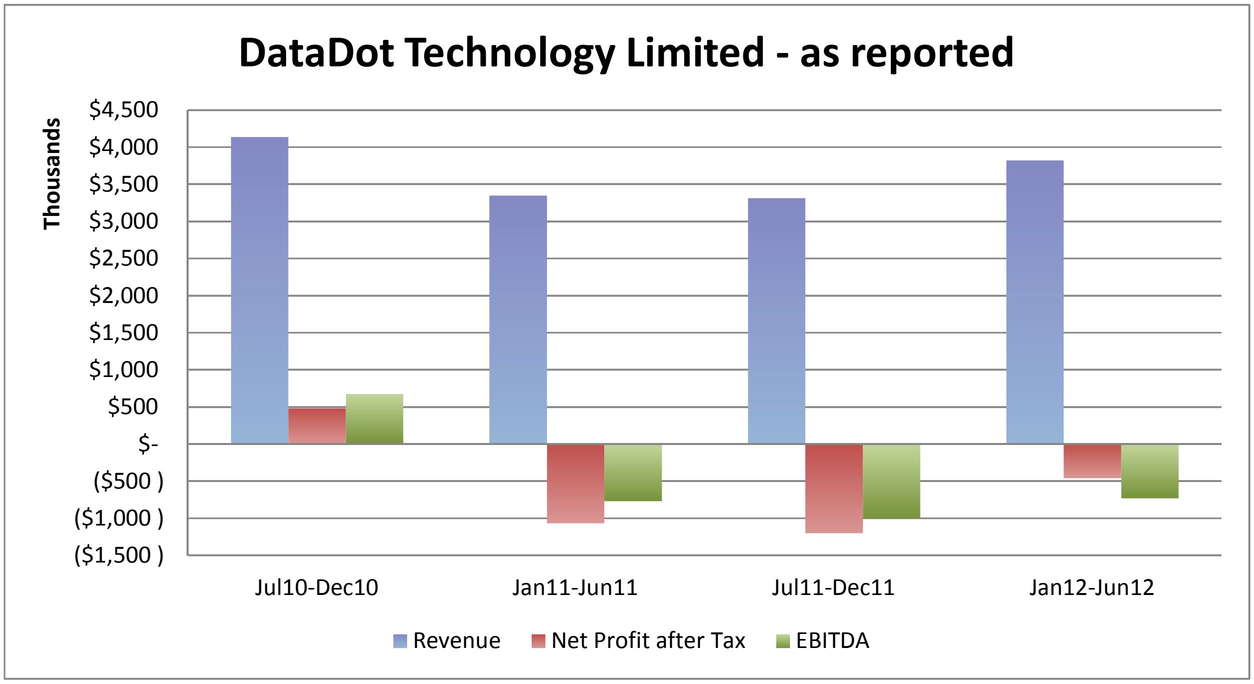
This marked reversal in performance in the second half was driven on both sides of the ledger: on the revenue side by an increase of $507,949 and on the cost side by making further annualised reductions of more than $900,000 by reducing head count and closing underperforming activities.

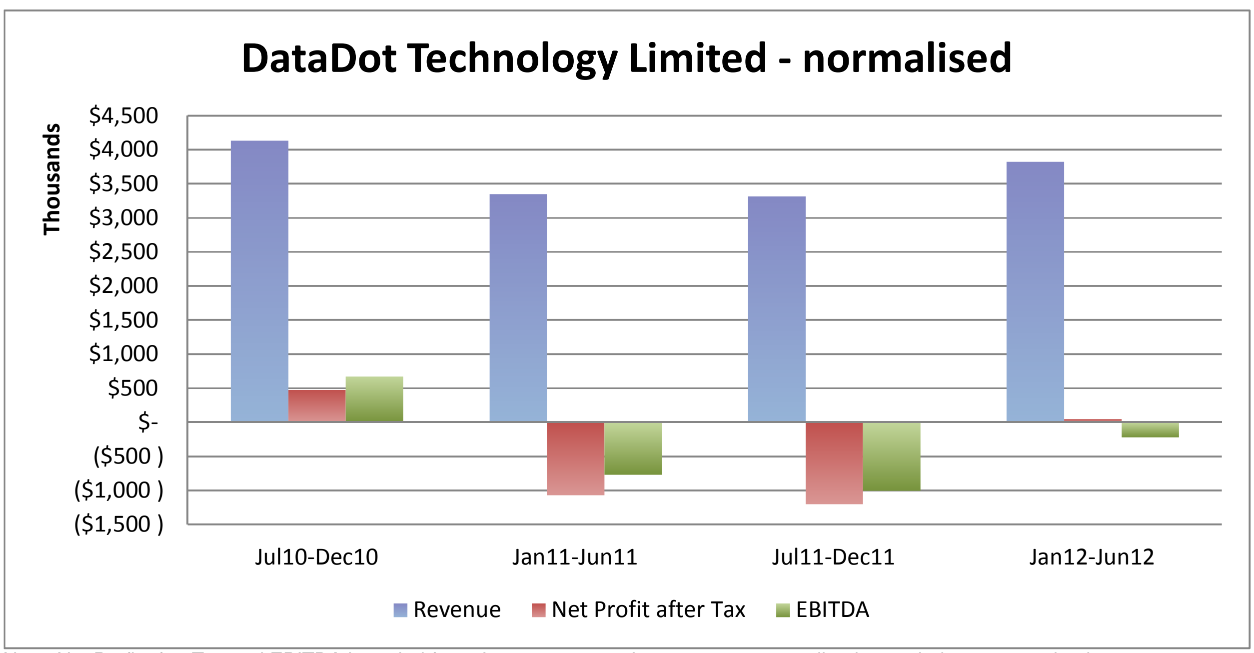
Implementing these additional, recurrent cost savings actually increased the annual loss by a further $510,000, as they involved non-recurrent costs of $315,297 in restructuring and $194,703 in intangible asset impairment

That is to say, excluding the non-recurring items, the net loss of $1,196,072 in the first half would have been transformed into a pro-forma profit of $53,434 in the second half, which further underlines the transformation achieved in the second half.

DataDot TECHNOLOGY LTD

I have represented this graphically by comparing both reported financial performance and performance normalised for these 2 mentioned items for the last 4 half years. You can see from these graphs that both revenue and earnings of the business appear to have turned the corner in the 2nd half of the 2012 year.





Note: Net Profit after Tax and EBITDA in period from January 2012 to June 2012 are normalised to exclude non-recurring items of restructuring provisions ($315,297) and intangible asset impairment ($194,703).

As stated at the outset, the results are disappointing but indications of better performance emerged in the second half which makes us confident that we are now on the right track.

2. What will make a difference for 2013

Strategy

DataDot has two major products being DataDotDNA, which is a microdot used for asset identification, and DataTraceDNA, which uses spectral technology for asset authentication and anti-counterfeiting. DataDotDNA has been very effective preventing theft in the auto sector and DataTraceDNA is proving very effective in the brand protection and asset authentication sectors.

The strategy has been refocussed on these core products and capabilities. Greater emphasis has been put on DataDotDNA sales into the auto sector, particularly in high theft markets such as Brazil, Mexico, Indonesia and China and further strengthening our relationships with our Australian customers.

Most exciting and prospective is replicating in the industrial sector the proven formula for sales in the auto sector, using DataDotDNA asset marking to prevent theft in mining & construction, public transport, road haulage and the power industry where losses of tools, plant, equipment and metal such as copper are extensive.

We are on target to progressively launch these DataDot Plus programs under the National Equipment Register and National Metals Register brands in conjunction with partners in the US within about 6 weeks. Europe will follow. You will have seen from our announcement to the ASX earlier this week that this program under the National Equipment Register brand is now launched in Australia and has already been successfully introduced to a number of large customers in this market.

Rather than selling microdots alone, we have assembled in DataDot Plus an offering or solution that includes sophisticated database services for recording and tracking assets together with law enforcement support and engagement through their accessing these databases. These value-added solutions can be sold at a material premium to microdots as a standalone and takes DataDot out of contested industrial commodity markets with limited value proposition for customers.

We have put in place the necessary partnerships in these markets to enhance the value proposition to our customers and provide credibility and utility to law enforcement in those markets.

With DataTraceDNA, we are focussing on our core capabilities and targeting global companies that wish to use this product to protect their brands and products from counterfeiting. This product has a longer lead time to revenue given the invariable need for trialling and customisation but many relationships have been worked on for the last couple of years and we expect sales from this product to grow both to satisfied old clients and new clients who are working their way to the end of trials. We already have existing customers in pharmaceuticals, bearings, casino chips, industrial seals, auto and packaging for this product.

A good example of the path to revenue for this product is the announcement we made last week regarding AgTechnix's agreement with a major global seed company to conduct field trials in China using Intelliseed and DataTrace over the next 8 months in agriculture. Success in this trial has the potential to lead to a licencing agreement for the Chinese market and in other markets.

DataDot is determined to focus on core product with a strong value proposition for customers and believes this strategy will lead to strong growth going forward particularly when regional economies, especially Europe, begin to grow again.

Management

The senior management team at the company has been materially revamped. The company is now managed by a smaller executive team under my guidance as Executive Chairman. This smaller management team has been augmented with the addition of a new GM Sales & Marketing in May 2012 with global responsibilities (Mr Paul McClean) and a new domestic Manager Business Development (Ms Nici Andronicus) joining the Sydney team shortly after year end. This injection of proven business development capability is already having a markedly positive impact on our sales capability and revenue.

3. Likely developments in 2013

I have already discussed the refocussed strategy the company is pursuing and the new DataDot Plus initiative being rolled out in the industrial non-auto sector in Australia, US and Europe. This further diversifies our revenue streams and provides less reliance on the auto sector. Diversification stands side by side with revenue and earnings growth as one of our major goals for 2012/13.

Nevertheless and as previously mentioned, we continue to pursue high theft markets in the auto sector such as Brazil, Mexico, Indonesia and China as these are huge market opportunities for our product range. Much hard work is going into these initiatives and we will announce developments in these markets as and when they are realised.

We will continue to work hard with our Australian business partners to continue to grow our domestic microdot business. To this end, we have added additional resources in Sydney, as mentioned, dedicated to these relationships and building new relationships.

AgTechnix has been rationalised and folded back into the company as a wholly owned subsidiary. There are a number of opportunities with global majors in the agricultural sector being pursued and we expect these opportunities to mature during the year. I have already mentioned the recent agreement signed regarding trials in China as one major opportunity for this business.

Whole of Vehicle Marking in South Africa has now been mandated and our South African distributor has been very successful in securing a major share of the OEM market. As a result, we expect royalties from this market will grow strongly during the course of the 2012/13 year.

DataDot has now developed and purchased the laser technology necessary to produce its own metal dots known as Thor dots. This equipment has been deployed initially for use in delivery of the industrial dot applications in the US and Europe. We have mentioned this initiative previously but now have in house manufacturing capability.

DataDot's relationship with its US distributor, DataDot Dealer Services, has materially expanded with a new 50/50 joint venture (DataDot Security Solutions Inc) being established to facilitate the offering of the DataDot Plus industrial products in the US. An enhanced partnership with Retainagroup Limited in the UK has also been established for the same reason in the UK and European markets.

Minority shareholders have been taken out of our UK subsidiary company DataDot Technology (UK) Limited, which gives full control over that company. These minority shareholders had super voting rights inhibiting our ability to fully integrate that business into our global network. Our Executive Director DDUK is now reviewing both revenue opportunities and cost efficiencies which should substantially improve that company's performance during 2012/13.

The company continues to explore entry points for the Indian market after a false start and is in discussion with a high potential business partner there regarding a distributorship or joint venture. A wholly owned subsidiary has been established to facilitate this.

These are but a few selected major initiatives for the new financial year which are likely to have a positive impact on the company's performance in 2012/13.

4. Outlook

The company has redefined and developed its strategy as discussed earlier and signs are emerging that these new initiatives together with new executive additions are starting to generate additional revenue both from existing and new clients.

The first quarter of the new financial year started slowly as expected due to the holidays in the Northern hemisphere but business from existing customers has firmed considerably with October finishing very solidly. We expect growth in our US auto business, new revenue coming on stream from the DataDot Plus initiatives particularly in Australia and new customers through to the end of the calendar year. The rollout of DataDot Plus in the US and Europe in December should contribute to new revenue growth early in the New Year.

Management continues with cost reduction initiatives in Australia and identification of efficiencies in our overseas operations. These initiatives should enable the company to capture a greater proportion of revenue growth on the bottom line.

As foreshadowed in the full year results and announced earlier this week, the tax rebate has now been received from the ATO adding to our cash position. We expect cash to grow with revenue growth and efficiencies realised during the balance of the 2013 year. Our capital requirements are under constant review, however, given growth opportunities available to us and the volatility of trading conditions.

The Board is aware that the company must turn its potential into reality and is determined to do so. It thanks its shareholders for their patience with the company and their ongoing support. However, the Board also recognises the contribution made by staff who have worked very hard during challenging market conditions.

Are there any Questions?

Bruce Rathie

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