



**Financial Report  
for half year ended 31 December 2012**

**Consolidated Financial Statements**

For Half

**ABN 54 091 908 726**

Year Ended 31 December 20  
12

# DataDot Technology Limited

For Half Year Ended 31 December 2012

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## Corporate Information

ABN 54 091 908 726

This half-year report covers the consolidated entity comprising DataDot Technology Limited (the "Company" or the "Parent entity") and its subsidiaries ("DataDot" or the "Consolidated entity"). DataDot's functional and presentation currency is AUD (\$).

A description of DataDot's operations and of its principal activities is included in the review of operations and activities in the directors' report. The directors' report is not part of the financial report.

### Directors

Mr B. Rathie (Executive Chairman)

Mr G. Flowers

Ms A. Coutts

### Company Secretary

Mr G. Loughlin

### Registered Office

Unit 9

19 Rodborough Road

Frenchs Forest NSW 2086

Phone +61 2 8977 4900

Fax +61 2 9975 4700

### Auditors

BDO East Coast Partnership

Level 10

1 Margaret Street

Sydney NSW 2000

### Bankers

Commonwealth Bank

Forestway Shopping Centre

Forestway, Frenchs Forest

Sydney NSW 2086

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### Share Register

Boardroom Pty Limited

Level 7

207 Kent Street

Sydney NSW 2000

Phone +61 2 9290 9600

Fax +61 2 9279 0664

### Stock Exchange

DataDot Technology Limited

is listed on the Australian

Securities Exchange. The

Home Exchange is Sydney.

### Other Information

DataDot Technology Limited,

incorporated and domiciled in

Australia, is a publicly listed

company limited by shares.

### Company website

[www.datadotdna.com](http://www.datadotdna.com)

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# Directors' Report

## For the Half Year Ended 31 December 2012

Your directors submit their report, together with the financial statements of the consolidated entity (referred to hereafter as DataDot) consisting of DataDot Technology Limited and the entities it controlled at the end of, or during the half year ended 31 December 2012.

### 1. Directors

The directors of the Company at any time during or since the end of the half-year are as follows:

Directors were in office for this entire period unless otherwise stated.

Mr B Rathie (Executive Chairman)  
Mr G Flowers  
Ms A Coutts

### 2. Principal activities

The principal activities of DataDot during the period were to manufacture and distribute asset identification and authentication solutions that include:

- (a) DataDotDNA<sup>®</sup> - polymer and metallic microdots containing etched data that is unique to the assets to which the microdots are attached. This product has two primary applications being the automotive and industrial sectors. In the automotive sector, DataDotDNA is marketed in over 20 countries through subsidiary companies and distributors. In the industrial sector, DataDotDNA is bundled with data base services where the assets are registered with law enforcement support and access and marketed under the National Metal Register and National Equipment Register brands in Australia, the US and Europe; and
- (b) DataTraceDNA<sup>®</sup> – covert authentication technology applying unique spectral fingerprints to industrial products or product packaging..

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

### 3. Review of results and operations

The first six months of the financial year has been a period of stable trading and continued strong focus on costs reduction, resulting in a material improvement to profitability reflected in positive EBITDA of \$15,452 as against an EBITDA loss of \$1,022,350 when compared to the prior corresponding period.

Total revenues were \$3,399,286 (2% increase compared to the 2011 corresponding period).

Gross profit was \$2,051,927 (9% increase compared to the 2011 corresponding period).

EBITDA increase of \$1,037,802 (102% increase compared to the 2011 corresponding period).

Total expenses were \$2,304,705 (26% decrease compared to the 2011 corresponding period).

Net loss after income tax was \$277,615 (76% decrease compared to the 2011 corresponding period).

Operating cashflow improvement of \$1,368,770 compared to the 2011 comparative period.

# Directors' Report

For the Half Year Ended 31 December 2012

## 3. Review of results and operations (continued)

Cash outflow from investing activities was \$432,273 and included an amount of \$225,530 (£150,000) being paid for the acquisition of the remaining shares in DataDot Technology (UK) Limited in accordance with share sale agreement entered into on 15 August 2012.

Cash outflow from financing activities was \$224,858 and included an amount of \$161,910 (£105,000) of loan repaid by DataDot Technology (UK) Limited to other parties in accordance with the sale share agreement.

As at 31 December 2012, cash balances held by the company amounted to \$1,073,310.

### Asia Pacific

Product sales in Asia Pacific were \$2,104,683 compared to the 2011 comparative period of \$2,345,094, the decrease of 10% is attributable to lower sales to the automotive OEM customers. Net profit increased to \$552,484 compared to the 2011 comparative period, an increase of \$109,658 (25%), primarily reflecting the efforts of costs management.

### Americas

Revenues in the Americas were \$604,899 compared to the 2011 comparative period of \$431,923, the increase of 40% is due mainly to sales to new customers in Canada. Net profit was \$114,566, an increase of \$180,885 from a net loss of \$66,319 in the same period last year. This result is due mainly to increased sales and improved utilization of current production capacity.

DataDot Security Solutions Inc (DDSS) was formed as a 50/50 joint venture between DataDot Technology USA Inc and DataDot Dealer Services LLC (our distributor in the US). DDSS has been established as the operating platform for the DataDot's expansion into US industrial markets via the National Metal Register and retail market.

### Europe

DataDot Technology (UK) Limited became a wholly-owned subsidiary during the half-year. Revenues in Europe were \$847,811 compared to the 2011 comparative period of \$562,651, the increase of 50% is due mainly to sales to new customers and improved trading conditions in Italy. Net profit was \$46,129, an increase of \$203,104 from a net loss of \$156,975 in the same period last year. The significant improvement is due mainly to increased sales and reduced operating expenses.

### AgTechnix Pty Limited

AgTechnix became a wholly-owned subsidiary at the end of the last financial year. It is currently conducting trials in China with a major agricultural company and undertaking other initiatives utilising existing DataDot resources.

### DataTrace DNA Pty Limited

DataTrace revenues were \$485,356, a decrease of 29% compared to the 2011 comparative period, reflecting long lead times and trials necessary to secure revenue. Net loss was \$64,708 compared to a profit of \$272,672 in the same period last year.

# Directors' Report

For the Half Year Ended 31 December 2012

## 3. Review of results and operations (continued)

### Outlook

During the half year just ended, the Company experienced stronger growth in North America and Europe, being our major market opportunities. Asia Pacific was marginally impacted by increased competition, particularly in the Taiwan market, and DataTrace has had slower growth than originally expected. The refocussing of the business and significant cost reduction initiatives during the period have positioned the business to benefit strongly from revenue growth going forward. Investments have also been made in growth opportunities during the period which should feed into revenue enhancement this current half year.

In particular, we expect to see growth in or from the following during the current half year:

- increased royalties from DataDot South Africa due to increasing volumes sold in that market;
- launches of the National Metal Register and a retail focussed program in the US by DDSS;
- improving trading conditions in Europe;
- new and previous announced program launches in the UK by DataDot UK; and
- new initiatives in Latin America and Asia.

## 4. Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2012 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the Corporation Act 2001.



\_\_\_\_\_  
B Rathie  
Executive Chairman  
Sydney  
25 February 2013

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

As lead auditor for the review of DataDot Technology Limited for the half-year ended 31 December 2012, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



Arthur Milner

Partner

**BDO East Coast Partnership**

Sydney, 25 February 2013

## Consolidated Statement of Financial Position

As at 31 December 2012

	Note	31 Dec 2012 \$	30 Jun 2012 \$ Restated
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,073,310	1,409,367
Trade and other receivables		1,328,907	1,333,620
Inventories		1,381,229	1,483,912
Current tax assets		58,005	567,388
<b>TOTAL CURRENT ASSETS</b>		<b>3,841,451</b>	<b>4,794,287</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	868,214	804,896
Intangible assets		3,020,469	2,961,847
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,888,683</b>	<b>3,766,743</b>
<b>TOTAL ASSETS</b>		<b>7,730,134</b>	<b>8,561,030</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		868,311	1,061,917
Interest bearing loans and borrowings		237,051	60,082
Income tax payable		29,404	20,148
Provisions		376,058	455,573
Other current liabilities		315,151	688,822
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,825,975</b>	<b>2,286,542</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings		144,005	-
Provisions		3,026	4,407
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>147,031</b>	<b>4,407</b>
<b>TOTAL LIABILITIES</b>		<b>1,973,006</b>	<b>2,290,949</b>
<b>NET ASSETS</b>		<b>5,757,128</b>	<b>6,270,081</b>
<b>EQUITY</b>			
Issued share capital	7	33,376,382	33,102,482
Accumulated losses	9	(27,602,696)	(27,331,024)
Reserves	9	(16,558)	544,772
<b>Total equity attributable to equity holders of the company</b>		<b>5,757,128</b>	<b>6,316,230</b>
Non-controlling interest		-	(46,149)
<b>TOTAL EQUITY</b>		<b>5,757,128</b>	<b>6,270,081</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2012

	Note	31 Dec 2012 \$	31 Dec 2011 \$ Restated
Sale of goods		3,131,586	3,006,358
Rendering of services		-	447
Licence fees		-	75,185
Royalties		262,369	182,397
Finance revenue	3	5,331	53,385
<b>Revenue</b>		<b>3,399,286</b>	3,317,772
Cost of sales		<b>(1,347,359)</b>	(1,430,648)
Gross profit		<b>2,051,927</b>	1,887,124
Employee benefits expense		<b>(1,061,741)</b>	(1,866,714)
Administrative expense		<b>(537,200)</b>	(417,354)
Advertising & promotional expense		<b>(47,025)</b>	(83,091)
Occupancy expense		<b>(181,347)</b>	(219,250)
Travel expense		<b>(137,662)</b>	(181,349)
Finance costs	3	<b>(33,249)</b>	(11,143)
Depreciation & amortisation	9	<b>(227,485)</b>	(198,050)
Bad and doubtful debts		-	(118,827)
Gain/Loss on foreign currency		<b>(71,500)</b>	(22,889)
Impairment losses		<b>(7,496)</b>	-
<b>Loss before income tax</b>		<b>(252,778)</b>	(1,231,543)
Income tax expense	3	<b>(24,837)</b>	(7,399)
<b>Loss for the half year after income tax expense</b>		<b>(277,615)</b>	(1,238,942)
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign controlled entities		<b>29,803</b>	(32,578)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>29,803</b>	(32,578)
<b>Total comprehensive loss for the period</b>		<b>(247,812)</b>	(1,271,520)
Loss attributable to:			
Members of the parent entity		<b>(271,672)</b>	(1,136,688)
Non-controlling interest		<b>(5,943)</b>	(102,254)
		<b>(277,615)</b>	(1,238,942)
Total comprehensive loss attributable to:			
Members of the parent entity		<b>(241,869)</b>	(1,169,266)
Non-controlling interest		<b>(5,943)</b>	(102,254)
		<b>(247,812)</b>	(1,271,520)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2012

	31 Dec 2012	31 Dec 2011
	Cents	Cents
<b>Earnings per share attributable to the ordinary equity holders of the parent:</b>		<b>Restated</b>
<b>Basic (loss)/earnings per share</b>	<b>(0.06)</b>	(0.24)
<b>Diluted (loss)/earnings per share</b>	<b>(0.06)</b>	(0.23)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2012

2012

	Issued Share Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Employee Equity Benefits Reserve \$	Other Reserve \$	Total attributable to equity holders of the parent \$	Non-controlling Interests \$	Total Equity \$
<b>Balance at 1 July 2012</b>	33,102,482	(27,248,431)	479,205	323,713	(309,424)	6,347,545	(46,149)	6,301,396
Adjustment for correction of error (note 9)	-	(82,593)	-	51,278	-	(31,315)	-	(31,315)
<b>Balance at 1 July 2012 - restated</b>	33,102,482	(27,331,024)	479,205	374,991	(309,424)	6,316,230	(46,149)	6,270,081
Loss for the period	-	(271,672)	-	-	-	(271,672)	(5,943)	(277,615)
Other comprehensive income	-	-	29,803	-	-	29,803	-	29,803
<b>Total comprehensive income for the period</b>	-	(271,672)	29,803	-	-	(241,869)	(5,943)	(247,812)
<b>Transactions with owners in their capacity as owners</b>								
Acquisition of non-controlling interest in DataDot Technology UK Limited	-	-	-	-	(369,199)	(369,199)	52,092	(317,107)
Employee Share-based payment options	-	-	-	51,966	-	51,966	-	51,966
Employee share rights vested	273,900	-	-	(273,900)	-	-	-	-
<b>Balance at 31 December 2012</b>	33,376,382	(27,602,696)	509,008	153,057	(678,623)	5,757,128	-	5,757,128
<b>Balance at 1 July 2011</b>	33,102,482	(25,857,705)	540,360	148,856	-	7,933,993	(93,661)	7,840,332
Loss for the period	-	(1,136,688)	-	-	-	(1,136,688)	(102,254)	(1,238,942)
Other comprehensive income	-	-	(32,578)	-	-	(32,578)	-	(32,578)
<b>Total comprehensive income for the period</b>	-	(1,136,688)	(32,578)	-	-	(1,169,266)	(102,254)	(1,271,520)
<b>Transactions with owners in their capacity as owners</b>								
Employee Share-based payment options	-	-	-	151,093	-	151,093	-	151,093
<b>Balance at 31 December 2011</b>	33,102,482	(26,994,393)	507,782	299,949	-	6,915,820	(195,915)	6,719,905

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2012

	Note	31 Dec 2012 \$	31 Dec 2011 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers (inclusive of GST)		3,516,135	3,050,974
Payments to suppliers and employees (inclusive of GST)		(3,169,643)	(4,080,870)
Interest paid		(10,579)	(11,143)
Income taxes paid		(15,581)	(7,399)
Net cash flows from/(used in) by operating activities		<u>320,332</u>	<u>(1,048,438)</u>
<b>Cash flows from investing activities:</b>			
Interest received		5,320	53,384
Purchase of property, plant and equipment		(5,872)	(118,120)
Purchase of intangible assets		(206,191)	(274,926)
Payment for acquisition of minority interest in subsidiary		(225,530)	-
Net cash flows used in investing activities		<u>(432,273)</u>	<u>(339,662)</u>
<b>Cash flows from financing activities:</b>			
Repayment of borrowings		(188,522)	(23,302)
Proceeds from other loans		-	125,000
Payment of finance lease liabilities		(36,336)	-
Net cash flows from/(used in) financing activities		<u>(224,858)</u>	<u>101,698</u>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		1,409,368	3,528,593
Effect of exchange rate on cash holdings in foreign currencies		741	1,004
Cash and cash equivalents at end of period	5	<u>1,073,310</u>	<u>2,243,195</u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2012

The financial report of DataDot Technology Limited and its subsidiaries (DataDot), for the half year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2013.

DataDot Technology Limited (the parent entity) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The nature of the operations and principal activities of DataDot are described in the directors' report.

#### 1 Summary of Significant Accounting Policies

##### Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2012 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for profit-oriented entities.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period.

The half year financial report does not include all notes of the information required in annual financial statements in accordance with AIFRS.

##### New, revised or amending Accounting Standards and Interpretations adopted

DataDot has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted other than the following:

*AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 cycle.*

DataDot has elected to early adopt the amendments to AASB 101 *Presentation of Financial Statements* included in AASB 2012-5 arising from the annual improvements project for the annual financial period commencing 1 January 2012. The amendments clarify that where there has been a retrospective restatement due to a change in accounting policy, error or reclassification, a third statement of financial position is only required where the impact of the retrospective restatement has a material impact on the third statement of financial position.

The amendments also clarify that related notes are not required for this third statement of financial position, except insofar as required to explain the impact of the retrospective restatement as required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendment is mandatory for annual reporting periods commencing on or after 1 January 2013.

By early adopting this amendment, the company has only presented notes required by AASB 108 relating to the prior period adjustments as shown in Note 9.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2012

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments require grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by DataDot during the half year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

## 2 Operating Segments

### Identification of reportable segments

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.

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. These products are sold into the automotive and industrial sectors.

The two additional operating segments that are identified by product offerings managed on a global basis are:

- **DataTraceDNA®** – a high speed, high security, machine readable system for authenticating materials, products and assets; and
- **AgTechnix** - 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 the half year periods ended 31 December 2012 and 31 December 2011.

## Notes to the Financial Statements

For the Half Year Ended 31 December 2012

### 2 Operating Segments (continued)

#### Segment Performance

Half-year ended 31 Dec 2012	Asia Pacific \$	Americas \$	Europe \$	AgTechnix \$	DataTraceDNA \$	Total \$
<b>Revenue</b>						
Sales to external customers	1,340,134	508,772	846,731	19,231	416,718	3,131,586
Other revenues from external customers	262,369	-	-	-	-	262,369
Inter-segment sales	502,180	96,127	1,080	-	68,638	668,025
<b>Total segment revenue</b>	<b>2,104,683</b>	<b>604,899</b>	<b>847,811</b>	<b>19,231</b>	<b>485,356</b>	<b>4,061,980</b>
Inter-segment elimination						(668,025)
Other revenue						5,331
<b>Total revenue per the statement of comprehensive income</b>						<b>3,399,286</b>
<b>Result</b>						
Segment Results	552,484	114,566	46,129	(1,573)	(64,708)	646,898
Unallocated Revenue & Expenses						(866,427)
<b>Loss before tax and finance costs</b>						<b>(219,529)</b>
Finance Costs						(33,249)
<b>Loss before income tax per statement of comprehensive income</b>						<b>(252,778)</b>
Income Tax expense						(24,837)
<b>Loss after income tax per statement of comprehensive income</b>						<b>(277,615)</b>
<b>Assets and liabilities</b>						
Segment Assets	1,274,439	698,162	667,741	122,815	2,441,350	5,204,507
Unallocated assets						2,525,627
<b>Total Assets</b>						<b>7,730,134</b>
Segment Liabilities	362,316	172,738	300,346	373,977	37,341	1,246,718
Unallocated liabilities						726,288
<b>Total Liabilities</b>						<b>1,973,006</b>

## Notes to the Financial Statements

For the Half Year Ended 31 December 2012

### 2 Operating Segments (continued)

#### Segment Performance (continued)

Half -year ended 31 Dec 2011	Asia Pacific \$	Americas \$	Europe \$	AgTechnix \$	DataTraceDNA \$	Total \$
<b>Revenue</b>						
Sales to external customers	1,434,825	381,756	562,651	7,116	620,010	3,006,358
Other revenues from external customers	257,582	448	-	-	-	258,030
Inter-segment sales	652,687	49,719	-	-	65,574	767,980
<b>Total segment revenue</b>	<b>2,345,094</b>	<b>431,923</b>	<b>562,651</b>	<b>7,116</b>	<b>685,584</b>	<b>4,032,368</b>
Inter-segment elimination						(767,980)
Other revenue						53,384
<b>Total revenue per the statement of comprehensive income</b>						<b>3,317,772</b>
<b>Result</b>						
Segment Results	442,826	(66,319)	(156,975)	(203,685)	272,672	288,519
Unallocated expenses						(1,508,919)
<b>Loss before tax and finance costs</b>						<b>(1,220,400)</b>
Finance costs						(11,143)
<b>Loss before income tax per statement of comprehensive income</b>						<b>(1,231,543)</b>
Income tax expense						(7,399)
<b>Loss after income tax per statement of comprehensive income</b>						<b>(1,238,942)</b>
<b>Assets and liabilities</b>						
Segment assets	2,612,277	413,160	707,343	96,449	2,245,850	6,075,079
Unallocated assets						2,505,989
<b>Total assets</b>						<b>8,581,068</b>
Segment liabilities	872,059	49,129	114,782	28,087	127,349	1,191,406
Unallocated liabilities						669,757
<b>Total liabilities</b>						<b>1,861,163</b>

## Notes to the Financial Statements

For the Half Year Ended 31 December 2012

### 3 Revenue, Income and Expenses

	31 Dec 2012	31 Dec 2011
	\$	\$
<b>(i) Finance Revenue</b>		
Bank interest from deposits	5,331	53,385
<b>(ii) Finance Costs</b>		
Bank interest on loans and overdrafts	29,824	10,969
Finance charges under finance leases and hire purchase contracts	3,425	117
Other interest expense	-	57
	<b>33,249</b>	<b>11,143</b>
<b>(iii) Income tax expense</b>		
Income tax expense	<b>24,837</b>	<b>7,399</b>

As at 31 December 2012, no deferred tax assets in respect of losses have been recognized. Deferred tax assets and liabilities in respect of temporary differences have been offset against each other with nil impact on the profit and loss.

### 4 Dividends

No dividends were declared or paid during the half-year (2011: Nil).

### 5 Cash and Cash Equivalents

	31 Dec 2012	30 Jun 2012
	\$	\$
Cash at bank and on hand	<b>1,073,310</b>	1,409,367

### 6 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 (20%) 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, £50,000 in December 2013 and £45,000 in June 2014). The amount of the loan outstanding is interest bearing.

DataDot has also executed a share sale agreement with the other minority shareholder who owned 8% 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. This agreement was effective on 30 August 2012, at which point DataDot owns 100% of DDUK.

## Notes to the Financial Statements

For the Half Year Ended 31 December 2012

### 7 Executive Share Rights Plan

DataDot has an executive share rights plan approved by shareholders at the 2010 annual general meeting. The plan provides for the issue of share rights to executives for no consideration. Each share right converts into one fully paid ordinary share on completion of the vesting conditions. A trading restriction applies for a further 12 months after vesting.

On 1 July 2012, 6,225,000 share rights vested and the same number of fully paid ordinary shares of DataDot was issued. The adjusted value to Issued Share Capital is equal to this number of shares valued at the closing price of the shares on the date on which the share rights were granted.

### 8 Events after the balance date

On 1 January 2013, 8,000,000 share rights were granted to Paul McClean (via Ripley 33 Pty Ltd) under the terms of the Executive Share Rights Plan. Subject to performance hurdles and continuous engagement, the share rights will vest in three equal tranches on 1 July 2014, 1 July 2015 and 1 July 2016. The issue of the share rights is for no consideration. As no adjustments are required to be made for exercise price or share price volatility, the fair value of the share rights is equivalent to the closing share price of DataDot ordinary shares on the date of issue (1 Jan 2013). A trading restriction applies for a further 12 months after vesting and the share rights expire on 1 July 2020.

### 9 Restatement of comparatives

Prior period adjustment – Depreciation and amortisation expense

Depreciation of plant and equipment commissioned and used in production 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. As a result, for the half year ended 31 December 2011, depreciation expense was understated by \$21,113 and for the year ended 30 June 2012, net book value of plant and equipment was overstated by \$31,315. Extracts (being only those line items affected) are disclosed below.

Prior period adjustment – Employee equity benefits reserve

Share rights granted to employees were not being recognised over the correct vesting period. Share rights were recognised over a vesting period which incorrectly included an additional 12 months beyond the vesting period, being the 12 month holding lock period which is attached to the share rights. As a result, for the half year ended 31 December 2011, employee benefits expense was understated by \$21,757 and the employee equity benefits reserve as at 30 June 2012 was understated by \$51,278. Extracts (being only those line items affected) are disclosed below.

## Notes to the Financial Statements

For the Half Year Ended 31 December 2012

### 9 Restatement of comparatives (continued)

#### Statement of comprehensive income

Extract	31 Dec 2011		31 Dec 2011
	\$ Reported	Adjustment	\$ Restated
<b>Expenses</b>			
Depreciation & amortisation	(176,937)	(21,113)	(198,050)
Employee benefits expense	(1,844,957)	(21,757)	(1,866,714)
<b>Loss before income tax</b>	<b>(1,188,673)</b>	<b>(42,870)</b>	<b>(1,231,543)</b>
<b>Loss for the half year after income tax expense</b>	<b>(1,196,072)</b>	<b>(42,870)</b>	<b>(1,238,942)</b>
<b>Total comprehensive loss for the period</b>	<b>(1,228,650)</b>	<b>(42,870)</b>	<b>(1,271,520)</b>
Loss attributable to:			
Members of the parent entity	(1,093,818)	(42,870)	(1,136,688)
Non-controlling interest	(102,254)	-	(102,254)
	<b>(1,196,072)</b>	<b>(42,870)</b>	<b>(1,238,942)</b>
Total comprehensive loss attributable to:			
Members of the parent entity	(1,126,396)	(42,870)	(1,169,266)
Non-controlling interest	(102,254)	-	(102,254)
	<b>(1,228,650)</b>	<b>(42,870)</b>	<b>(1,271,520)</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share attributable to the ordinary equity holders of the parent:</b>			
<b>Basic (loss)/earnings per share</b>	<b>(0.23)</b>	<b>(0.01)</b>	<b>(0.24)</b>
<b>Diluted (loss)/earnings per share</b>	<b>(0.23)</b>	<b>-</b>	<b>(0.23)</b>

## Notes to the Financial Statements

For the Half Year Ended 31 December 2012

### 9 Restatement of comparatives (continued)

#### Statement of financial position at the earliest comparative period

	30 Jun 2012		30 Jun 2012
	\$	Adjustment	\$
Extract	Reported		Restated
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	836,211	(31,315)	804,896
<b>Total non-current assets</b>	<b>3,798,058</b>	<b>(31,315)</b>	<b>3,766,743</b>
<b>Total assets</b>	<b>8,592,345</b>	<b>(31,315)</b>	<b>8,561,030</b>
<b>Net assets</b>	<b>6,301,396</b>	<b>(31,315)</b>	<b>6,270,081</b>
<b>Equity</b>			
Accumulated losses	(27,248,431)	(82,593)	(27,331,024)
Reserves	493,494	51,278	544,772
Total equity attributable to equity holders of the company	6,347,545	(31,315)	6,316,230
Total Equity	6,301,396	(31,315)	6,270,081

**DataDot Technology Limited**

**Directors' Declaration**

In the directors' opinion:

- (a) the attached financial statements and notes thereto comply with the Corporations Act 2001, Australia Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board

  


B Rathie  
Executive Chairman  
Sydney  
25 February 2013

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DataDot Technology Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of DataDot Technology Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising DataDot Technology Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DataDot Technology Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 review report.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of DataDot Technology Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO East Coast Partnership**



Arthur Milner

Partner

Sydney, 25 February 2013