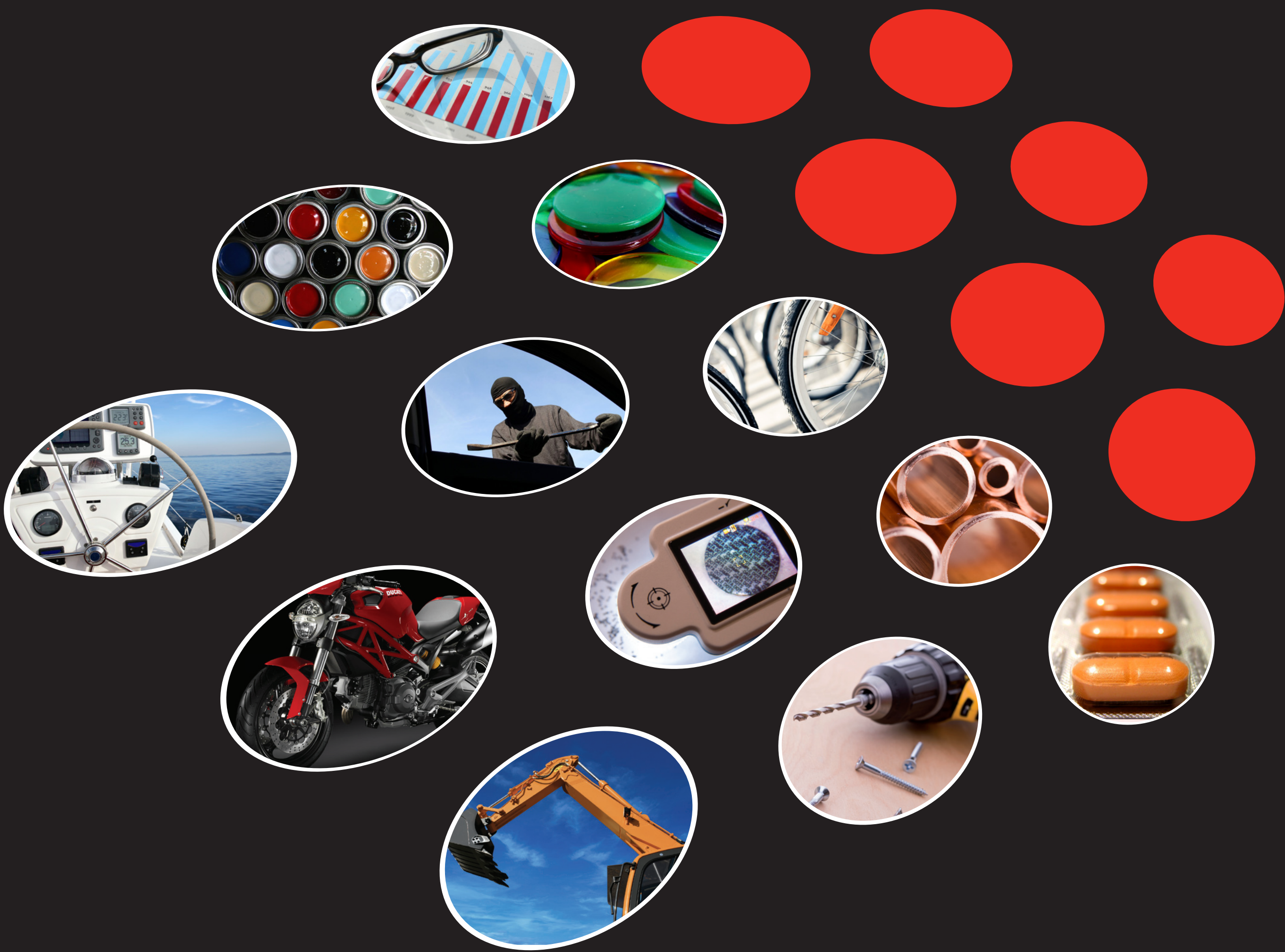
DataDot
TECHNOLOGY LTD

ANNUAL REPORT 2014



Annual Report 2014

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Executive Chairman's Review

Overview of 2014

Revenues for DataDot in the year ended 30 June 2014 were $7,210,707 (2013: $7,030,437), being 2.6% higher than the previous period. Earnings before interest, tax, depreciation and amortisation (EBITDA) in the year ended 30 June 2014 were $845,825 loss (2013: $304,944 restated EBITDA), a decrease of 377% on the previous period.

This financial performance reflects the cost of rebuilding the Group post the GFC and de-risking through diversification away from the auto sector. The investment and non recurring costs of these initiatives are reflected in the profitability of the Group, with encouraging underlying revenue growth evident during the year.

Revenue growth in the year ended 30 June 2014 was impacted as indicated in guidance released on 31 July 2014, by the change in Taiwan manufacturing and the resultant conversion of sales revenue into a royalty income stream. Adjusting for this impact, revenue growth would have been about 5%.

Further revenue growth from initiatives taken during the year ended 30 June 2014 is expected to emerge during the 2015 financial year as discussed in the Outlook following.

During the year, the Company acquired DataDot Security Solutions Inc and further invested in the US by developing the business in the utility, telecommunications and oil and gas sectors using our metal theft solution (Industrial Solutions) as our core offering. We also launched the consumer product CopDots into the retail market in the US.

In conjunction with these opportunities, the Company rationalised its existing businesses in Australia and Taiwan and also in the US (after the DDSS acquisition), thereby reducing the ongoing infrastructure costs of the business.

Trace

The Company invested in the development of its existing DataTraceDNA micro-particle product range to further diversify and grow revenues in targeted sectors such as auto parts, gaming, pharmaceuticals, food, defence and branded consumables.

We have opportunities, now developing, to supply multinational companies with our DataTraceDNA micro-particle solution for product authentication. We are also well advanced with brand protection trials with a global consumer products company in the US.

North America

Good progress has been made in the US with the metal theft or Industrial Solutions having been launched late last year. They have been well received in the target markets of utilities, telecommunications and oil & gas sectors with Excel Energy and Con Ed adopting this product (see Xcel Energy and Con Ed announcements). The pipeline of other target customers with whom we are in dialogue is very encouraging.

Sales of the CopDot pen product through Lowe's Home Improvement warehouse stores were initially encouraging but tapered post the Christmas period. We continue to develop alternative channels to market for this product so as to grow volume. The insurance sector holds considerable promise for the CopDot products with a trial with a large insurer underway in the US. A sales arrangement was substituted for the joint venture in Canada with RSR Solutions Inc. (RSR) by mutual agreement and the first order of pens from RSR has been received and fulfilled by our US factory.

The auto industry in the US has shown strong recovery and this is expected to be reflected in stronger sales during 2015.

During the year we also further developed an emerging opportunity with a steel company in Mexico for both DataDotDNA and DataTraceDNA.

Europe

Sales in Europe have been slower to recover given the lingering impact of the GFC, particularly in Italy. Revenue in this sector was down year on year, however the GFC effect is moderating and we expect volumes from existing clients and new opportunities to increase during the current year. The signing of our distributor for France is a material development and we anticipate this to contribute significantly during the latter part of 2015.

Brazil, which will be supplied out of our UK factory, has been a slower market than anticipated to develop. Our distributor is confident that it still represents a significant opportunity.

China and Taiwan

Although our distributor is under competitive pressure in Taiwan with the dot product, material progress is being made in China with DataTraceDNA. As detailed in the Company's announcement on 31 July 2014, DataTraceDNA – China Update, volumes from our beverage customer continue to climb steeply. We are in advanced discussions with a significant consumer brands company for the application of DataTraceDNA. Car parts marking using DataTraceDNA is also a major focus for us and discussions with targeted potential customers are in train.

Australia

Australia is a low theft market and is becoming increasingly so. This has affected sales into the auto sector. Despite this, both Subaru, and more recently HSV have signed three year agreements to apply dots to their motor vehicles. Sales into the non-auto industrial space are encouraging with recent sales to the Local Government and Utility sectors in NSW and Victoria. The National Marine Register was a fresh initiative last year and has received strong support from targeted dealers. The National Equipment Register and the National Bike Register were also launched during the year.

We have invested in the new electronic asset location system called DataDot Live and we are in dialogue with the insurance sector regarding its application to insurance products. Our metal dot manufacturing capability is in pre-production testing. When in production, it will open additional revenue sources to us and will replace currently outsourced metal dots, thereby increasing margin.

Management

The management team has been adjusted in line with the Company's expectations and requirements going forward, including the appointment of a CEO and COO to the expanding US business. Reporting lines have been redefined to support the key business plan objectives of revenue growth, product development and costs efficiencies.

Acquisitions

On 15 October 2013, DataDot Technology USA Inc (DDTUSA) acquired the remaining 50% of DataDot Security Solutions Inc (DDTSS) from DataDot Dealer Services Inc (DDTDS), a non-related product distributor in the USA, becoming the sole shareholder of DDTSS, and making it a wholly-owned subsidiary of DataDot. The acquisition was undertaken to better utilise and control the emerging products of CopDots and the Industrial Solutions in the USA and to rationalise operating costs. The shares were transferred for a nominal consideration of US $1 plus repayment of shareholder loans to the exiting party. DDTSS was consolidated into the accounts as a subsidiary of DataDot from 15 October 2013 and has contributed revenues of US$283,826 and a loss of US$395,551 to 30 June 2014. The business objectives and resources post acquisition have been restructured.

Re statement of Financial Statements

The research and development grant received and receivable from the Australian government in financial year 2013 and financial year 2014, have been classified as other income. A grant amount of $508,687 was classified as income tax benefit in the 2012 financial statements.

In the 2014 financial year, it has been determined that a more accurate application of the relevant accounting standard dictates that the amount of the research and development grant received and receivable from the Australian government in relation to assets of the economic entity be booked as deferred income and released to other income at the same rate and timing of the amortisation of the asset to which the grant relates, hence the re statement in the 2013 financial year.

In relation to Employee share based payments, it was discovered in the prior period that employee share based payments expense had been incorrectly reversed directly to accumulated losses rather than through the statement of profit or loss. This resulted in the loss for the year ended 30 June 2013 being overstated by $67,857.

Full details are set out in the attached Financial Statements.

2015 Outlook

Although the 2014 revenue is not materially stronger than last year, the Company is pleased with the traction achieved in the year from investments and initiatives taken with the benefit to be reflected in material revenue growth emerging in 2015 and beyond.

Further, the Company expects costs to reduce in 2015, reflecting the annualised savings made from the rationalisation of the business undertaken during 2014 and revenue to benefit from flow through from new activities, particularly from Industrial Solutions as they ramp up in the US based on successes with Excel Energy and ConEd, the auto sector (US, a recovering Europe as well as France and Brazil as these markets come on line) and substantial opportunities now flowing through to supply multinational companies with our DataTraceDNA micro-particle solution for product authentication.

Internal budgeting sees the Company returning to profitability in FY2015 with the performance building during the year as revenues grow.

Capital Raising

In the period since balance date the Company has raised more than $2 million in additional capital to fund business development initiatives, specifically:

(a) additional sales capability for industrial DataDotDNA and DataTraceDNA products in the US;
(b) additional sales capability for DataDotDNA products in Australia, targeting the industrial and marine sectors; and
(c) further development of DataDot Live for deployment in the insurance sector.

On 13 October 2014, $1.89 million was raised by issuing 70 million ordinary shares at 2.7 cents per shares in a placement to sophisticated and professional investors. As at the date of this report the Company is also offering eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP) that is capped at $1 million. Under the SPP, eligible shareholders may subscribe for a maximum of $15,000 in ordinary shares at 2.7 cents per share. The SPP is open from 9 October to 24 October 2014 and SPP shares will be issued on 31 October 2014.

Bruce Rathie
Executive Chairman
20 October 2014

Financial Report 2014

Financial Year Ended 30 June 2014

ABN 54 091 908 726

Directors

The Directors present their report, together with the financial statements of the consolidated entity consisting DataDot Technology Limited (referred to hereafter as "DataDot", "company" or "parent entity") and the entities it controlled (referred to hereafter as the “consolidated entity”) for the financial year ended 30 June 2014.

The following persons were directors of DataDot during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Bruce Rathie
- Gary Flowers
- Alison Coutts

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;

Asset Registers - databases that record asset identification data and are accessible by law enforcement agencies and insurance investigators;

(b) to manufacture and distribute high security DataTraceDNA® authentication solutions;

(c) to develop and distribute customised solutions combining DataDotDNA, DataTraceDNA and asset registration.

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

Dividends

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

Review of operations

Revenues for DataDot in the 2014 financial year were $7,210,707 (2013: $7,030,437), being 2.6% higher than the previous period. Earnings before interest, tax, depreciation and amortisation ("EBITDA") in 2014 were $845,875 loss (2013: $304,944 profit), a decrease of 377% on the previous period. Net loss after tax attributable to owners in the 2014 financial year was $1,285,755 (2013: $221,961 loss).

Net Assets at 30 June 2014 were $7,230,675 (2013: $5,613,776), being 28.8% higher than the previous period. Net Assets per share at 30 June 2014 were $0.0059 (2013: $0.0048), being 22.9 % higher than the previous period.

Significant changes in the state of affairs

On 15 October 2013, DataDot Technology USA Inc. acquired the remaining 50% of DataDot Security Solutions Inc from DataDot Dealer Services Inc, a non-related product distributor in the USA, becoming the sole shareholder of DataDot Security Solutions Inc owner of the start up Industrial Solutions and CopDot businesses in the USA, and making it a wholly owned subsidiary of DataDot.

Effective as at 1 January 2014, our Taiwanese distributor was granted rights to manufacture our dot products in Taiwan. As a consequence, DataDot’s manufacturing branch was closed. DataDot is now paid a royalty by the Taiwan distributor based on the volume of product manufactured and sold in Taiwan by that distributor.

The Australian and US businesses were rationalised and restructured with a CEO and COO being appointed to the wholly owned subsidiary DataDot Technology (USA) Inc. Staff in the USA and Australia have also been rationalised which will realise material ongoing cost savings in those operations.

DataDot’s successful Italian distributor has been granted distribution rights with local partners to the highly prospective Brazilian and French markets as part as a global expansion initiative.

Matters subsequent to the end of the financial year

On 1 July 2014, 6,491,666 shares were issued on vesting of share rights.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

Likely developments and expected results of operations

During the year ended 30 June 2014, DataDot continued to invest in growth opportunities including DataTraceDNA, the Industrial Solutions and the CopDots (www.copdots.com) program in the USA and the National Marine Register, National Equipment Register and National Bike Register in the Australian market.

DataDot has and continues to also invest in the development of new electronic product offerings together with continued research, development and improvement of its core product offerings.

There are opportunities for market penetration from combining the core products, DataDotDNA and DataTraceDNA, for use in theft and product substitution solutions in commercial and industrial markets. DataDot will look to capitalise on positive business generated from this growing sector in 2015.

The Industrial Products offering will be extended into the UK and potentially other territories during 2015 now that the offering is established in USA.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulations under Australian Commonwealth or State Law.

Information on Directors and Company Secretary

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. In the last four years Mr Rathie has also served as a director of the following listed companies :-

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 Mainbrace Constructions Pty Limited and a Director of Sparke Helmore Lawyers. 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 Chair and acting CEO of NuSep Holdings Limited and 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.
NuSep Holdings Limited - Appointed December 2013.
Viculus Limited - Appointed May 2014

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 JetSet Tours (SA) Limited, Data Advantage Limited 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 :-

Director	Interest in Shares	Interest in Share Options	Interest in Share Rights
Bruce Rathie	25,565,854	-	-
Gary Flowers	7,119,672	-	-
Alison Coutts	-	-	-

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2014 and the number of meetings attended by each of the directors were:

Director	Board Meetings		Remuneration and Nomination Committee Meetings		Audit and Risk Management Committee Meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Bruce Rathie	12	12	2	2	2	2
Gary Flowers	12	11	2	1	2	2
Alison Coutts	12	12	2	2	2	2

Share rights and options

Share Rights

Unissued ordinary shares of DataDot Technology Limited under the share rights plan at the date of this report are as follows:

Grant date	Date of expiry	Number unvested
1 July 2012	1 July 2019	1,500,000
22 July 2013	22 July 2020	733,334
26 March 2014	26 March 2021	6,000,000
15 April 2014	15 April 2021	6,666,667
		14,900,001

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 entity.

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

Details of the amounts paid or payable to the auditor for non-assurance services provided by the auditor during the financial year by the auditors are outlined in note 5 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor, (or by another person or firm on the auditors' behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services disclosed in note 5 to the financial statements 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 2014 is set out on page 22 of the financial report.

Auditor

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

The following Remuneration Report forms part of the Directors' Report

Remuneration Report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel

The following key management personnel (hereafter referred to as "KMP") of the consolidated entity consisted of the following directors and persons of DataDot Technology Limited:

Directors

Bruce Rathie	Executive Chairman	
Gary Flowers	Non Executive Director	
Alison Coutts	Non Executive Director	

Executives

Richard Standen	Chief Financial Officer	Ceased 21/03/2014
Graham Loughlin	Strategic Development and Distribution Manager & Company Secretary	
Gunther Schmidt	Managing Director DataTrace DNA	
Andrew Winfield	Managing Director DataDot UK	Appointed 01/07/2012
Patrick Raper	Chief Financial Officer	Appointed 21/3/2014
James McCallum	CEO DataDot USA	Appointed 1/1/2014

Shares Held

The number of shares held by each KMP (or their related party) during the financial year, or at the date that they ceased their role as KMP is as follows:

	Balance as at 30/06/2013	Vesting of Share Rights as part of remuneration	Other Additions	Disposals	Balance as at 30/06/2014
Directors					
Bruce Rathie	24,815,854	-	750,000	-	25,565,854
Gary Flowers	6,023,857	-	1,095,815	-	7,119,672
Alison Coutts	-	-		-	-
		-			
Executives					
Richard Standen	125,000	-	-	(125,000)	-
Graham Loughlin	2,381,708	1,250,000	-	-	3,631,708
Gunther Schmidt	-	1,500,000	-	-	1,500,000
Andrew Winfield	-	-	-	-	-
Patrick Raper	-	-	-	-	-
James McCallum	-	-	-	-	-
	33,346,419	2,750,000	1,845,815	(125,000)	37,817,234

Remuneration policy

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of DataDot. KMP include the directors of the parent entity, company secretary, chief financial officer, and chief executives of subsidiary companies DataTrace DNA Pty Limited, DataDot Technology (UK) Limited and DataDot Technology USA Inc.

Remuneration levels of KMP are determined by the Remuneration and Nomination Committee. 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 did not obtain a remuneration recommendation or other advice from a remuneration consultant in 2014.

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 in that capacity. Effective from 13 January 2014, Mr Flowers received an additional sum of $14,000 per month while also performing the duties of Chief Operating Officer. 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 and consolidated entity 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, so ensuring that a significant proportion of the total remuneration of KMP is at risk, short term incentive payments (STI) being tied to net profit targets, and long-term incentive payments (LTI) being tied to growth in shareholder value. In this respect, the key factors for consideration are continuing product development and improvement, business and revenue growth and maintenance of an efficient cost base.

The Company's performance and shareholder wealth for each of the last five years were

	2010	2011	2012	2013 Restated	2014
Revenue	10,010,986	7,487,425	7,071,396	7,030,437	**7,210,707**
EDITDA	1,269,511	(188,517)	(1,212,299)	304,944	**(845,825)**
Net loss after tax	931,326	(583,399)	(1,908,913)	(227,904)	**(1,285,755)**
Basic earnings per share (in cents)	0.27	(0.12)	(0.40)	(0.05)	**(0.22)**
Share price at year end (in cents)	2.80	3.20	1.60	1.70	**2.10**

Performance based remuneration

In 2014 the remuneration of the KMP who are not directors included a performance-based component. For five of these KMP, total remuneration comprised a fixed element and a performance-based STI component, both payable in cash, and a performance-based LTI. For the remaining non-director KMP, total remuneration comprised a fixed element and a performance-based STI component, both payable in cash, and a tenure-based LTI component. The three KMP who are directors received only fixed remuneration. During the year, one of the six non-director KMP ceased employment. During the year, three other of the 2013 nominated KMP ceased employment. In 2014 KMP's have been determined with reference to the updated Group Organisation Chart to include only the Directors and direct reports to the Directors. Accordingly two of 2013 nominated KMP are now not included in the KMP definition even though they continue to be employed by the Group.

The LTI component contains share rights granted under the terms of the DataDot Technology Executives Share Rights Plan, for which shareholder approval was renewed at the 2013 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 varying intervals after the date of issue;
- A trading restriction applies for a further 12 months after vesting; and
- Share rights expire 7 years after issue.

Number of share rights provided as remuneration :-

For the year ended 30 June 2014	Balance as at 30/06/2013	Granted as Remuneration	Vesting of Share Rights	Expiring or Lapsing Share Rights	Balance as at 30/06/2014
Directors					
Bruce Rathie	-	-	-	-	-
Gary Flowers	-	-	-	-	-
Alison Coutts	-	-	-	-	-
Executives					
Richard Standen	-	100,000	-	(100,000)	-
Graham Loughlin	2,500,000	-	(1,250,000)	-	1,250,000
Gunther Schmidt	4,500,000	-	(1,500,000)	-	3,000,000
James McCallum	-	10,000,000	-	-	10,000,000
Patrick Raper	-	6,000,000	-	-	6,000,000
Andrew Winfield	-	1,000,000	-	-	1,000,000
	7,000,000	17,100,000	(2,750,000)	(100,000)	21,250,000

For the year ended 30 June 2013	Balance as at 30/06/2012	Granted as Remuneration	Vesting of Share Rights	Expiring Share Rights	Balance as at 30/06/2013
Directors					
Bruce Rathie	-	-	-	-	-
Gary Flowers	-	-	-	-	-
Alison Coutts	-	-	-	-	-
Ben Bootle	2,500,000	-	(2,500,000)	-	-
Executives					
Richard Standen	-	-	-	-	-
Graham Loughlin	3,750,000	-	(1,250,000)	-	2,500,000
Gunther Schmidt	-	4,500,000	-	-	4,500,000
Andrew Winfield	-	-	-	-	-
	6,250,000	4,500,000	(3,750,000)	-	7,000,000

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

6,491,666 shares issued on vesting of share rights on 01/07/2014

0 share rights granted

Remuneration details for the year

The following table of benefits and payments, details, in respect to the financial year, the components of remuneration of each KMP. In 2014 KMP's have been determined with reference to the updated Group Organisation Chart to include only the Directors and direct reports to the Directors.

2014	Short-term benefits		Post employment benefits		Long-term benefits		Share-based payments	
	Cash, Salary, allowances & fees $	**Bonuses $**	**Non cash $**	**Super-annuation $**	**Termination $**	**Long service leave $**	**Share rights $**	**Total $**
Directors								
B Rathie	169,725	-	-	15,700	-	-	-	185,425
G Flowers	115,104	-	-	17,022	-	-	-	132,126
A Coutts	45,872	-	-	4,243	-	-	-	50,115
Executives								
R Standen	119,379	-	-	15,076	54,141	-	-	188,596
G Loughlin	130,210	-	-	35,000	-	-	15,720	180,930
G Schmidt	161,925	-	-	14,851	-	-	20,000	196,776
P Raper	35,692	-	-	8,615	-	-	31,925	76,232
J McCallum	78,573	-	-	-	-	-	118,487	197,060
A Winfield	126,697	-	-	1,900	-	-	12,035	140,632
	983,177	-	-	-	54,141	-	198,167	1,347,892

Remuneration details for the year (continued)

	Short term benefits		Post employment benefits		Long term benefits		Share based payments	
2013	**Salary, allowances & fees $**	**Bonuses $**	**Non cash $**	**Super-annuation $**	**Termination $**	**Long service leave $**	**Share rights $**	**Total $**
Directors						-		
B Rathie	*109,209*	-	-	*9,829*	-	-	-	*119,038*
G Flowers	*31,934*	-	-	*2,874*	-	-	-	*34,808*
A Coutts	*29,287*	-	-	*2,636*	-	-	-	*31,923*
Executives								
R Standen	*27,692*	-	-	*2,492*	-	-		*30,184*
G Loughlin	*132,039*	-	-	*20,119*	-	-	*37,733*	*189,891*
G Schmidt	*166,372*	-	-	*14,858*	-	-	*44,000*	*225,230*
A Winfield	*116,628*	*16,661*	-	*1,749*	-	-	-	*135,038*
	613,161	*16,661*	-	*54,557*		-	*81,733*	*766,112*

	2014 Performance based remuneration		2013 Performance based remuneration	
	Bonus STI %	**Share rights LTI %**	**Bonus STI %**	**Share rights LTI %**
Directors				
Bruce Rathie	0.0%	0.0%	0.0%	0.0%
Gary Flowers	0.0%	0.0%	0.0%	0.0%
Alison Coutts	0.0%	0.0%	0.0%	0.0%
Executives				
Richard Standen	0.0%	0.0%	0.0%	0.0%
Graham Loughlin	0.0%	8.7%	0.0%	19.9%
Gunther Schmidt	0.0%	10.2%	0.0%	19.5%
Patrick Raper	0.0%	41.9%	N/A	N/A
James McCallum	0.0%	60.1%	N/A	N/A
Andrew Winfield	0.0%	8.6%	12.3%	0.0%

Details of the performance based and equity-based remuneration for KMP are set out below. No STI payments were made to KMP in the financial year.

Employment details of members of key management personnel and other executives

(a) Richard Standen (ceased employment on 21 March 2014)

For Mr Standen the STI ceiling was set at 50% of the fixed element. Payment of the full STI was tied to achievement of financial performance targets: gross revenue, net revenue, costs, EPS and end of year cash balance.

These performance targets were chosen because improved financial performance was judged by the Board to be an imperative requirement for DataDot and therefore should be the key performance measures for the CFO. Mr Standen was paid 0% of the STI.

On 22 July 2013 Mr Standen was granted 100,000 share rights. The share rights expired on termination of employment on 21 March 2014.

(b) Gunther Schmidt

For Dr Schmidt, the STI ceiling was set at 44% of the fixed element. Payment of the full STI was in part dependent on 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, 2014 and 2015 and a trading restriction will apply for a further one year after each vesting date. The share rights expire on 1st July 2019. As at the date of this report two-thirds of the share rights have vested.

(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. Mr Loughlin was paid 0% of the STI

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, 2013 and 2014, subject to continuous employment. A trading restriction applies for one year after each vesting date. As at the date of this report the share rights are fully vested.

(d) Patrick Raper

For Mr Raper the STI ceiling was set at 50% of the fixed element. Payment of the full STI was tied to achievement of financial targets and non-financial performance measures: performance against budget, quality of financial and management reporting, personnel and IT management and communications. Mr Raper was paid 0% of the STI.

These performance targets were chosen because improved financial performance and management systems were judged by the Board to be essential requirements for DataDot and therefore should be the key performance measures for the CFO.

On 26th March 2014 Mr Raper was granted 6,000,000 share rights. The terms of grant are that, subject to Mr Raper's continuous employment and a defined increase in the market price of DataDot's ordinary shares in each vesting period, 2,000,000 share rights will vest on each of 1st January 2015, 2016 and 2017 and a trading restriction will apply for a further one year after each vesting date. The share rights expire on 26th March 2021.

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

(e) James McCallum

For Mr McCallum, the STI ceiling was set at 40% of the fixed element and payment of the STI was dependent on achieving budget in the USA.

This performance target was chosen because growth in the US market is central to the company's business development. Mr McCallum was paid 0% of the STI.

On 15th April 2014 Mr McCallum was granted 10,000,000 share rights. The terms of grant are that, subject to Mr McCallum's continuous employment and a defined increase in revenue in the US in each vesting period, one-third of the share rights will vest on each of 1st July 2014, 2015 and 2016 and a trading restriction will apply for a further one year after each vesting date. The share rights expire on 15th March 2021. As at the date of this report one-third of the share rights have vested.

(f) 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 0% 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, one-third of the share rights will vest on each of 1st July 2014, 2015 and 2016. As the budget performance target was not met the first tranche did not vest on 1st July 2014. The share rights expire on 22nd July 2020.

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. The terminations notice period for executive service contracts is three months.

KMP's have no entitlement to termination payments in the event of removal for misconduct.

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

Bruce Rathie - Executive Chairman

Dated this 29th day of August , 2014 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 (2nd edition). 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

<u>Role of the Board</u>

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.

<u>Board processes</u>

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.

<u>Independent professional advice and access to company information</u>

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.

<u>Composition of the board</u>

The names of the directors of DataDot in office at the date of this report are disclosed in the Directors' Report on pages 8 to 18.

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.

Corporate Governance Statement (continued)

1 Board of Directors (continued)

Composition of the Board (continued)

The board comprises three directors, Mr Bruce Rathie, Mr Gary Flowers and Ms Alison Coutts. Mr Rathie, formerly the independent, non-executive Chairman of DataDot, assumed the temporary role of Executive Chairman in January 2012. The Board considers that this temporary appointment is in the best interests of shareholders as it by provides executive leadership of a high standard at a discount to the cost of appointing a CEO. At the earliest opportunity, consistent with the ASX governance principles, the Board will appoint a Managing Director and CEO and Mr Rathie will resume the status of non-executive Chairman.

Mr Flowers has been an independent, non-executive director since 2007. In January 2014 he accepted a temporary part-time consultancy in the company, in which capacity he has executive responsibilities and exercises executive authority. The appointment is short-term. The Board considers that this temporary appointment for a limited period is in the best interests of shareholders as it provides experienced operations management at a discounted cost to the company. Given this disclosure and considering that Mr Flowers' part-time consultancy occupied less than six months of the year, he is described in this report as an independent, non-executive director.

Ms Coutts is an independent non-executive director.

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 company's size and to the integrity and transparency of the company's documented governance policies.

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. As the company has only three Directors, all Directors are members of the Audit and Risk Management Committee.

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

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

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 twice during the year. Committee members' attendance record is disclosed in the table of Directors' meetings on page 10. 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 2014 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.

Corporate Governance Statement (continued)

2 Audit and Risk Management Committee continued

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.

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 25.

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 Communications with Sharehoders

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.

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;
- Staff who report directly to the Executive Chairman or COO;
- Staff who report to managers who report to the Executive Chairman or COO;
- Other staff.

Attainment and maintenance of this objective is contingent upon other variable and uncertain factors, in particular the rate of company growth and the number and frequency of staff resignations.

The table below shows the number and proportion of female personnel in each category and the total personnel numbers at 30 June 2013 and 2014.

Gender Diversity

	30 June 2014			30 June 2013		
	Number of Females	Total Number of Personnel	% Females	Number of Females	Total Number of Personnel	% Females
Directors	1	3	33%	1	3	33%
First Level Reports	1	6	17%	2	9	22%
Second Level Reports	8	14	57%	7	12	58%
Other Staff	7	18	39%	14	30	47%
Total	17	41	41%	24	54	44%

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Australia

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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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 East Coast Partnership

Sydney, 29 August 2014

Consolidated Financial Statements
for the year ended 30 June 2014

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Consolidated Statement of Profit or Loss for the year ended 30 June 2014

	Notes	2014 $	2013 Restated $
Revenue			
Sale of goods		**6,541,643**	6,178,922
Service and licence fees		**135,629**	297,400
Royalties		**533,435**	554,115
		7,210,707	7,030,437
Cost of sales		**3,405,623**	3,097,489
Gross Profit		**3,805,084**	3,932,948
Other income	2	**414,414**	**511,459**
Expenses			
Administrative expenses		**4,257,573**	3,346,295
Marketing expenses		**523,959**	506,706
Occupancy expenses		**401,459**	394,534
Travel expenses		**309,923**	317,433
Finance costs	3	**16,928**	48,449
		5,509,842	4,613,417
Loss before income tax expense		**(1,290,344)**	(169,010)
Income tax expense/ (benefit)	4	**(4,589)**	58,894
Loss after income tax expense for the year		**(1,285,755)**	(227,904)
Loss for the year attributable to :-			
Owners of DataDot Technology Limited		**(1,285,755)**	(221,961)
Non controlling interest		**-**	(5,943)
		(1,285,755)	(227,904)
Basic earnings / (loss) per share (cents per share)	7	**(0.22)**	(0.05)
Diluted earnings / (loss) per share (cents per share)	7	**(0.22)**	(0.05)

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 2014

	2014 $	2013 Restated $
Loss after income tax expense for the year	**(1,285,755)**	(227,904)
Other comprehensive income :-		
Items that may be classified subsequently to profit or loss :-		
Exchange difference on translation of foreign operations	**(97,604)**	**22,490**
Total comprehensive income for the year, net of tax	**(1,383,359)**	(205,414)
Total comprehensive income attributable to :-		
Owners of DataDot Technology Limited	**(1,383,359)**	(199,471)
Non controlling interest	-	(5,943)
	(1,383,359)	(205,414)

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

Consolidated Statement of Financial Position

for the year ended 30 June 2014

	Notes	2014 $	2013 Restated $
Current Assets			
Cash and cash equivalents	8	**1,994,185**	897,398
Trade and other receivables	9	**1,078,063**	1,173,209
Inventories	10	**1,063,488**	1,136,582
Grant receivable	11	**363,697**	308,000
Current tax		**7,431**	4,036
Total Current Assets		**4,506,864**	3,519,225
Non-Current Assets			
Plant and equipment	12	**776,251**	905,962
Intangibles	13	**3,775,149**	3,294,967
Deferred tax		**-**	-
Total Non-Current Assets		**4,551,400**	4,200,929
Total Assets		**9,058,264**	7,720,154
Current Liabilities			
Trade and other payables	14	**788,085**	914,150
Borrowings	15	**88,972**	437,664
Income tax		**-**	11,494
Employee benefits	16	**292,649**	294,358
Provisions	17	**71,540**	71,540
Other current liabilities	18	**210,282**	73,365
Total Current Liabilities		**1,451,528**	1,802,571
Non-Current Liabilities			
Borrowings	15	**-**	52,806
Employee benefits	16	**2,196**	2,536
Other non-current liabilities	18	**373,865**	248,465
Total Non-Current Liabilities		**376,061**	303,807
Total Liabilities		**1,827,589**	2,106,378
Net Assets		**7,230,675**	5,613,776
Equity			
Issued capital	19	**36,347,640**	33,376,382
Accumulated losses		**(26,737,435)**	(25,451,680)
Reserves	20	**(2,379,530)**	(2,310,926)
Equity attributed to the owners of DataDot Technology Limited		**7,230,675**	5,613,776
Non-controlling interests		**-**	-
Total Equity		**7,230,675**	5,613,776

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 2014

	Attributable to equity holders of the parent						
	Issued capital $	Accumulated losses $	Foreign currency translation reserve $	Employee equity benefit reserve $	Other reserve $	Non controlling interests $	Total equity $
Balance at 1 July 2012	33,102,482	(25,068,191)	(1,900,943)	415,268	(309,424)	(46,149)	6,193,043
Prior period adjustment (Note 31)	-	(161,528)	-	-	-	-	(161,528)
Balance at 1 July 2012 restated	33,102,482	(25,229,719)	(1,900,943)	415,268	(309,424)	(46,149)	6,031,515
Loss after income tax expense for the year restated	-	(221,961)	-	-	-	(5,943)	(227,904)
Other comprehensive income for the year, net of tax	-	-	22,490	-	-	-	22,490
Total comprehensive income for the year	-	(221,961)	22,490	-	-	(5,943)	(205,414)
Transactions with owners in their capacity as owners :-							
Share based payments	-	-	-	172,639	-	-	172,639
Share rights exercised	273,900	-	-	(273,900)	-	-	-
Share rights expired	-	-	-	(67,857)	-	-	(67,857)
Acquisition of non-controlling interest in DataDot Technology (UK) Limited	-	-	-	-	(369,199)	52,092	(317,107)
Balance at 30 June 2013	33,376,382	(25,451,680)	(1,878,453)	246,150	(678,623)	-	5,613,776
Loss after income tax expense for the year	**-**	**(1,285,755)**	**-**	**-**	**-**	**-**	**(1,285,755)**
Other comprehensive income for the year, net of tax	**-**	**-**	**(97,604)**	**-**	**-**	**-**	**(97,604)**
Total comprehensive income for the year	**-**	**(1,285,755)**	**(97,604)**	**-**	**-**	**-**	**(1,383,359)**
Transactions with owners in their capacity as owners :-							
Share based payments	**-**	**-**	**-**	**204,089**	**-**	**-**	**204,089**
Share rights exercised	**128,500**	**-**	**-**	**(128,500)**	**-**	**-**	**-**
Share rights expired	**-**	**-**	**-**	**(46,589)**	**-**	**-**	**(46,589)**
Share issues	**3,000,000**	**-**	**-**	**-**	**-**	**-**	**3,000,000**
Share issue costs	**(157,242)**	**-**	**-**	**-**	**-**	**-**	**(157,242)**
Balance at 30 June 2014	**36,347,640**	**(26,737,435)**	**(1,976,057)**	**275,150**	**(678,623)**	**-**	**7,230,675**

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

Consolidated Statement of Cash Flows for the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**8,269,879**	7,853,109
Payments to suppliers and employees (inclusive of GST)		**(9,055,400)**	(7,666,593)
Interest paid		**(16,928)**	(48,449)
Income tax paid		**(10,300)**	(12,883)
Receipt of government grant		**408,550**	508,687
Net cash (used in)/ from operating activities	8	**(404,199)**	633,871
Cash flows from investing activities			
Interest received		**40,308**	10,256
Payments for plant and equipment		**(52,374)**	(272,771)
Payments for development and other intangibles		**(791,204)**	(609,930)
Net cash flows used in investing activities		**(803,270)**	(872,445)
Cash flows from financing activities			
Payment for acquisition of non controlling interest	26	**(1)**	(156,984)
Proceeds from share issue		**2,842,758**	-
Repayment of borrowings		**(354,203)**	(54,914)
Payment of finance lease liabilities		**(51,579)**	(65,463)
Net cash from / (used in) financing activities		**2,436,975**	(277,361)
Net increase /(decrease) in cash and cash equivalents		**1,229,506**	(515,935)
Cash and cash equivalents at the beginning of the financial year		**864,523**	1,409,367
Effects of exchange rate changes on cash and cash equivalents		**(137,003)**	(28,909)
Cash and cash equivalents at the end of the financial year	8	**1,957,026**	864,523

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. Its registered office and principal place of business is:
Unit 9, 19 Rodborough Road
Frenchs Forest NSW 2086
Australia
A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of Directors' on 29 August 2014. The directors' have the power to amend and reissue the financial statements.

(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 financial assets at fair value through profit or loss.

(b) Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

(c) Principles of consolidation
The consolidated financial statements comprise the financial statements of DataDot Technology Limited and its subsidiaries (hereafter referred to as 'DataDot', 'the consolidated entity' and 'the Group') (as outlined in note 24) 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 the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the 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 from DataDot.

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 acquisition of subsidiaries is accounted for using the acquisition method of accounting. 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) Principles of consolidation (continued)
Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in 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.

(e) *Operating segments*

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(f) *Research and development grant*

The research and development grants received and receivable from the Australian government are classified as deferred income and released to other income in line with the amortisation of the capitalised or expensed costs to which the grant relates.

1 Summary of significant accounting policies (continued)

(g) 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.

(h) 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.

(i) 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.

(j) 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)

(j) 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.

(k) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.
An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held
A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of
Deferred tax assets and liabilities are always classified as non-current.

(l) 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.

(m) 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 office equipment is over 4 years, plant and equipment over 10 years and leasehold improvements over 10 years.

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

1 Summary of significant accounting policies (continued)

(m) Plant and equipment (continued)

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.

(n) 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.

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

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.

1 Summary of significant accounting policies (continued)

(p) 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.

(q) 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)

(q) 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.

(r) 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)

(s) 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).

(t) Provisions

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.

(u) 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)

(v) 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).

(w) Issued capital

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)

(x) 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 an 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.

(y) 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)

(y) 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.

1 Summary of significant accounting policies (continued)

(y) Income tax and other taxes (continued)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

(z) 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.

(aa) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

(ab) Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards 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.

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

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

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

1 Summary of significant accounting policies (continued)

(ab) Adoption of new and revised accounting standards (continued)

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

1 Summary of significant accounting policies (continued)

(ab) Adoption of new and revised accounting standards (continued)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

(ac) 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
Improvements to IFRSs: Annual Improvements 2010-2012 Cycle (issued December 2013)	30-Jun-15	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 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (issued June 2013)	30-Jun-17	Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.	As this standard amends disclosure requirements only, there will be no impact on amounts recognised in the financial statements. The recoverable amount for CGUs with significant amounts of goodwill and intangibles with indefinite lives will only be required to be disclosed where an impairment loss has been recognised. However, there will be additional disclosures about the level of the fair value hierarchy where recoverable amount for a CGU is determined based on fair value less costs to sell.

1 Summary of significant accounting policies (continued)

(ac) 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 2010)	30-Jun-18	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 2018. 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 2017.

(ad) 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.

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.

1 Summary of significant accounting policies (continued)

(ad) Critical accounting estimates and judgments (continued)

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.

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.

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.

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 property, plant and equipment and finite intangible 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.

Employee benefits provision

As discussed in note 1 (t), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimate of attrition rates and pay increases through promotion and inflation have been taken into account.

2 Other Income

	2014 $	2013 Restated $
Interest revenue	**40,308**	10,256
Government grants:		
Research and development grants *	**310,831**	179,060
Revaluation of financial liability (note 23)	**-**	315,151
Sundry income	**63,275**	6,992
	414,414	511,459

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

3 Expenses

The consolidated income statement includes the following specific expenses :-

	2014 $	2013 Restated $
Cost of sales		
Stock obsolescence	**160,235**	12,999
Administration expenses		
Net loss/(gain) on foreign currency	**70,778**	(53,930)
Minimum lease payments	**5,076**	5,004
Employee benefits expenses	**1,657,746**	1,475,968
Employee share based expenses	**157,500**	104,782
Superannuation expenses	**203,206**	137,572
Depreciation, amortisation and disposal expenses	**467,899**	435,761
Occupancy expenses		
Minimum lease payments	**250,649**	234,403
Finance costs		
Bank loans and overdrafts	**1,191**	3,678
Other borrowings	**10,786**	38,024
Finance charges payable under finance leases and hire purchase contracts	**4,951**	6,747
Total finance costs	**16,928**	48,449

4 Income Tax

(a) Major components of tax expenses

	2014 $	2013 Restated $
Current income tax expense	**(34,520)**	21,462
Withholding tax	**29,931**	37,432
Income tax (benefit)/expense	**(4,589)**	58,894

4 Income Tax (continued)

	2014 $	2013 Restated $
(b) The prima facie tax on loss before income tax is reconciled to the income tax expense as follows :-		
Loss before income tax expense	**(1,290,344)**	(169,010)
Net loss before income tax expense at the tax at the statutory income tax rate of 30% (2013: 30%)	**(387,103)**	(32,378)
Foreign tax rate adjustment	**292,365**	107,745
Research and development expenditure added back	**144,000**	97,320
Expenditure not allowable	**140,148**	20,836
Other differences	**49,080**	47,365
Unused tax losses and tax offsets not recognised as deferred tax assets	**(243,079)**	(181,994)
Aggregate income tax (benefit)/expense	**(4,589)**	58,894
(c) Recognised deferred tax assets and liabilities		
Opening balance	**-**	-
Deferred tax asset credited to income	**38,457**	50,061
Deferred tax liability charged to income	**(38,457)**	(50,061)
Closing balance	**-**	-
Deferred tax assets and liabilities		
Deferred income tax at 30 June relates to the following :-		
Deferred tax liabilities		
Development costs	**389,179**	368,037
Plant and equipment	**1,350**	10,469
Patents & Trademarks	**279,023**	216,107
Gross deferred tax liabilities	**669,552**	594,613
Set-off of deferred tax assets	**(669,552)**	(594,613)
Net deferred tax liabilities	**-**	-
Deferred tax assets		
Tax losses	**351,825**	223,122
Goodwill	**78,270**	78,270
Provisions	**82,207**	84,850
Accruals	**64,349**	120,072
Equity raising costs	**54,788**	50,670
Doubtful debts and obsolescence	**16,651**	16,166
Other timing differences	**21,462**	21,463
Gross deferred tax assets	**669,552**	594,613
Set-off of deferred tax liabilities	**(669,552)**	(594,613)
Net deferred tax assets not brought to account	**-**	-

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)

	2014 $	2013 Restated $
The amount of the potential deferred tax assets attributable to revenue losses not brought to account	**8,061,337**	8,195,897
Adjustment recognised for prior periods	**-**	47,434
Less losses recognised as realisation of benefit is deemed to be sufficiently probable	**(243,079)**	(181,994)
	7,818,258	8,061,337

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. In June 2012 AgTechnix 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.

5 Auditors' Remuneration

The auditor of DataDot Technology Limited is BDO East Coast Partnership

Amounts paid or payable for audit services by BDO East Coast Partnership :-

	2014 $	2013 Restated $
An audit or review of the financial statements	**114,270**	107,287
Other services :-		
Tax compliance	**23,000**	50,320
Other services	**26,615**	28,985
	163,885	186,592

Amounts paid or payable for audit services by network firms BDO East Coast Partnership :-

	2014 $	2013 Restated $
Audit or review of the financial statements	**24,768**	30,875
Tax compliance	**5,637**	821
	30,405	31,696
Amounts paid or payable to unrelated firms for:		
Tax compliance	**8,704**	-
Other services	**39,463**	8,957
	48,167	8,957

6 Dividends

	2014 $	2013 Restated $
Dividends declared or paid during the year	**-**	-
Franking credits available for subsequent financial years based on a tax rate of 30%	**-**	-

7 Earnings Per Share

	2014 $	2013 Restated $
Basic earnings / (loss) per share (cents per share)	**(0.22)**	(0.05)
Diluted earnings / (loss) per share (cents per share)	**(0.22)**	(0.05)
Net loss after income tax expense used in calculating earnings / (loss) per share	**(1,285,755)**	(227,904)
Weighted average number of shares :-	**No**	No
Weighted average number of shares used in calculating basic and diluted earnings per share	**583,073,677**	480,800,800
Adjustments for calculation of diluted earning per share	**15,082,191**	17,628,082
Adjusted weighted average number of shares	**598,155,868**	498,428,882

Shares and share rights issued subsequent to end of the year :-
6,491,666 shares on vesting from share rights 01/07/2014
14,900,001 share rights issued vesting 01/01/2015, 01/07/2015, 01/01/2016, 30/6/2016 and 1/1/2017

Diluted earnings per share
Share rights issued to shareholders and related parties are considered to be potential ordinary shares and have been considered in determination of diluted earnings per share. The calculation of dilutive earnings per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Diluted earnings per share are therefore not different from basic earnings per share.

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 :-

	2014 $	2013 Restated $
Cash at bank and on hand	**1,994,185**	897,398
Bank overdraft	**(37,159)**	(32,875)
	1,957,026	864,523

Cash Flow Information
Reconciliation of loss after tax to net cash from operations :-

	2014	2013
Loss after income tax expense for the year	**(1,285,755)**	(227,904)
Add/(less) items classified as investing/financing activities:		
Interest received	**(40,308)**	(10,256)
Add/(less) non-cash items:		
Depreciation and amortisation	**467,900**	420,766
Disposal of plant and equipment	**-**	14,992
Revaluation of financial liability	**-**	(315,151)
Share based payments	**157,500**	104,782
Foreign exchange variance	**70,779**	(47,763)
Impairment for doubtful accounts	**(6,171)**	85,518
Changes in assets and liabilities :-		
Decrease in trade and other receivables	**95,146**	160,411
(Increase)/decrease in current tax assets	**(3,395)**	54,665
Decrease in inventories	**73,094**	280,789
(Increase)/decrease in grant receivable	**(55,697)**	200,687
Decrease in trade and other payables	**(126,065)**	(147,765)
Decrease in current tax liabilities	**(11,494)**	(8,654)
Increase in other liabilities	**262,316**	160,302
Decrease in employee benefits	**(2,049)**	(91,548)
Net cash (used in) / from operating activities	**(404,199)**	633,871

9 Trade and Other Receivables

	2014	2013
	$	$
Trade receivables	**978,230**	1,014,274
Provision for impairment	**(112,125)**	(144,603)
	866,105	869,671
Prepayments	**133,228**	159,495
Other receivables	**78,730**	144,043
	1,078,063	1,173,209

(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 write back of $6,171 (2013 charge: $85,526) 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:

	2014	2013
At 1 July	**144,603**	92,859
Charge for the year	**(6,171)**	85,526
Amount written off (included in bad and doubtful debt expense)	**(26,307)**	(33,782)
At 30 June	**112,125**	144,603

Customers with balances past due but without provision for impairment amounts to $108,154 (2013 : $185,797)

The aging of the past due but not impaired receivables are as follows :-

	2014	2013
30 days	**85,421**	180,631
60 days	**10,956**	5,166
90 days and over	**11,776**	-
	108,154	185,797

The consolidated entity did not consider a credit risk on the aggregate balance after reviewing credit terms of customers based on recent collection practices.

(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 28 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 28.

10 Inventories

	2014	2013
Raw materials	**851,176**	1,026,017
Finished goods	**212,312**	110,565
	1,063,488	1,136,582

11 Grant Receivable

	2014	2013
	$	$
Research and development grant	**363,697**	308,000

12 Plant and Equipment

	2014	2013
Plant and equipment - at cost	**2,609,196**	2,699,163
Accumulated depreciation	**(1,963,104)**	(1,943,750)
Total owned plant and equipment	**646,092**	755,413
Plant and equipment under lease	**152,923**	152,923
Accumulated depreciation	**(30,585)**	(15,292)
Total plant and equipment under lease	**122,338**	137,631
Leasehold improvements - at cost	**157,934**	169,061
Accumulated depreciation	**(150,113)**	(156,143)
Total leasehold improvements	**7,821**	12,918
	776,251	905,962

Movements in carrying amounts

	Plant and equipment	Plant and equipment under lease	Leasehold Improvements	Totals
	$	$	$	$
Balance as at 1 July 2012	763,598	23,481	7,320	794,399
Additions	136,075	129,442	7,254	272,771
Transfer from intangibles	17,837	-	-	17,837
Disposals	(14,992)	-	-	(14,992)
Depreciation expense for the year	(144,835)	(15,292)	(1,656)	(161,783)
Exchange adjustments	(2,270)	-	-	(2,270)
Balance at 30 June 2013	755,413	137,631	12,918	905,962
Additions	**44,781**	**-**	**7,593**	**52,374**
Disposals	**(17,877)**	**-**	**(7,708)**	**(25,585)**
Depreciation expense for the year	**(136,432)**	**(15,293)**	**(4,982)**	**(156,707)**
Exchange adjustments	**207**	**-**	**-**	**207**
Balance at 30 June 2014	**646,092**	**122,338**	**7,821**	**776,251**

Refer to note 15 for further information on plant and equipment secured under finance leases.

13 Intangible Assets

	2014	2013
	$	$
Development - at cost	**1,953,443**	1,698,432
Less: Accumulated amortisation	**(656,181)**	(471,643)
	1,297,262	1,226,789
Patent and trademarks - at cost	**1,241,151**	1,205,786
Less: Accumulated amortisation	**(311,076)**	(433,221)
	930,075	772,565
Goodwill	**1,515,155**	1,258,863
Software - at cost	**78,282**	65,582
Less: Accumulated amortisation	**(45,625)**	(28,832)
	32,657	36,750
	3,775,149	3,294,967

Movements in carrying amounts

	Development	Patents and trademarks	Goodwill	Software	Totals
	$	$	$	$	$
Balance as at 1 July 2012	890,028	763,560	1,258,863	49,406	2,961,857
Additions	485,522	107,230	-	17,178	609,930
Disposals - cost	(365,211)	-	-	-	(365,211)
Transfer to plant and equipment	-	-	-	(17,837)	(17,837)
Amortisation expense	(148,761)	(98,225)	-	(11,997)	(258,983)
Write back of accumulated amortisation on disposal	365,211	-	-	-	365,211
Balance at 30 June 2013	1,226,789	772,565	1,258,863	36,750	3,294,967
Additions	**255,011**	**267,202**	**256,292**	**12,699**	**791,204**
Amortisation expense	**(184,538)**	**(109,861)**	**-**	**(16,792)**	**(311,191)**
Exchange adjustments	**-**	**169**	**-**	**-**	**169**
Balance at 30 June 2014	**1,297,262**	**930,075**	**1,515,155**	**32,657**	**3,775,149**

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 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.

13 Intangible Assets (continued)

Patents and trademarks (continued)

In 2014, $267,202 (2013: $107,230) of costs associated with the lodging, renewal, and maintenance of patents & trademarks were incurred with $109,861 (2013: $98,225) of associated amortisation being expensed during the period.

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 non-current assets of $1,899,957) and DataTrace (with a carrying value of non-current assets of $2,651,442). 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 with growth of 5% per annum, divided by the discount rate less the long-term growth rate. The recoverable amount of DataDot CGU is $1,935,267 and the recoverable amount of the DataTrace CGU is $3,758,028 as at 30 June 2014.

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 pre-tax discount rate of 13.00% (2013: 20.00%). The discount rate of 13.00% 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 long-term growth rate of 3% and are included in the terminal value calculation. These key assumptions were included within the calculation of both the DataDot and the DataTrace recoverable values.

There were no other key assumptions for the CGU's.

Impact of possible changes in key assumptions

The directors have made judgements in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are if the discount rate was increased by 1.0% or more, the DataDot CGU would indicate an impairment of DataDot's intangible assets of $91,386, with all other assumptions remaining constant.

14 Trade and Other Payables

Trade payables	**223,913**	410,345
Sundry creditors and accruals	**564,172**	492,110
Other taxes payable	-	11,695
	788,085	914,150

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 28.

15 Borrowings

	2014 $	2013 $
Current		
Bank overdraft	**37,159**	32,875
Lease liability	**51,202**	49,975
Bank loan	-	3,720
	88,361	86,570
Loans payable to other parties	**611**	351,094
Total current borrowings	**88,972**	437,664
Non-current		
Lease Liability	-	52,806
Total non-current borrowings	-	52,806
Total secured liabilities		
The total secured liabilities (current and non-current) are as follows:		
Bank overdraft	**37,159**	32,875
Lease liability	**51,202**	102,781
Bank loan	-	3,720
	88,361	139,376

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. Plant and equipment with a carrying amount of $646,092 (2013: $722,266) are pledged as securities for current and non-current liabilities. The loan is repayable over 36 monthly periods.

Loans payable to other parties

A current amount payable to other parties of $611 (£350) which DataDot Technology (UK) Limited (DDUK) borrowed at an interest free basis in 2002 for the establishment of the UK business (2013: $257,673). 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. The remaining balance was repaid on 4 July 2014.

An amount payable to other parties at 30 June 2013 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 which £5 was paid on execution and the balance paid on 1 July 2013.

Financing arrangements

Unrestricted access was available at the reporting date to total credit facilities of $139,576 (2013: $144,184). $37,159 (2013: $38,383) was provided through Lines of Credit and all was available for immediate use (2013: $5,448). $32,750 (2013: $32,750) was utilised in the provision of bank guarantees against commercial leases on real property. $7,896 (2013: $1,783) was utilised against a corporate credit card facility with $61,771 (2013: $47,460) available for immediate use. $nil was utilised as a bank loan (2013: $3,720).

16 Employee Benefits

	2014 $	2013 $
Current		
Employee benefits	**292,649**	294,358
Non Current		
Employee benefits	**2,196**	2,536

The current provision for all employee benefits 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.

The following amount reflects leave that is not expected to be taken within the next twelve months:

	2014	2013
Employee benefits obligation expected to be settled after twelve months	**136,173**	**183,011**

17 Provisions

	2014	2013
Current		
Lease make good	**50,000**	50,000
Other provisions	**21,540**	21,540
	71,540	71,540

Other provisions
A provision of $20,000 (2013 : $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 (2013 : $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.

Lease make good
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 (2013 : $50,000) is included in other provisions.

Movements in provisions
There have been no movements in any of the classes of provisions in the current year.

18 Other Liabilities

	2014 $	2013 Restated $
Current		
Deferred income	**61,523**	42,003
Revenue received in advance	**148,759**	31,362
	210,282	73,365
Non-Current		
Deferred income	**373,865**	248,465

19 Issued capital

	2014 No	2014 $	2013 No	2013 $
Issued capital at beginning of financial period	**480,800,800**	**33,376,382**	474,575,800	33,102,482
Shares issued or under issue during the year :-				
Share placement	**150,000,000**	**3,000,000**	-	-
Issuing costs	**-**	**(157,242)**	-	-
Vested share at 1 July 2013 rights issued under the ESRP at 4.4c and 1.6c per share	**3,875,000**	**128,500**	6,225,000	273,900
Issued Capital at the end of the financial period	**634,675,800**	**36,347,640**	480,800,800	33,376,382

There is no current on-market share buy-back.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. 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.

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. The capital risk management policy remains unchanged from 30 June 2013 Annual Report.

As disclosed in Note 15, DataDot had total interest bearing liabilities of $88,361 as at 30 June 2014 (2013: $139,376). DataDot is not subject to any externally imposed capital requirements.

20 Reserves

	2014 $	2013 Restated $
Foreign currency translation reserve	**(1,976,057)**	(1,878,453)

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

Employee equity benefits reserve	**275,150**	246,150

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 29.

Other reserves	**(678,623)**	(678,623)

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.

Total Reserves	**(2,379,530)**	(2,310,926)

21 Operating Segments

Identification of reportable operating segments
DataDot has identified its operating segments based on the internal reports that are reviewed and used by the executive management team who are the chief operating decision makers ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Three of the operating segments are identified by the CODM based on the location of the selling segment. One operating segment is identified by the CODM 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.

21 Operating Segments (continued)

Types of products and services

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.

Major customers

DataDot has a number of customers to which it provides both products and services. In Australasia, one customer accounts for 13% of total revenue (2013 : 17%), Europe one customer accounts for 15% of total revenue (2013 : 11%) and in the Americas one customer accounts for 13% of total revenue (2013 : 11%).

The following tables present the revenue, profit/(loss) after tax, assets and liabilities information regarding operating segments for years ended 30 June 2014 and 30 June 2013.

Segment performance	**Australasia**	**Americas**	**Europe**	**DataTraceDNA**	**Intersegment eliminations**	**Total**
Year ended 30 June 2014	**$**	**$**	**$**	**$**	**$**	**$**
Revenue from external customers	**2,558,083**	**1,635,714**	**2,034,835**	**982,075**	**-**	**7,210,707**
Intersegment sales	**1,526,551**	**303,478**	**2,128**	**25,278**	**(1,857,435)**	**-**
Total revenue	**4,084,635**	**1,939,192**	**2,036,963**	**1,007,353**	**(1,857,435)**	**7,210,707**
Gross profit	**2,885,209**	**739,455**	**580,439**	**657,514**	**(1,057,533)**	**3,805,084**
EBITDA	**(394,228)**	**(676,882)**	**(164,707)**	**186,616**	**203,376**	**(845,825)**
Depreciation, amortisation and disposals	**(244,648)**	**(20,173)**	**(4,880)**	**(198,198)**	**-**	**(467,899)**
Impairment	**(822,768)**	**-**	**-**	**-**	**822,768**	**-**
Finance revenue	**52,472**	**11**	**16**	**371**	**(12,562)**	**40,308**
Finance costs	**(1,283)**	**(6,132)**	**(22,118)**	**-**	**12,605**	**(16,928)**
Profit / (Loss) before income tax	**(1,410,455)**	**(703,176)**	**(191,689)**	**(11,211)**	**1,026,187**	**(1,290,344)**
Income tax (expense) / benefit	**(27,009)**	**(6,859)**	**38,457**	**-**	**-**	**4,589**
Net profit / (loss) after income tax	**(1,437,464)**	**(710,035)**	**(153,232)**	**(11,211)**	**1,026,187**	**(1,285,755)**
Segment assets	**15,765,467**	**951,994**	**940,646**	**2,176,278**	**(10,776,121)**	**9,058,264**
Segment liabilities	**8,008,389**	**6,241,488**	**1,036,426**	**2,177,590**	**(15,636,304)**	**1,827,589**

21 Segment Information (continued)

Segment performance (continued) **Year ended 30 June 2013 (restated)**	Australasia $	Americas $	Europe $	DataTraceDNA $	Intersegment eliminations $	Total $
Revenue from external customers	3,059,802	1,032,979	2,126,587	811,069	-	7,030,437
Intersegment sales	1,487,531	257,449	2,010	145,722	(1,892,712)	-
Total 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 (restated - note 31)	(284,546)	(42,548)	62,271	568,719	1,048	304,944
Depreciation, amortisation and disposals	(232,398)	(11,223)	(3,683)	(188,457)	-	(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 (restated - note 31)	(433,783)	(60,325)	8,002	317,096	-	(169,010)
Income tax expense	(44,520)	(6,182)	(8,192)	-	-	(58,894)
Net profit / (loss) after income tax	(478,303)	(66,507)	(190)	317,096	-	(227,904)
Segment assets	14,261,548	693,993	1,151,718	2,241,832	(10,628,937)	7,720,154
Segment liabilities (restated - note 31)	8,065,416	5,458,473	1,089,263	1,869,989	(14,376,773)	2,106,368

22 Commitments

	2014 **$**	2013 $
Finance lease commitments		
Committed at the reporting date and recognised as liabilities, payable:-		
Within one year	**52,740**	54,392
One to five years	**-**	54,392
Total commitment	**52,740**	108,784
Less: Future finance charges	**1,538**	6,003
Net commitment recognised as liabilities	**51,202**	102,781
Operating lease commitments		
Committed at the reporting date and recognised as liabilities, payable:-		
Within one year	**222,963**	151,495
One to five years	**198,423**	328,300
	421,386	479,795
Remuneration commitments		
Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities.		
Minimum remuneration payments payable		
Within one year	**180,126**	328,923

23 Contingent Liabilities

Guarantees

DataDot has issued bank guarantees of $32,750 (2013: $32,750). 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 17 *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 17 *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.

24 Controlled Entities

	Principal place of business/ Country of Incorporation	Ownership interest % 2014	2013
Ultimate parent entity			
DataDot Technology Limited	Australia		
Wholly-owned subsidiaries			
DataDot Technology (Australia) Pty Limited	Australia	**100**	100
DataDot Technology USA Inc.	USA	**100**	100
DataDot Security Solutions Inc	USA	**100**	50
DataDot Technology (UK) Limited	UK	**100**	100
DataDot Technology (Europe) Limited	UK	**100**	100
AgTechnix Pty Limited	Australia	**100**	100
DataTrace DNA Pty Limited	Australia	**100**	100
DataDot N.Z. Pty Limited	New Zealand	**100**	100
DataDot Solutions (India) Pte Limited	India	**100**	100

25 Key Management Personnel Disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Note	**2014**	2013
Remuneration of key management personnel :-		**$**	$
Short term employee benefits		**983,177**	1,354,526
Post employment benefits		**112,407**	83,246
Long-term benefits		**54,141**	64,806
Share based payments (Note 29)		**198,167**	172,639
		1,347,892	1,675,217

There were no related party transactions.

26 Acquisitions

Acquisition of DataDot Security Solutions Inc

On 15 October 2013, DataDot Technology USA Inc (DDTUSA) acquired the remaining 50% of DataDot Security Solutions Inc (DDTSS) from DataDot Dealer Services Inc (DDTDS), a non-related product distributor in the USA, becoming the sole shareholder of DDTSS, and making it a wholly-owned subsidiary of DataDot. The acquisition was undertaken to better utilise and control the emerging products of CopDots and the National Metals Register in the USA and to rationalise operating costs. The shares were transferred for a nominal consideration of US $1. DDTSS was consolidated into the accounts as a subsidiary of DataDot from 15 October 2013 and has contributed revenues of US$283,826 and a loss of US$395,551 to 30 June 2014. It is impractical to provide contributions for the entire year to 30 June 2014 as the business objectives post acquisition have been restructured and as such a pre acquisition contribution is not comparable to current operations.

Details of the acquisition are as follows :-

	Fair Value
	US $
Cash at bank	4,705
Trade debtors	171,513
Inventories	578
Plant & equipment	902
Trade and other payables	(107,660)
Borrowings	(255,000)
Net assets acquired	(184,962)
Goodwill	241,402
Acquisition date fair value	56,440
Represented by :-	
Cash paid	1
Investment in DDTSS	1
Gain on revaluation of initial investment	56,438
	56,440

27 Related Party Transactions

Parent entity

DataDot Technology Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report in the directors' report.

28 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

There are currently no interest bearing loans.

Foreign exchange risk

As a result of significant investment in wholly-owned and partly-owned controlled entities in the United States and the United Kingdom, 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.

28 Financial Risk Management (continued)

DataDot had the following exposure to foreign currency that is not designated in cash flow hedges:

	2014 $	2013 $
Financial Assets		
Cash and cash equivalents	**312,531**	526,838
Trade and other receivables	**818,636**	896,365
	1,131,167	1,423,203
Financial Liabilities		
Trade and other payables	**378,514**	697,179
Borrowings	**88,972**	102,781
	467,486	799,960
Net exposure	**663,681**	623,243

The following sensitivity analysis is based on the foreign currency rate risk exposures in existence at the statement of financial position date. 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 2014			
Plus	5%	**9,784**	**54,900**
Minus	10%	**(21,078)**	**(128,111)**
Year Ended 30 June 2013			
Plus	5%	(13,883)	34,413
Minus	10%	30,218	(80,363)

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

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.

28 Financial Risk Management (continued)

Remaining contractual maturities

The table below details the consolidated entity's remaining contractual maturities for its financial liabilities. 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 at the respective year end.

	2014	2013
	$	$
6 months or less	**63,371**	337,703
6 - 12 months	**25,601**	99,963
1 - 5 years	**-**	52,806
	88,972	490,472

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.

Consolidated entity 30 June 2014	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	**$**	**$**	**$**
Financial Assets				
Cash and cash equivalents	**1,994,185**	**-**	**-**	**1,994,185**
Trade and other receivables	**944,835**	**-**	**-**	**944,835**
Grant receivable	**363,697**	**-**	**-**	**363,697**
	3,302,717	**-**	**-**	**3,302,717**
Financial Liabilities				
Trade and other payables	**410,783**	**-**	**-**	**410,783**
Borrowings	**88,972**	**-**	**-**	**88,972**
	499,755	**-**	**-**	**499,755**
Net maturity	**2,802,962**	**-**	**-**	**2,802,962**

Consolidated entity 30 June 2013	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	897,398	-	-	897,398
Trade and other receivables	1,013,714	-	-	1,013,714
Grant receivable	308,000	-	-	308,000
	2,219,112	-	-	2,219,112
Financial Liabilities				
Trade and other payables	550,434	-	-	550,434
Interest bearing loans & borrowings	437,664	52,806	-	490,470
	988,098	52,806	-	1,040,904
Net maturity	1,231,014	(52,806)	-	1,178,208

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair values.

29 Share Based Payments

	2014	2013
Expenses arising from share based payments :-	**$**	Restated $
Shares and rights issued under Employee Share Rights Plan :-		
Share Rights issued at 4.4c to Ross Hawkey 01/01/2011 vesting 01/07/2013	**-**	33,000
Share Rights issued at 4.4c to Graham Loughlin 01/01/2011 vesting 01/07/2014	**15,720**	37,733
Share Rights issued at 4.4c to Geoff George 01/01/2011 vesting 01/07/2014	**1,572**	3,773
Share Rights issued at 4.4c to John Kraft 01/01/2011 vesting 01/07/2014	**3,144**	7,547
Share Rights issued at 1.6c to Gunther Schmidt 01/01/2011 vesting 01/07/2014 & 01/07/2015	**20,000**	44,000
Share Rights issued at 2.6c to Ripley 33 P/L for contractor services rendered by Paul McLean 01/01/2011 vesting 01/07/2014, 01/07/2015 & 01/07/2016	**-**	46,586
Share Rights issued at 2.0c to Laura Whetstone 22/07/2013 vesting 01/07/2014, 01/07/2015 & 01/07/2016	**1,202**	-
Share Rights issued at 2.0c to Andrew Whitfield 22/07/2013 vesting 01/07/2014, 01/07/2015 & 01/07/2017	**12,035**	-
Share Rights issued at 2.7c to Patrick Raper 26/03/2014 vesting 01/01/2015, 01/01/2016 & 01/01/2017	**31,925**	-
Share Rights issued at 2.8c to Jim McCallum 15/04/2013 vesting 01/07/2014, 01/07/2015 & 01/07/2016	**118,490**	-
Share rights expired	**(46,589)**	(67,857)
Total Expense arsing from share based payments during the period	**157,500**	104,782

Movements is share rights for the financial year	2014	2014	2013	2013
	No	**Avg issue $**	No	Avg issue $
Balance at the beginning of the period	**16,500,000**	**0.0690**	12,475,000	0.0440
Rights granted	**17,300,000**	**0.0271**	12,500,000	0.0224
Shares issued	**(3,875,000)**	**0.0332**	(6,225,000)	0.0440
Rights expired	**(8,200,000)**	**0.0259**	(2,250,000)	0.0440
Balance at the end of the period	**21,725,000**	**0.0299**	16,500,000	0.0269

Share rights are granted by the Board, under the DataDot Technology Executive Share Rights Plan, on such terms and conditions as the Board determines, to eligible employees. A grant of share rights does not confer any right or interest in shares until all terms and conditions have been satisfied. They confer no voting rights. At pre-determined vesting intervals, subject to grantees satisfying the terms and conditions of grant, including continuous employment, each share right provides an entitlement to the issue of one ordinary share in the Company.

30 Parent Entity Information

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.

Statement of financial position	2014	2013
	$	Restated $
Current assets	**1,992,007**	401,655
Non‑current assets	**6,139,683**	6,018,199
Total assets	**8,131,690**	6,419,854
Current liabilities	**632,516**	723,367
Non‑current liabilities	**6,243,484**	6,166,654
Total liabilities	**6,876,000**	6,890,021
Equity		
Issued capital	**36,347,641**	33,376,382
Accumulated losses	**(35,050,423)**	(33,537,302)
Reserves	**(41,528)**	(70,528)
Total equity	**1,255,690**	(231,448)
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(1,274,399)**	(221,961)
Total comprehensive income	**(1,274,399)**	(221,961)

30 Parent Entity Information (continued)

Parent Entity Commitments and Guarantees
DataDot has issued a bank guarantee of $32,750 (2013: $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	**105,867**	302,543

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2014 and June 2013.

Capital commitments
The parent entity had no capital commitments for plant and equipment as at 30 June 2014 and 30 June 2013.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in note 1.

31 Prior Period Adjustments and Restatement of Comparatives

Research and development grant
The research and development grant received and receivable from the Australian government in financial year 2013 ($308,000) and financial year 2014 ($363,697), have been classified as other income. A grant amount of $508,687 was classified as an income tax benefit in the 2012 financial statements.

In the financial years 2012 and 2013, the full amount of the grant received and receivable was taken to account and classified as indicated above.

In the 2014 financial year, it has been determined that a more accurate application of the relevant accounting standard dictates that the amount of the research and development grant received and receivable from the Australian government in relation to assets of the economic entity be booked as deferred income and released to other income at the same rate and timing of the amortisation of the asset to which the grant relates.

Employee share based payments
It was discovered in the prior period that employee share based payments expense had been incorrectly reversed directly to accumulated losses rather than through the statement of profit or loss. This resulted in the loss for the year being overstated by $67,857. Extracts (being only those line items affected) are disclosed below.

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

	2013 Reported $	**Adjustment $**	**2013 Restated $**
Consolidated statement of profit or loss and other comprehensive income - extract			
Other income	640,399	(128,940)	511,459
Administration expenses	3,414,152	(67,857)	3,346,295
Loss from continuing operations before income tax	(107,927)	(61,083)	(169,010)
Net loss for the period	(166,821)	(61,083)	(227,904)
Loss for the period attributable to owners of DataDot Technology Limited	(160,878)	(61,083)	(221,961)

31 Prior Period Adjustments and Restatement of Comparatives (continued)

	2013 Reported $	Adjustment $	2013 Restated $
Total comprehensive income for the period net of tax	(144,331)	(61,083)	(205,414)
Total comprehensive income for the period net of tax attributable to owners of DataDot Technology Limited	(138,388)	(61,083)	(199,471)
Basic earnings / (loss) per share (cents per share)	(0.03)	(0.01)	(0.05)
Diluted earnings / (loss) per share (cents per share)	(0.03)	(0.01)	(0.05)

Consolidated statement of financial position - extract	2012 Reported $	Adjustment $	2012 Restated $
Current Liabilities			
Other current liabilities	-	22,146	22,146
Total Current Liabilities	2,286,540	22,146	2,308,686
Non‑Current Liabilities			
Other non-current liabilities	-	139,382	139,382
Total Non‑Current Liabilities	4,409	139,382	143,791
Total Liabilities	2,290,949	161,528	2,452,477
Net Assets	6,193,043	(161,528)	6,031,515
Equity			
Accumulated losses	(25,068,191)	(161,528)	(25,229,719)
Owners of DataDot Technology Limited	6,239,192	(161,528)	6,077,664
Total Equity	6,193,043	(161,528)	6,031,515

Consolidated statement of financial position - extract	2013 Reported $	Adjustment $	2013 Restated $
Current Liabilities			
Other current liabilities	31,362	42,003	73,365
Total Current Liabilities	1,760,568	42,003	1,802,571
Non‑Current Liabilities			
Other non-current liabilities	-	248,465	248,465
Total Non‑Current Liabilities	55,342	248,465	303,807
Total Liabilities	1,815,910	290,468	2,106,378
Net Assets	5,904,244	(290,468)	5,613,776
Equity			
Accumulated losses	(25,161,212)	(290,468)	(25,451,680)
Owners of DataDot Technology Limited	5,904,244	(290,468)	5,613,776
Total Equity	5,904,244	(290,468)	5,613,776

32 Events after the reporting period

On 1 July 2014, 6,491,666 shares were issued on vesting of share rights.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the operations of the Group, the results of its operations or the state of affairs in future financial years.

Directors' Declaration

for the year ended 30 June 2014

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 2014 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
29th August 2014, Sydney

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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 2014, 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 Stat*ements, 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 2014 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 12 to 18 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Arthur Milner
Partner

Sydney, 29 August 2014

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 17 October 2014.

Statement of Issued Shares

The total number of shareholders is 3,367. There are 711,167,466 ordinary fully paid shares listed on the Australian Securities Exchange. The twenty largest shareholders hold 37.36% of issued capital.

Substantial shareholders

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

Shareholders	Number of shares
UBS Nominees Pty Ltd	41,758,883

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	63	-
1,001 - 5,000	223	-
5,001 - 10,000	236	-
10,001 - 100,000	2,033	1
100,000 and over	812	4
Total	3,367	5

The number of shareholders holding less than a marketable parcel of ordinary shares is 866

Securities exchange

The Company is listed on the Australian Securities Exchange.

Shareholder Information - continued

Other class of equity securities

Share Rights issued: 14,900,001

Voluntary escrow

6,491,666 ordinary shares are under holding lock until 1st July 2015.

Twenty largest shareholders

	Ordinary shares	
	Number held	**% of issued shares**
UBS Nominees Pty Ltd	41,758,883	5.872
Bannaby Investments Pty Ltd <Bannaby Super Fund>	30,000,000	4.218
Dixson Trust Pty Ltd	25,000,000	3.515
Mr Collin Hwang	23,658,537	3.327
Katrat Investments Pty Ltd	20,750,000	2.918
Mr Evan Philip Clucas & Ms Leanne Jane Weston <Kuranga Nursery Super A/C	18,059,935	2.539
Mr Brent McLaws	14,040,000	1.974
CSIRO IP&L	13,718,327	1.929
Hamish Edward Elliot Brown	11,220,189	1.578
House of Maister Financial Services Limited	7,799,909	1.097
HSBC Custody Nominees (Australia) Limited	7,240,251	1.018
Mr Gary Flowers & Professor Carol Pollock <G M Flowers Super Fund A/C>	7,119,672	1.001
National Nominees Limited	6,425,367	0.903
Damn Investments Pty Ltd	6,300,161	0.886
Mr Norman Colburn Mayne <N C Mayne Family Fund A/C>	6,250,000	0.879
Pershing Australia Nominees Pty Ltd <Settlement Account>	6,087,415	0.856
Picton Cove Pty Ltd	5,979,630	0.841
Appwam Pty Ltd	5,000,000	0.703
Mr Nicholas Richard Harold Notley	5,000,000	0.703
Mr Graham James Loughlin	4,315,854	0.607

Holders of share rights

	Share Rights	
	Number held	**% of Issued Share Rights**
Dr Gunther Schmidt	1,500,000	10.06
Ms Laura Whetstone	66,667	0.48
Mr Andrew Winfield	666,667	4.47
Mr Patrick Raper	6,000,000	40.26
Mr James McCallum	6,666,667	44.73

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DataDot Technology Limited

ABN 54 091 908 726

Corporate Information

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USA:
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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 P. Raper 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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TECHNOLOGY LTD

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DataTraceDNA®
Forensic Marking Systems
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NMR
NATIONAL METALS REGISTER
nationalmetalsregister.com

NATIONAL EQUIPMENT REGISTER
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