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## About Datasquirt

Datasquirt (ASX: DSQ) supplies CONTACT™, a leading non-voice communication and business optimisation solution. Businesses use CONTACT™ to communicate with their customers and field staff using each person's preferred communication channel (be it SMS, email, fax, or web chat) to achieve better business results. CONTACT™ is provided as a secure online service that interfaces with most existing CRM and ACD/PABX systems. Datasquirt is headquartered in Auckland, New Zealand, with sales offices in Sydney, London, New York and Düsseldorf. Datasquirt™ and CONTACT™ are trademarks of Datasquirt Limited. All other brand or product names are trademarks or registered trademarks of their respective holder(s). For more information see [www.datasquirt.com](http://www.datasquirt.com) or call +64-9-358-5878 or +1-888-433-9882, or email: [info@datasquirt.com](mailto:info@datasquirt.com).

## Key Highlights

- Revenue increase to NZ\$2,259,000, showing 31% growth in recurring CONTACT licensing and transaction fees.

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- A reduced net loss of NZ\$2,971,000 despite a harsher business environment, showing a strong improvement on the previous year.

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- First half year loss of NZ\$1,846,000 compares to a second half year loss of NZ\$1,125,000. Improvements are the result of growth and the implementation of a cost reduction programme across the business.

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- Cash and bank balances are NZ\$2,040,000 as at 31 March 2009.

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- Growth in signed customers of 21% and growth in partners of 55% year on year.

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### Customer Successes:

- \$830,000 cost savings at Fonterra.

*"Within a year, CONTACT reduced overheads by more than 15%, and cost savings of more than \$830,000. Automated order processing has also reduced errors and associated credits by nearly 53%."*

– Jessica Seamark, National Customer Services Manager, Fonterra Brands

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- 86% reduction in customer service email response times at Glasses Direct.

*"Before CONTACT, we had limited control over emails. Now, we have a sophisticated system that prioritizes and directs incoming emails to the right agent, shows histories, provides template responses and real-time reporting. It is easy-to-use, has dramatically improved response times and streamlined the sales cycle to convert browsing customers into buyers."*

– Alan Moscrop, Business Analyst / Customer Service Manager, Glasses Direct

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- 3,600 new orders worth £230,000 in the first five months directly attributed to CONTACT at Snap-on Tools

*"With CONTACT SMS, it takes just a few minutes to promote product offers to our 400+ franchisee agents and receive orders immediately back via SMS. In just a few months, CONTACT SMS has generated hundreds of thousands of pounds in new sales by SMS and without a salesperson or call centre agent."*

– Joanna McDermott, Customer Service Supervisor, Snap-On Tools

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- 30% increase in repeat customer sales at Worldwide Sports Travel

*"CONTACT makes it easy to reach thousands of customers with ticket notifications, promotions and last-minute specials. These communications have resulted in a 30% increase in sales to repeat customers."*

– Fade O'Gunro, Advertising Manager, Worldwide Sports Travel

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- 97% increase in transaction revenues reflecting significant increase in application usage across Datasquirt's customer base

*"Datasquirt's CONTACT is very important to us as it will revolutionise the council's customer care, whilst providing much-needed cost savings over the coming years."*

– Susan Law, Chief Executive Officer, Wokingham Borough Council

*"CONTACT allows us to reach council housing tenants about outstanding rental payments via text messages. We are now providing an effective, alternative method of engaging with our customers and making it easier for tenants to contact us about rent repayments, instalments and due dates. CONTACT has been simple to implement and has helped improve our rent collection rate. We didn't need to install any new software or hardware which made it quick and easy to get up and running. Our results show that using the CONTACT system has contributed to higher collection rates while also reducing our outbound calling costs."*

– Tony Brady, Performance Management Officer, Northwards Housing

## Chairman's Report

### Review of Operations and Activities

Despite the difficult international business climate, Datasquirt has made positive headway this year, in terms of continued strong revenue growth, reduction of cash burn, development of off-shore markets, new partnerships and product development. The effects of the global downturn have been felt through longer sales cycles, but the value proposition of Datasquirt's product "CONTACT" has been accentuated by our customers' increased need to find more effective, more cost efficient ways to communicate.

Our international sales strategy has been to firstly seed the market in each of our regions with a direct sales force, and then follow up with the establishment of reseller channels to reap the benefits of the increased scale that they offer. Accordingly, this year we have shifted our primary sales focus to building reseller channels. We are already seeing the majority of our sales in Australia and the UK coming in through these resellers. As these channels mature and develop over coming years, we expect a significant uplift in sales volume.

Cost reduction and a drive for efficiencies has been another focus this year, which has been reflected successfully in our reduced cash burn. We are pleased to report that the reductions in expenditure have not led to reductions in sales revenue and that Datasquirt is making the best use of available resources to continue to drive growth in our international markets.

The results to date are consistent with our expectations, with growth in all areas of revenue generation. To date, our market traction has been strongest in our home market of New Zealand, but we are now seeing a rapid increase in sales revenue from the United Kingdom and Ireland.

Revenue	2009 \$000	2008 \$000	Increase (Decrease) %
CONTACT license fees & services	1,282	1,051	22%
Transaction revenue	292	148	97%
Other revenue	428	278	54%
Net gain on foreign exchange	257	(49)	624%
	2,259	1,428	58%

The majority of Datasquirt's customers use CONTACT software on a hosted basis, and sign a term contract for the service. Datasquirt recognises the contracted revenue as the fees are charged, on a monthly basis. Revenue from our two core revenue streams, being CONTACT software licensing and services and transaction fees, increased by 31% over the same period last year.

The loss from ordinary activities this year amounted to \$NZ2,971,000, a 23% improvement on the previous year's loss of \$NZ3,845,000 and reflects the further investment being made in establishing global sales partnerships, further product development and customer acquisition for expansion in the United Kingdom, Ireland, North America, Australia and Germany. The loss incurred in the second half of the financial year amounted to NZ\$1,125,000, confirming our improved performance during the year.

We would also like to acknowledge the ongoing support of New Zealand Trade and Enterprise, who have provided financial assistance to aid our investment in offshore markets.

## **Review of Operations by region**

### *North America*

This year the American market has proven more challenging than expected, due to two factors: Firstly, the drawn-out and expensive process required in obtaining and retaining American SMS short codes (which are required for CONTACT implementations involving SMS text messaging) increasing lead times considerably. Secondly the economic slow-down is having a very severe effect on doing business there.

Datasquirt has restructured its local presence in America and operates now only through sales partners, rather than continuing to fund its own American staff. This has greatly reduced the business' exposure to costs, which in turn has contributed significantly to the reduction in Datasquirt's cash-burn overall.

### *United Kingdom*

This year Datasquirt has reduced staffing and associated costs in the United Kingdom, while at the same time substantially increasing its level of sales. This has been brought about by successful execution of the partnering strategy with local operators, as well as the hard work and dedication of our team in that region.

### *Germany*

Germany is being operated as an extension of the United Kingdom office, so costs there have been minimized while Datasquirt continues to work on sales opportunities in this region.

### *Australia*

A restructuring of the Australian operation has been performed this year, similar to that of the American region. Datasquirt is now represented in Australia entirely through its partner channel with assistance directly from the New Zealand based head office. The resulting cost reductions combined with increasing sales further contribute to the improving trend in Datasquirt's bottom line.

## *New Zealand*

New Zealand remains the primary stronghold of Datasquirt sales activity, although this is starting to be rivalled by the United Kingdom branch. The New Zealand customer base includes a who's who of global brands in the areas of pharmaceuticals, telecommunications, catalogue sales, beverages, government departments and educational institutions. Ideal for building case studies to take to the world, the New Zealand operation proves the model that Datasquirt is replicating around the work in much larger markets.

### **CONTACT support**

This year we made a number of improvements to our operational support platforms. This included the development of a new deployment tool which automates the remote implementation, configuration and management of CONTACT within our data centres, a new monitoring suite which allows automated checking of application performance based on customer-specific business rules, and a new web-based helpdesk application to allow better management of customer support requests.

### **CONTACT Research and Development**

This year saw a major new release of the CONTACT application – version 3.90. This release focussed on modularising the feature-set and allowed the introduction of two editions of CONTACT – Lite and Enterprise. CONTACT 3.90 also included a significantly strengthened broadcast module and complete user interface refresh. During the year the research and development team also completed a number of other new features, including fully integrated time-zone support for customers who operate across diverse geographies, a new message routing engine with improved prioritisation features, and a number of additional message processing handlers to enhance the automation functionality within the product suite.

### **CONTACT Marketing**

Through our new partnerships with telecommunications companies in each region, we now have direct access to thousands of potential customers. We will be working closely with these partners, assisting them to harvest their significant sales prospects. This will give us an effective scale with potential that greatly exceeds what we could ever hope to do using only our own direct sales force.

### **Staff and Customers**

On behalf of the board, I would like to thank all our employees for their dedication and support during this challenging and hard working year. Datasquirt has a strong team spirit amongst its staff, who are all committed to delivering successful outcomes to our customers.

I would also like to thank our customers for their support and confidence in our ability. Our advisors, business partners and suppliers have all continued their ongoing support of Datasquirt and we express our gratitude to all involved.

## Looking Forward

The global business environment today is challenging and tough calls have been made to reduce costs and maximize efficiency in all areas of the business.

Datasquirt can now capitalize on all the building work that has been done to date in the market and with the product. Direct sales have been made to substantial and significant customers around the world; case studies of those have been documented; our product CONTACT has been proven and refined. Now we take all of this into the new partnerships we have formed with some of the world's leading telecommunications companies, such as Sybase365, and with those partners we deliver CONTACT to their existing customers and to the world.

It is our belief that the next three years will see Datasquirt gain sales traction through our partner channels, leading to a significant level of growth and value creation.

This report is made in accordance with a resolution of directors.



Mark Loveys  
Chairman  
Auckland

22 July 2009



## Directors

The Directors of the company during the year and up to the date of this report are:

Mark Loveys, Chairman

Aaron Ridgway, Chief Executive

Jens Neiser

David Lyons

Lindsay Phillips – *resigned 8 December 2008*

### Mark Loveys

#### *Chairman*

As one of the founders of Datasquirt, Mark had early involvement in the architecture and design of the company's products and solutions. Prior to this, he was a founder and product designer of Exonet, a market leading ERP solution for small to medium businesses, currently used by thousands of businesses throughout Australasia. Mark's success in the design and commercialization of the Exonet software package, led to it being acquired by a global ERP organization. Mark holds a Bachelor of Science degree from Auckland University and he is a member of the global SAP Solution Partner Advisory Council. Mark has served on the Board since September 2004.

### David Lyons

#### *Director*

David Lyons is the CEO of Continuum Systems, a hardware and software distribution company based in Syracuse, New York selling solutions to government, manufacturing, healthcare and other verticals. He is also the founder and CEO of Continuum Professional Services, a full outsource medical transcription company that supports acute and outpatient transcription services for hospitals and clinics. He has more than 25 years experience in service related businesses, in addition to his extensive software sales and marketing experience. David joined the Board in June 2007.

### Jens Neiser

#### *Director*

Jens Neiser joined the Board following his investment in Datasquirt in June 2006. He manages the Neiser Capital Investment fund and was previously a partner with Boston Consulting Group in New York and Munich specialising in technology companies. He holds a Masters degree in law and PhD in economics.

### **Lindsay Phillips**

#### *Director*

Lindsay Phillips is currently the Head of Private Equity for Lazard Carnegie Wylie, the Chairman of Flat Glass Industries Limited (listed on the ASX) and a director of a number of private companies in a wide variety of industries. His recent experience includes almost 20 years in private equity/investment banking both in Australia and the UK. Prior to that he spent seven years with Price Waterhouse. Lindsay joined the Board in April 2006 and resigned on 8 December 2008.

### **Aaron Ridgway**

#### *Managing Director*

Aaron Ridgway is the founder and a major shareholder in Datasquirt and has an extensive and successful background in the mobility and telecommunication industry. He is widely respected as a retailer of mobile phones owning several of New Zealand's most successful First Mobile Vodafone franchises. Aaron has served as Managing Director on the Board since September 2004.

## Directors' Report

The Directors are pleased to submit to shareholders their report and financial statements for the year ended 31 March 2009.

### Principal Activities

Datasquirt supplies CONTACT, a leading online multi-channel, non-voice communication and business optimisation solution. Self service automation allows CONTACT to help businesses communicate better with their customers and field staff, using SMS, email, fax and web chat. Datasquirt listed on the Australian Stock Exchange on 28 September 2007.

### Significant Changes in the State of Affairs

Effective January 2009, Datasquirt signed a license agreement with Continuum Voice and Data Systems (an entity owned by our US based non executive director David Lyons). Continuum has taken over our direct sales team, and Datasquirt will now receive a 20% license fee for all new US revenue without incurring sales cost.

### Directors

Mr. Lindsay Phillips resigned from the Board on 8 December 2008 and Mark Loveys was elected as Chairman following his resignation. In accordance with the Constitution, Dr Jens Neiser retires and, being eligible, offers himself for re-election.

### Disclosure of Interests by Directors

The Directors' certificates to cover entries in the Interests Register in respect of remuneration, insurance, indemnities, dealing in the Company's shares and other interests have been disclosed as required by the Companies Act 1993.

### Remuneration of Directors

The remuneration of the Directors for the year ended 31 March 2009 has been disclosed in Note 7 (b) of this Report.

### Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

## Directors' Report (cont)

### Outlook

Despite the challenges of a global financial downturn, this has been a constructive and positive year for Datasquirt in terms of both market development and product development. While the downturn has lengthened sales cycles, our overall sales proposition has proved attractive enough to increase revenue from our core business activities by 31%. The return on investment our product delivers to customers is resonating strongly in tough market conditions.

Our international sales strategy is to seed the market in each of our regions with a direct sales force before establishing reseller channels and thereby reaping the benefits of increased scalability. Accordingly, we have now shifted our primary sales focus to building reseller channels. We are already seeing more than 50% of our sales in Australia and the UK coming in through these resellers. Our New Zealand operation is already in a more mature phase, with a mix of direct and indirect sales. The US market is managed on behalf by our distributor Continuum Systems, while Germany is still in the early stages of development.

Earlier this year we released a new product called CONTACT Lite, which is a simple, lower cost version of CONTACT aimed at the small business market as a Software as a Service (SaaS) offering. CONTACT Lite widens Datasquirt's market reach considerably with incremental sales on existing technology and has already been well received, particularly in the UK.

Cost reduction and a drive for efficiencies has been another focus this year. This has been reflected successfully in our reduced cash burn. Cash used in operations in the first half of the financial year was \$2,192,000, and was reduced to \$1,093,000 for the second half of the financial year.

We are pleased to report that the reductions in expenditure have not led to reductions in sales revenue. Datasquirt is making the best use of available resources to continue to drive growth in our international markets.

Datasquirt's board, management and staff remain focused, passionate and confident in the success of the business going forward.

The financial statements are signed for and on behalf of the Board, and were authorised for issue on the date below.



**Mark Loveys**  
Chairman  
28 May 2009



**Aaron Ridgway**  
Chief Executive Officer  
28 May 2009

## Corporate Governance Statement

Datasquirt recognises and follows the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles) to the extent that it is reasonable and practicable for Datasquirt, taking into account of the size, stage, development and operations of the Company.

Where Datasquirt's corporate governance practices do not correlate with the practices recommended by the Council, the Board's reasoning for any departure is explained.

Set out below are the fundamental corporate governance practices of Datasquirt.

### **Principle 1: The Board lays solid foundations for management and oversight**

In governing the Company, the Directors must act in the best interests of the Company as a whole and be committed to spending sufficient time to enable them to carry out their duties as Directors of the Company. In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of Datasquirt.

The Board is responsible for governing the Company and for setting the strategic direction of the Company, including:

- (a) oversight of control and accountability systems;
- (b) appointing and removing the Chief Executive Officer, Chief Financial Officer and the Company Secretary;
- (c) input into, and final approval of, corporate strategy;
- (d) approving the annual operating budget;
- (e) approving and monitoring the progress of major capital and operating expenditure;
- (f) monitoring compliance with all legal and regulatory obligations;
- (g) reviewing any risk management system;
- (h) monitoring any Executive Officers' performance; and
- (i) approving and monitoring financial and other reporting to the market, Shareholders, employees other stakeholders.

It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Board responsibilities are set out in the Company Board Charter which is available on the Datasquirt website under "Corporate Governance".

The table below sets out the attendance of Directors at Board meetings since 1 April 2008 to the date of this Annual Report:

	Number of Meetings during the tenure of the Director	Attended
Mark Loveys	15	15
Adam Ridgway	15	15
Jens Neiser	15	14
David Lyons *	14	12
Lindsay Phillips **	8	8

\* David Lyons resigned from the Board on 12 June 2009.

\*\* Lindsay Phillips resigned from the Board on 8 December 2008.

The Board carries out a review of the performance the senior executives on an annual basis. Each Director provides an assessment of the performance of each senior executive and the results of each assessment is collectively discussed by the Board. The outcome of the assessment is then presented to the individual senior executive. During the reporting period, a performance evaluation for senior executives was conducted.

## **Principle 2: The Board is structured to add value**

The Company currently has three Directors, comprised of one Executive Director and two non-independent Non-Executive Directors.

Aaron Ridgway is the Chief Executive Officer and a substantial shareholder of the Company. Mark Loveys and Jens Neiser are non-independent Non-Executive Directors because they are substantial shareholders of the Company.

David Lyons was a non-independent Non-Executive Director of the Company who resigned on 12 June 2009. David Lyons was a non-independent Non-Executive Director because he was a substantial shareholder of the Company and he was also the Chief Executive Officer of Continuum Systems, the non-exclusive distributor of Datasquirt's products in North America.

The Company assesses the independence of its Directors pursuant to the threshold set out in the ASX Principles and the Company's Board Charter. Given the nature and size of Datasquirt, the Company does not have a policy requiring a majority of independent directors. Persons have been selected as Directors to bring specific skills and industry experience relevant to the Company.

The Chairman, Mark Loveys is non-independent Non-Executive Director by virtue of his substantial shareholding in Datasquirt. The role of the Chairman and Chief Executive Officer may not be exercised by the same individual.

Any Director may take such independent legal, financial or other advice as they consider necessary at the reasonable expense of the Company on any matter connected with the discharge of his or her responsibilities. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice.

The details of the Directors' experience and term of office held by each Director at the date of this Annual Report are detailed on page 7.

Given the nature and size of Datasquirt, its business interests and its stage of development, the Board assumes the function of the Nominations Committee. The responsibilities of the Board (in its capacity as the Nominations Committee) are set out in the Company Board Charter which is available on the Datasquirt website under "Corporate Governance".

The Board carries out a Board assessment on an annual basis. The performance of the Chairman is reviewed and assessed by the other Directors, and the Chairman reviews and assesses the performance of the other Directors. During the reporting period, a Board self-assessment was undertaken with the outcomes discussed by the Board

### **Principle 3: The Board promotes ethical and responsible decision making**

#### Code of Conduct and Ethics

As part of its commitment to recognising the legitimate interests of stakeholders, Datasquirt has an established Code of Conduct and Ethics (Code) to guide compliance with legal and other obligations to legitimate stakeholders. The Code governs all Datasquirt's commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent the Company.

The Board, Management and all employees of Datasquirt are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including Directors.

The Code is available on the Datasquirt website under "Corporate Governance".

#### *Trading in Datasquirt Shares*

Consistent with the legal prohibitions on insider trading contained in the Corporations Act, all Datasquirt personnel are prohibited from trading in Datasquirt's securities while in possession of material non-public information. Material non-public information is information, which a reasonable person would expect to have a material affect on the price or value of Datasquirt's securities.

The Code of Conduct also includes the Share Trading Policy. The Policy precludes its employees and Directors from trading in Company shares during share trading blackout periods which operate:

- (a) from the end of the Company's financial half-year, until the release of the results for that period; and
- (b) from the end of the Company's financial year, until the release of the results for that period.

The Board may, on the giving of reasonable notice, impose additional trading blackouts, or vary a trading blackout at its discretion.

If an exceptional circumstance arises outside of these share trading blackout periods, a Director may contact the Chairman to seek approval for specified trading which the Chairman may in his discretion approve or not. In the case of the Chairman, approval must be sought from the Deputy Chairman. The matter must be reported to the Board no later than the next following Board Meeting.

Senior management and Directors are required to advise the Chairman of their intentions prior to undertaking any transaction in Company securities, which includes affirmation that the individual does not believe they are in possession of material non-public information.

The Share Trading Policy is available on the Datasquirt website under "Corporate Governance".

#### **Principle 4: The Board safeguards integrity in financial reporting**

In accordance with ASX Listing Rule 12.7, Datasquirt is not required to have an Audit Committee. The functions which would otherwise be performed by an Audit & Risk Management Committee are performed by the Board. These include fulfilling its corporate governance responsibilities in regard to:

- (a) the reliability and integrity of financial information for inclusion in the DSQ's financial statements;
- (b) audit, accounting and financial reporting obligations of DSQ;
- (c) monitoring the independence of the external auditor;
- (d) business or financial risk management; and
- (e) the integrity of the systems of internal control established by the Board and Management.

The Board has the responsibility of observing the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners. Non-Executive Directors are given the opportunity to meet with the auditor, independent of management prior to approving the half-year and annual financial statements.

#### **Principle 5: The Board makes timely and balanced disclosure**

The Board has established a written policy for ensuring compliance with Listing Rule disclosure requirements. The purpose of the Policy is to:

- (a) ensure that all Directors, employees and contractors are aware of the continuous disclosure obligations of Datasquirt; and
- (b) implement a procedure for the central collection, assessment and if required, release to the ASX, of material information.



The Continuous Disclosure Policy is available the Datasquirt website under “Corporate Governance”.

Commentary on the Company’s financial results; review of operations and activities in accordance with ASX Listing Rule 4.10.17 are set out from page 3 of this Annual Report.

### **Principle 6: The Board respects the rights of shareholders**

The Company has established a Shareholder Communications Policy and is committed to:

- (a) communicating effectively with shareholders through releases to the market via ASX, Datasquirt’s website, information mailed to shareholders and the general meetings of the Company;
- (b) giving shareholders ready access to balanced and understandable information about the Company; and
- (c) making it easy for shareholders to participate in general meetings of the Company.

All announcements made to the ASX are available to shareholders:

- (a) under the Investor Centre section of the DSQ website (under “Company Announcements”);
- (b) under the Company Announcements section of the ASX website; or
- (c) by email notification (when shareholders provide their email address to DSQ via the website and elect to be notified of all DSQ announcements).

The Shareholder Communications Policy is available on the Datasquirt website under “Corporate Governance”.

### **Principle 7: The Board recognises and manages risk**

The Board is responsible for risk oversight, establishing an internal control system designed to identify, assess, monitor and manage business and financial risk. The Company has identified potential risks and management will report to the Board regularly regarding:

- (a) the risk management framework;
- (b) response to business and financial risks (including compliance and internal controls);
- (c) management’s approach to key operational risks, including the effectiveness of internal controls; and
- (d) the implementation of key recommendations and management action plans.

The responsibilities of the Board (in its capacity as the Audit & Risk Management Committee) are set out in the Company Board Charter which is available on the Datasquirt website under “Corporate Governance”.

The Company has not adopted a formal risk management and internal control system to manage the Company's material business risks due to the size and nature of its operations. The Chief Executive Officer and Chief Financial Officer (Management) assume the responsibility of overseeing risk management practices of the Company. The Board confirms that Management has reported to it that the Company's management of its material business risks have been effective.

As required by Recommendation 7.3, the Board received assurance from the Chief Executive Office and Chief Financial Officer that:

- their declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- that the Company's risk management and internal system is operating effectively in all material respects in relation to financial reporting risks.

#### **Principle 8: Remunerate fairly and responsibly**

Given the nature and size of Datasquirt, its business interests and its stage of development, the Board assumes the function of the Remuneration Committee. The responsibilities of the Board (in its capacity as the Remuneration Committee) are set out in the Company Board Charter which is available on the Datasquirt website under "Corporate Governance".

Executive Officers and Senior Management acting in their capacity as employees of the Company and subsidiary(ies) may receive a mix of fixed, performance-based and equity-based remuneration. Non-Executive Directors may receive only fixed remuneration.

Further, the Company has adopted anti-hedging policy, whereby employees are not permitted to enter into transaction with Securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements under any equity-based remuneration schemes offered by Datasquirt.

## Auditors Report



**AUDITORS' REPORT**  
**TO THE READERS OF THE FINANCIAL STATEMENTS OF**  
**DATASQUIRT LIMITED**

We have audited the financial statements on pages 19 to 54. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 23 to 33.

### **Directors' Responsibilities**

The directors are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the company and group as at 31 March 2009 and the results of operations and cash flows for the year ended on that date.

### **Auditors' Responsibilities**

It is our responsibility to express to you an independent opinion on the financial statements presented by the directors.

### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- \* the significant estimates and judgements made by the directors in the preparation of the financial statements, and
- \* whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



Other than in our capacity as auditor we have no relationship with or interests in the company or its subsidiaries.

#### Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- \* proper accounting records have been kept by the company as far as appears from our examination of those records; and
- \* the financial statements on pages 19 to 54
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the financial position of the company and group as at 31 March 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 28 May 2009 and our unqualified opinion is expressed as at that date.

Auckland, New Zealand

CHARTERED ACCOUNTANTS

This audit report relates to the financial statements of Datasquirt Limited ("the company") for the year ended 31 March 2009 included on the company's website. The directors of the company are responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the company's website. We accept no responsibility for any changes that may have occurred to the financial statements since it was initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of these financial statements are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 May 2009 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Balance Sheet


As at 31 March 2009	Note	Consolidated		Parent	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	11	2,040	5,133	1,917	4,984
Trade and other receivables	12	629	502	616	430
<b>Total Current Assets</b>		<b>2,669</b>	5,635	<b>2,533</b>	5,414
<b>Non-current Assets</b>					
Investments in subsidiaries	13	-	-	124	124
Property, plant and equipment	14	83	128	55	91
Intangible assets	15	77	114	76	112
<b>Total Non-current Assets</b>		<b>160</b>	242	<b>255</b>	327
<b>TOTAL ASSETS</b>		<b>2,829</b>	5,877	<b>2,788</b>	5,741
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	16	594	703	541	597
Provisions	17	108	80	97	50
<b>Total Current Liabilities</b>		<b>702</b>	783	<b>638</b>	647
<b>TOTAL LIABILITIES</b>		<b>702</b>	783	<b>638</b>	647
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>					
Contributed equity	18	11,310	11,310	11,310	11,310
Accumulated loss	19 (a)	(9,341)	(6,370)	(9,372)	(6,338)
Reserves	19 (b)	158	154	212	122
<b>TOTAL EQUITY</b>		<b>2,127</b>	5,094	<b>2,150</b>	5,094
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,829</b>	5,877	<b>2,788</b>	5,741

The above balance sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorise the issue of these financial statements on 28 May 2009:



Mark Loveys  
Chairman  
28/05/2009



Aaron Ridgway  
Director  
28/05/2009

## Income Statement

For the year ended 31 March 2009	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
<b>Revenue</b>					
Revenue		1,574	1,199	1,205	976
Other revenue	6	428	278	487	314
Net gain on foreign exchange		257	(49)	266	(49)
		<b>2,259</b>	1,428	<b>1,958</b>	1,241
Development and implementation expenses		(34)	(150)	(37)	(93)
Hosting and connectivity expenses		(362)	(256)	(109)	(100)
Transaction costs		(189)	(57)	(131)	(57)
Commissions		(165)	(199)	(115)	(127)
Advertising expense		(289)	(606)	(98)	(214)
Employee benefits expense	7 (a)	(2,643)	(2,358)	(1,424)	(1,397)
Professional fees	7 (b)	(401)	(473)	(199)	(277)
Travel expenses		(360)	(554)	(207)	(359)
Market support	21(d)	-	-	(2,149)	(1,973)
Other operating expenses	7 (a)	(641)	(537)	(405)	(383)
Depreciation & impairment	7 (c)	(146)	(83)	(118)	(74)
<b>Loss from continuing operations before income tax</b>					
		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
Income tax expense	8	-	-	-	-
<b>Loss after income tax</b>					
		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<b>Net loss for the period</b>					
		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>					
Basic earnings per share	10	(0.11)	(0.18)		
Diluted earnings per share		(0.11)	(0.18)		

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

## Cash Flow Statement

For the year ended 31 March 2009	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		1,789	1,132	1,288	910
Payments to suppliers and employees (inclusive of GST)		(5,410)	(4,577)	(4,910)	(4,426)
Interest paid		(5)	(5)	(5)	(5)
Interest received		340	45	340	44
Receipt of government grants		-	100	-	100
<b>Net cash flows used in operating activities</b>	20	<b>(3,286)</b>	(3,305)	<b>(3,287)</b>	(3,377)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(20)	(270)	(3)	(223)
Purchase of intangibles		(44)	(10)	(44)	(10)
Acquisition of subsidiary/investment		-	-	-	(124)
<b>Net cash flows used in investing activities</b>		<b>(64)</b>	(280)	<b>(47)</b>	(357)
Cash flows from financing activities					
Proceeds from issue of shares		-	9,067	-	9,067
Repayment of borrowings		-	(303)	-	(303)
<b>Net cash flows from financing activities</b>		-	8,764	-	8,764
Net increase in cash and cash equivalents		<b>(3,350)</b>	5,179	<b>(3,334)</b>	5,030
Net foreign exchange differences		257	(49)	267	(49)
Cash and cash equivalents at beginning of period		5,133	3	4,984	3
<b>Cash and cash equivalents at end of period</b>		<b>2,040</b>	5,133	<b>1,917</b>	4,984

The above cash flow statement should be read in conjunction with the accompanying notes.

## Statement of Recognized Income and Expenses

For the year ended 31 March 2009	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Foreign currency translation		6	(20)	92	(52)
<b>Net income and expense recognized directly in equity</b>		<b>6</b>	<b>(20)</b>	<b>92</b>	<b>(52)</b>
Loss for the period		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<b>Total recognized income and expense for the period</b>		<b>(2,965)</b>	(3,865)	<b>(2,942)</b>	(3,865)
Attributable to:					
Equity holders of the parent		<b>(2,965)</b>	(3,865)	<b>(2,942)</b>	(3,865)
		<b>(2,965)</b>	(3,865)	<b>(2,942)</b>	(3,865)

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



# Notes to the Financial Statements

For the year ended 31 March 2009

## 1. Corporate information

The financial statements of Datasquirt Limited (the Company) for the year ended 31 March 2009 were authorised for issue in accordance with a resolution of the directors on 28 May 2009.

Datasquirt Limited (the parent) is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the General Disclosures section of this annual report.

## 2. Summary of significant accounting policies

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## 2. Summary of significant accounting policies (continued)

### (a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

### (b) Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable financial reporting standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

### (c) New accounting standards and interpretations

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 March 2009. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
NZ IFRS 8	Operating Segments	New standard replacing NZ IAS 14 Segment Reporting, which adopts a management approach to segment reporting.	1 January 2009	NZ IFRS 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments may have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than is currently reported under NZ IAS 14 Segment Reporting.	1 April 2009
NZ IAS 1 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	The amendments are expected to only affect the presentation of the Group's financial statements and will not have a direct impact on the measurement and recognition of amounts under the current NZ IAS 1. The Group has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 April 2009
NZIFRS3 (revised)	Business Combinations	The core principle of the revision is that an acquirer of a business recognizes the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition	1 July 2009	The standard is effective for business combinations for which the acquisitions are made on or after 1 July 2009.	1 April 2010

\*designates the beginning of the applicable annual reporting period

### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Datasquirt Limited (the group) and its subsidiaries (as outlined in note 5) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. 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 the Group.

Investments in subsidiaries held by Datasquirt Limited are accounted for at cost in the separate financial statements of the parent entity.

### (e) Segment reporting - refer note 5

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under NZ IAS 14 Segment Reporting and have determined that on adoption of IFRS 8 Segment Reporting (applicable from 1 January 2009); additional operating segments will most likely be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

### (f) Foreign currency translation

#### (i) Functional and presentation currency

Both the functional and presentation currency of Datasquirt Limited is New Zealand dollars (\$). The subsidiaries' functional currency is the local currency which is translated to presentation currency (see below).

#### (ii) Transactions & balances

Subsidiary	Local Currency	Presentation Currency
Datasquirt (Australia) Pty Limited	Australian dollars (\$)	New Zealand dollars (\$)
Datasquirt UK Limited	British pounds (£)	New Zealand dollars (\$)
Datasquirt LLC	United States dollars (\$)	New Zealand dollars (\$)
Datasquirt AG	Euro (€)	New Zealand dollars (\$)

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 the balance sheet 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.

*(iii) Translation of Group Companies functional currency to presentation currency*

The results of the subsidiaries are translated into New Zealand dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognized in the foreign currency translation reserve in equity.

**(g) Cash and cash equivalents - refer note 11**

Cash and cash equivalents in the balance sheet 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(h) Trade and other receivables - refer note 12**

Trade receivables, which generally have 30-90 day terms, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less an allowance for impairment.

Collectibility 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 recognized when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

**(i) Property, plant and equipment - refer note 14**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. The cost is recognized in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalization. All other repairs and maintenance are recognized in profit or loss as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets as follows:

Computer equipment - over 3 to 5 years  
Furniture and fittings - over 5 to 10 years  
Phones – over 2 to 5 years

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

#### *Derecognition*

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

#### **(j) Leases - refer note 24**

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.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

#### **(k) Intangibles - refer note 15**

Intangibles are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. See note 15.

Internally generated intangible assets are not capitalized and expenditure is recognized in profit or loss in the year in which the expenditure is incurred.

#### *Research and development costs*

Research costs are expensed as incurred.

#### **(l) Trade and other payables - refer note 16**

Trade and other payables are carried at amortized cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group 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.

#### **(m) Provisions and employee benefits - refer note 17**

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 balance sheet date.

### *Employee leave benefits*

#### **(n) Wages, salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognized in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognized when the leave is taken and are measured at the rates paid or payable.

#### **(o) Share-based payment transactions - refer note 23**

##### *(i) Equity settled transactions:*

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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 fair value is determined by an external valuer using the Black Scholes option pricing model, further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Datasquirt Limited if applicable.

The cost of equity-settled transactions is recognized, 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 income statement 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; and
- (iii) the expired portion of the vesting period.

The charge to the income statement 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 more or fewer awards vest than were originally anticipated to do so. 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 recognized as if the terms had not been modified. An additional expense is recognized 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 vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. 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 10).

#### **(p) Revenue recognition - refer note 6**

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

##### *(i) Rendering of services*

Contract income, which includes license fees, hosting fees and transaction fees, is recognized in the income statement in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

When the contract outcome cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

##### *(ii) Interest revenue*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

#### **(q) Income tax and other taxes - refer note 8**

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 balance sheet date.

On the basis that deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the carry-forward of unused tax credits and unused tax losses can be utilised, Datasquirt Limited has taken the conservative position that there is not sufficient certainty to justify the recognition of a deferred income tax asset at this time.

Temporary differences are not material, and have not been recognized as a deferred tax asset.

#### *Other taxes*

Revenues, expenses and assets are recognized 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 recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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 flow.

#### **(r) Government grants**

When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants are awarded on a 50% cost sharing basis between NZTE and The Group, and are only reimbursed on costs actually already incurred by the Group.

The grants recognized have no outstanding terms and conditions and are not credited directly to shareholders equity.

#### **(s) Earnings per share - refer note 10**

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted number of ordinary shares and dilutive potential ordinary shares.

#### **(t) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.



Datasquirt Limited 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

**(u) Contributed equity - refer note 18**

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.

**3. Financial risk management objectives and policies**

The Group's principal financial instruments comprise receivables, payables, and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate, liquidity risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

**Risk exposures and responses**

*Interest rate risk*

The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.

At 31 March 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements: Higher/(Lower)	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2009	2008	2008	2008
Higher/(Lower)	\$000	\$000	\$000	\$000
<b>Consolidated</b>				
+1% (100 basis points)	34	25	34	25
- 1% (100 basis points)	(34)	(25)	(34)	(25)
<b>Parent</b>				
+1% (100 basis points)	34	25	34	25
-1% (100 basis points)	(34)	(25)	(34)	(25)

The sensitivity is higher in 2009 than in 2008 because of an increase in the level of funds on deposit.

#### *Credit risk*

Credit risk arises from the financial assets of the Group, being trade and other receivables. The Group'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 balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognized, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The only significant concentration of credit risk within the Group exists in relation to cash and cash equivalents, the majority being held with two major trading banks.

#### *Foreign currency risk*

Each entity in the Group conducts the majority of its transactions in its functional currency.

The currency exposure of the Group arises from the effect of any substantial movements in currency rates on the transfer of funds (the large proportion being in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations, and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material. Refer to note 5 on segment reporting.

#### *Liquidity risk*

The Group manages liquidity risk by closely monitoring working capital commitments, primarily trade receivables and trade payables. All payables are payable within 30 days.

### **4. Significant accounting judgements, estimates and assumptions**

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 results of which form the bases 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.

#### *Recovery of deferred tax assets*

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognized 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.

#### *Impairment of non-financial assets other than goodwill*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include a subsidiary's financial performance, as well as the technology, economic and political environments and future market expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management have considered whether assets have in fact been impaired, and have determined that all assets are fully recoverable.

#### *Share-based payment transactions*

The Group 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 fair value is determined by an external valuer using the Black Scholes model, with the assumptions detailed in note 23. 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.

## 5. Segment information

As the Group is focussed on the development, distribution and sales of the core software product CONTACT along with associated services, there is effectively one business segment. The Group's risks and returns are affected predominantly by differences in the economic environment each subsidiary operates in, so the Group's primary segment reporting format is geographic segments.

The geographic segments are described in the table below:

Legal Entity	Location	Geographic region
Datasquirt Limited ( <i>Head Office</i> )	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited	Australia	Australia and South-East Asia
Datasquirt UK Limited	England	United Kingdom and Ireland
Datasquirt LLC	United States	United States and Canada
Datasquirt AG	Germany	Germany

### Geographic segments

The following table presents revenue, profit, and certain asset information regarding the subsidiaries performance for the year.

Year ended 31 March 2009	New Zealand \$000	Australia \$000	United Kingdom \$000	United States \$000	Germany \$000	TOTAL \$000
Revenue	1,205	145	293	51	1	1,695
Other income	487	939	1,164	984	40	3,614
Total segment revenue	1,692	1,084	1,457	1,035	41	5,309
Inter-segment elimination						(3,307)
Total consolidated revenue						2,002
Net loss	(3,034)	(24)	(39)	120	6	(2,971)
Depreciation	118	1	21	5	1	146
Capital expenditure	47	4	1	12	-	64
Segment assets	2,788	92	124	34	144	3,182
Inter-segment elimination						(353)
Total consolidated assets						2,829
Liabilities	638	118	132	30	9	927
Inter-segment elimination						(225)
Total consolidated liabilities						702

Year ended 31 March 2008	New Zealand \$000	Australia \$000	United Kingdom \$000	United States \$000	Germany \$000	TOTAL \$000
Revenue	976	48	175	-	-	<b>1,199</b>
Other income	314	698	1078	845	279	<b>3,214</b>
Total segment revenue	1,290	746	1,253	845	279	<b>4,413</b>
Inter-segment elimination						<b>(2,936)</b>
Total consolidated revenue						<b>1,477</b>
Net loss	(3,813)	(10)	(9)	(10)	(3)	<b>(3,845)</b>
Depreciation	74	-	7	1	1	<b>83</b>
Capital expenditure	233	2	38	6	2	<b>281</b>
Segment assets	5,741	73	146	46	119	<b>6,125</b>
Inter-segment elimination						<b>(248)</b>
Total consolidated assets						<b>5,877</b>
Liabilities	647	82	137	29	11	<b>906</b>
Inter-segment elimination						<b>(123)</b>
Total consolidated liabilities						<b>783</b>

## 6. Other revenue

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Government grants	<b>224</b>	89	<b>224</b>	89
Interest	<b>204</b>	181	<b>263</b>	223
Other	-	8	-	2
	<b>428</b>	278	<b>487</b>	314

Government grants relating to market development and growth services have been claimed during the year and recorded at fair value. Government grants have been received in cash (including GST) subsequent to year end. There are no unfulfilled conditions or contingencies attaching to the grants.

## 7. Expenses

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>a) Other operating expenses</b>				
Communications	163	150	105	121
Premises	166	195	69	95
Other	312	192	231	167
	<b>641</b>	537	<b>405</b>	383
<b>b) Professional fees</b>				
Directors fees	107	79	107	79
Consultancy	142	213	-	52
Accountancy	117	156	77	137
Legal	35	25	15	9
	<b>401</b>	473	<b>199</b>	277
<b>c) Depreciation, impairment and amortization included in income statement</b>				
Depreciation	146	83	118	74
	<b>146</b>	83	<b>118</b>	74
<b>d) Employee benefits expense</b>				
Wages and salaries	2,462	1,842	1,353	1,080
Share-based payments expense	(2)	174	(2)	174
Other employee benefits expense	183	342	73	143
	<b>2,643</b>	2,358	<b>1,424</b>	1,397

## 8. Income tax

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>(a) Income tax expense</b>				
<b>Income Statement</b>				
Current income tax	nil	nil	nil	nil
<b>(b) Reconciliation between tax at statutory rate and tax expense in income statement</b>				
Statutory tax at 30%	(918)	(1,269)	(910)	(1,258)
Relating to origination and reversal of temporary differences	15	25	(1)	(3)
Tax effect of temporary differences not accounted for	(903)	(1,244)	(911)	(1,261)
Income tax expense reported in the income statement	-	-	-	-
<b>(c) Unrecognized temporary differences</b>				
Unrecognized temporary differences are not material				
Accumulated tax losses	(2,623)	(1,705)	(2,604)	(1,694)

The statutory tax rate for the year ended 31 March 2009 has changed to 30% (2008:33%).

The company continues to meet the shareholder continuity requirement to carry forward tax losses. However, the directors do not believe the company meets the level of certainty of recoverability of tax losses required to recognize a deferred taxation asset and hence have not accounted for the asset.

## 9. Dividends paid and proposed

No dividends have been paid or proposed to date. (2008:nil)

## 10. Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	2009	2008
	\$000	\$000
Consolidated		
<b>(a) Earnings used in calculating earnings per share</b>		
<i>For basic earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent	<b>(2,971)</b>	(3,845)
<i>For diluted earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent (from basic (EPS))	<b>(2,971)</b>	(3,845)
Net loss attributable to ordinary equity holders of the parent	<b>(2,971)</b>	(3,845)
<b>(b) Weighted average number of shares</b>		
	<b>2009</b>	2008
	<b>Thousands</b>	Thousands
Weighted average number of ordinary shares for basic earnings per share	<b>28,029</b>	21,383
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	<b>28,029</b>	21,383

There are no instruments (eg share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

### (c) Information on the classification of securities

#### (i) Options

Options granted to employees (including key management personnel) as described in note 23 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.



## 11. Current assets - cash and cash equivalents

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and in hand	141	153	18	4
Short-term deposits	1,899	4,980	1,899	4,980
	<b>2,040</b>	5,133	<b>1,917</b>	4,984

## 12. Current assets - trade and other receivables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade receivables	442	298	335	257
Allowance for impairment loss (a)	(16)	(17)	-	(17)
Other receivables	197	215	175	176
	<b>623</b>	496	<b>510</b>	416
Related party receivables: (b)				
Subsidiaries	-	-	100	8
Other related parties	6	6	6	6
Carrying amount of trade and other receivables	<b>629</b>	502	<b>616</b>	430

### (a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for bad debts is recognized when there is objective evidence that an individual trade receivable is impaired.

Bad debts of \$33,000 (2008: \$22,000) have been recognized by the Group and bad debts recovered of \$17,000 (2008: bad debts \$22,000) by the Company in the current year. These amounts have been included in other operating expenses item.

Movements in the provision for impairment loss were as follows:

At 1 April	17	4	17	4
Charge for the year	32	22	(17)	22
Amounts written off	(33)	(9)	-	(9)
At 31 March	<b>16</b>	17	-	17

At 31 March 2009, the ageing analysis of trade receivables is as follows:

	<b>Total</b>	<b>0 - 30 days</b>	<b>31 - 60 days</b>	<b>61 - 90 days PDNI*</b>	<b>+91 days PDNI*</b>	<b>+91 days CI*</b>
2009 Consolidated	442	314	66	23	23	16
Parent	335	260	48	8	19	-
2008 Consolidated	298	153	25	44	59	17
Parent	257	121	21	44	54	17

\* Past due not impaired ('PDNI') Considered impaired ('CI')

**(b) Related party receivables**

For terms and conditions of related party receivables refer to note 21.

**(c) 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 the Group's policy to transfer (on-sell) receivables to special purpose entities.

**(d) Foreign exchange and interest risk**

For further information on the management of foreign exchange and interest risk refer to Note 3.

**13. Non-current assets - investments in subsidiaries**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Investments in controlled entities (note 21) - at cost	-	-	<b>124</b>	124

## 14. Non-current assets – property plant and equipment

	<b>Computer Equipment</b>	<b>Consolidated Furniture and Fittings</b>	<b>Phones</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Year ended 31 March 2009</b>				
<b>At 1 April 2008 net of accumulated depreciation and impairment</b>	84	42	2	<b>128</b>
<b>Additions</b>	8	12	1	<b>21</b>
<b>Disposals</b>	(1)	-	-	<b>(1)</b>
<b>Depreciation charge for the year</b>	(53)	(11)	(1)	<b>(65)</b>
<b>At 31 March 2009 net of accumulated depreciation and impairment</b>	<b>38</b>	<b>43</b>	<b>2</b>	<b>83</b>
<b>At 31 March 2009</b>				
<b>Cost or fair value</b>	199	60	10	<b>269</b>
<b>Accumulated depreciation and impairment</b>	(161)	(17)	(8)	<b>(186)</b>
<b>Net carrying amount</b>	<b>38</b>	<b>43</b>	<b>2</b>	<b>83</b>
<b>Year ended 31 March 2008</b>				
<b>At 1 April 2008 net of accumulated depreciation and impairment</b>	35	6	2	<b>43</b>
<b>Additions</b>	101	40	2	<b>143</b>
<b>Impairment</b>	-	-	-	<b>-</b>
<b>Depreciation charge for the year</b>	(52)	(4)	(2)	<b>(58)</b>
<b>At 31 March 2009 net of accumulated depreciation and impairment</b>	<b>84</b>	<b>42</b>	<b>2</b>	<b>128</b>
<b>At 31 March 2008</b>				
<b>Cost or fair value</b>	192	48	9	<b>249</b>
<b>Accumulated depreciation and impairment</b>	(108)	(6)	(7)	<b>(121)</b>
<b>Net carrying amount</b>	<b>84</b>	<b>42</b>	<b>2</b>	<b>128</b>

## 14. Non-current assets – property plant and equipment (cont)

	Computer Equipment	Parent Furniture and Fittings	Phones	Total
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2009</b>				
<b>At 1 April 2008 net of accumulated depreciation and impairment</b>	53	36	2	<b>91</b>
<b>Additions</b>	2	-	1	<b>3</b>
<b>Disposals</b>	(1)	-	-	<b>(1)</b>
<b>Depreciation charge for the year</b>	(31)	(6)	(1)	<b>(38)</b>
<b>At 31 March 2009 net of accumulated depreciation and impairment</b>	23	30	2	<b>55</b>
<b>At 31 March 2009</b>				
<b>Cost or fair value</b>	156	40	10	<b>206</b>
<b>Accumulated depreciation and impairment</b>	(133)	(10)	(8)	<b>(151)</b>
<b>Net carrying amount</b>	23	30	2	<b>55</b>

	Computer Equipment	Parent Furniture and Fittings	Phones	Total
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2008</b>				
At 1 April 2008 net of accumulated depreciation and impairment	35	6	2	<b>43</b>
Additions	63	32	2	<b>97</b>
Impairment	-	-	-	-
Depreciation charge for the year	(45)	(2)	(2)	<b>(49)</b>
At 31 March 2009 net of accumulated depreciation and impairment	53	36	2	<b>91</b>
<b>At 31 March 2008</b>				
Cost or fair value	154	40	9	<b>203</b>
Accumulated depreciation and impairment	(101)	(4)	(7)	<b>(112)</b>
Net carrying amount	53	36	2	<b>91</b>

## 15. Non-current assets - intangible assets

	Software Licences	Consolidated Patents and Trademarks	Total
	\$000	\$000	\$000
<b>Year ended 31 March 2009</b>			
At 1 April 2008 net of accumulated depreciation and impairment	102	12	114
Additions	40	4	44
Impairment	-	-	-
Depreciation charge for the year	(81)	-	(81)
At 31 March 2009 net of accumulated depreciation and impairment	61	16	77
<b>At 31 March 2009</b>			
Cost or fair value	181	16	197
Accumulated depreciation and impairment	(120)	-	(120)
Net carrying amount	61	16	77
<b>Year ended 31 March 2008</b>			
At 1 April 2007 net of accumulated depreciation and impairment	2	-	2
Additions	125	12	137
Impairment	-	-	-
Depreciation charge for the year	(25)	-	(25)
At 31 March 2008 net of accumulated depreciation and impairment	102	12	114
<b>At 31 March 2008</b>			
Cost or fair value	141	12	153
Accumulated depreciation and impairment	(39)	-	(39)
Net carrying amount	102	12	114

## 15. Non-current assets - intangible assets (cont)

	Parent		Total
	Software Licences	Patents and Trademarks	
	\$000	\$000	
<b>Year ended 31 March 2009</b>			
At 1 April 2008 net of accumulated depreciation and impairment	100	12	112
Additions	40	4	44
Impairment	-	-	-
Amortization charge for the year	(80)	-	(80)
<b>At 31 March 2009 net of accumulated depreciation and impairment</b>	<b>60</b>	<b>16</b>	<b>76</b>
<b>At 31 March 2009</b>			
Cost or fair value	179	16	195
Accumulated depreciation and impairment	(119)	-	(119)
<b>Net carrying amount</b>	<b>60</b>	<b>16</b>	<b>76</b>

	Parent		Total
	Software Licences	Patents and Trademarks	
	\$000	\$000	
<b>Year ended 31 March 2008</b>			
At 1 April 2007 net of accumulated depreciation and impairment	2	-	2
Additions	123	12	135
Impairment	-	-	-
Amortization charge for the year	(25)	-	(25)
<b>At 31 March 2008 net of accumulated depreciation and impairment</b>	<b>100</b>	<b>12</b>	<b>112</b>
<b>At 31 March 2008</b>			
Cost or fair value	139	12	151
Accumulated depreciation and impairment	(39)	-	(39)
<b>Net carrying amount</b>	<b>100</b>	<b>12</b>	<b>112</b>

### (b) Description of the Group's intangible assets

#### (i) Software Licenses

Software license costs are carried at cost less accumulated amortization and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortized using the diminishing value method over a period of 3 years. The amortization has been recognized in the income statement in the line item depreciation and impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognized to the extent that the recoverable amount is lower than the carrying amount.

#### (ii) Patents and licences

Patents and licences are carried at cost less accumulated impairment losses. These intangible assets have been determined to have indefinite useful lives. Patents and licences are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

## 16. Current liabilities - trade and other payables

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Trade payables	278	292	177	229
Payroll liabilities	89	271	66	146
Other payables	159	86	102	53
	<b>526</b>	<b>649</b>	<b>345</b>	<b>428</b>
Related party payables : (a)				
Subsidiaries	-	-	128	115
Other related parties	68	54	68	54
Carrying amount of trade and other payables	<b>594</b>	<b>703</b>	<b>541</b>	<b>597</b>

### (a) Related party payables

For terms and conditions relating to related party payables refer to note 21.

### (b) Fair value

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

### (c) Foreign exchange and liquidity risk

For further information on the management of foreign exchange and liquidity risk refer to note 3.

## 17. Current liabilities - provisions

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Provision for staff leave entitlements	106	78	97	50
Other provisions	2	2	-	-
	<b>108</b>	<b>80</b>	<b>97</b>	<b>50</b>

## 18. Contributed equity

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Ordinary Shares (a)	11,310	11,310	11,310	11,310
	<b>11,310</b>	<b>11,310</b>	<b>11,310</b>	<b>11,310</b>
<b>(a) Ordinary Shares</b>				
Issued and fully paid	11,310	11,310	11,310	11,310

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

		Thousands	\$000
<i>Movement in ordinary shares on issue</i>			
At 1 April 2007		177	2,243
Share issue	(i)	13	700
Exercise of options	(ii)	9	500
Conversion of shareholder loan	(iii)	5	308
Share split	(iv)	19,796	-
Share issue	(v)	8,029	8,367
Transaction costs	(vi)	-	(808)
At 31 March 2008		28,029	11,310
At 31 March 2009		<b>28,029</b>	<b>11,310</b>

- (i) 13,000 shares were issued for new capital raised in April 2007
- (ii) 9,000 shares were issued on 1 June 2007 for cash
- (iii) 5,000 shares were issued on conversion of an advance from shareholders (including interest payable)
- (iv) Share split to reflect the Company's pre-IPO valuation of \$20,000,000
- (v) On 28 September 2007, the Company listed on the Australian Stock Exchange, issuing 8,028,634 shares and raising the equivalent of NZ\$8,367,000.
- (vi) The transaction costs represent the costs of listing the Company on the Australian Stock Exchange.

#### **(d) Option scheme**

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (refer note 23).

#### **(e) Capital management**

Datasquirt Limited is an early stage technology company which listed on the Australian Securities Exchange in September 2007 for the express purpose of funding its international expansion program. The Board oversees the implementation of the global strategy, monitoring the capital available and how it is deployed to achieve the goals of the Group.

Management has no immediate plans to issue further shares on the market. The Group is not subject to any externally imposed capital requirements.

## **19. Retained earnings and reserves**

#### **(a) Movements in retained earnings were as follows:**

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Balance 1 April	<b>(6,370)</b>	(2,525)	<b>(6,338)</b>	(2,525)
Net loss	<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
Dividends	-	-	-	-
Balance 31 March	<b>(9,341)</b>	(6,370)	<b>(9,372)</b>	(6,338)



**(b) Movements in foreign currency translation and share based payments reserves were as follows:**

	Consolidated			Parent		
	Employee equity benefits reserve \$000	Foreign currency translation \$000	Total \$000	Employee equity benefits reserve \$000	Foreign currency translation \$000	Total \$000
Balance 1 April 2007	-	(20)	<b>(20)</b>	-	(52)	<b>(52)</b>
Foreign currency translation differences	-	-	-	-	-	-
Share-based payments	174	-	<b>174</b>	174	-	<b>174</b>
Balance 31 March 2008	174	(20)	<b>154</b>	174	(52)	<b>122</b>
Foreign currency translation differences	-	6	<b>6</b>	-	92	<b>92</b>
Share-based payments	(2)	-	<b>(2)</b>	(2)	-	<b>(2)</b>
Balance 31 March 2009	172	(14)	<b>158</b>	172	40	<b>212</b>

*Foreign currency translation reserve*

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*

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 23 for further details of these plans.

**20. Cash flow statement reconciliation**

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>(a) Reconciliation of net loss to net cash flows from operations</b>				
Net loss	<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<i>Adjustments for:</i>				
Depreciation	<b>146</b>	83	<b>118</b>	74
Net gain on foreign exchange	<b>(251)</b>	29	<b>(175)</b>	(5)
Share-based payments expense	<b>(2)</b>	174	<b>(2)</b>	174
Bad debts written off	<b>33</b>	22	<b>(17)</b>	22
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and other receivables	<b>(160)</b>	(246)	<b>(168)</b>	(174)
(Decrease)/increase in trade and other payables	<b>(81)</b>	478	<b>(9)</b>	345
Net cash from operating activities	<b>(3,286)</b>	(3,305)	<b>(3,287)</b>	(3,377)

## 21. Related party disclosure

### (a) Subsidiaries

The consolidated financial statements include the financial statements of Datasquirt Limited and the subsidiaries, which were all established during the financial year, as listed in the following table.

Name	Country of Incorporation	% of Equity Interest		Investment (\$000)	
		2009	2008	2009	2008
Datasquirt (Australia) Pty Limited	Australia	100	100	-	-
Datasquirt (UK) Limited	United Kingdom	100	100	-	-
Datasquirt LLC	United States	100	100	3	3
Datasquirt AG	Germany	100	100	121	121
				<b>124</b>	<b>124</b>

### (b) Ultimate parent

Datasquirt Limited is the ultimate New Zealand parent entity and the ultimate parent of the Group.

### (c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 22.

### (d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 12 and 16 respectively):

		Sales to Related Parties \$000	Purchases from Related Parties \$000	Amounts owed by Related Parties \$000	Amounts owed to Related Parties \$000
<b>Related Party</b>					
<b>Consolidated</b>					
<i>Shareholders</i>					
Continuum	<b>2009</b>	-	<b>(90)</b>	-	-
	2008	-	(123)	-	-
Nightingale Partners	<b>2009</b>	-	<b>(27)</b>	-	<b>(10)</b>
	2008	-	(12)	-	(3)
Ridgway Management	<b>2009</b>	-	-	-	-
	2008	-	(31)	-	-
<i>Other related parties</i>					
Develco Limited	<b>2009</b>	-	-	-	-
	2008	-	(200)	-	-
Enprise Limited	<b>2009</b>	-	<b>(1)</b>	-	-
	2008	-	(45)	-	(9)
First Mobile	<b>2009</b>	-	<b>(16)</b>	-	-
	2008	16	(9)	6	(2)
Netpower	<b>2009</b>	-	-	-	-
	2008	-	(4)	-	-
Phoenix Management	<b>2009</b>	-	-	-	-
	2008	-	(22)	-	-
Dave Lyons	<b>2009</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2008	-	(12)	-	(12)
Jens Neiser	<b>2009</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2008	-	(32)	-	(20)
Mark Loveys	<b>2009</b>	-	<b>(25)</b>	-	<b>(16)</b>
	2008	-	(8)	-	(8)
Aaron Ridgway	<b>2009</b>	-	-	<b>6</b>	<b>(16)</b>
	2008	-	-	-	-
<b>Parent</b>					
<i>Subsidiaries</i>					
Datasquirt (Australia) Pty Limited	<b>2009</b>	<b>994</b>	<b>(939)</b>	<b>48</b>	-
	2008	731	(738)	-	(7)
Datasquirt UK Limited	<b>2009</b>	<b>1,178</b>	<b>(1,164)</b>	<b>22</b>	-
	2008	1,086	(1,078)	8	-
Datasquirt LLC	<b>2009</b>	<b>1,029</b>	<b>(985)</b>	<b>30</b>	-
	2008	831	(845)	-	(14)
Datasquirt AG	<b>2009</b>	<b>11</b>	<b>(45)</b>	-	<b>(128)</b>
	2008	185	(279)	-	(94)
<i>Shareholders</i>					
Nightingale Partners	<b>2009</b>	-	<b>(27)</b>	-	<b>(10)</b>
	2008	-	(12)	-	(3)
Ridgway Management	<b>2009</b>	-	-	-	-
	2008	-	(31)	-	-

		Sales to Related Parties \$000	Purchases from Related Parties \$000	Amounts owed by Related Parties \$000	Amounts owed to Related Parties \$000
<i>Other related parties</i>					
Develco Limited	2009	-	-	-	-
	2008	-	(200)	-	-
Enprise Limited	2009	-	(1)	-	-
	2008	-	(45)	-	(9)
First Mobile	2009	-	(16)	-	-
	2008	16	(9)	6	(2)
Netpower	2009	-	-	-	-
	2008	-	(4)	-	-
Phoenix Management	2009	-	-	-	-
	2008	-	(22)	-	-
Dave Lyons	2009	-	(25)	-	(13)
	2008	-	(12)	-	(12)
Jens Neiser	2009	-	(25)	-	(13)
	2008	-	(32)	-	(20)
Mark Loveys	2009	-	(25)	-	(16)
	2008	-	(8)	-	(8)
Aaron Ridgway	2009	-	-	6	(16)
	2008	-	-	-	-

*Terms and conditions of transactions with related parties:*

*(i) Shareholders and other related parties*

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

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

*(ii) Subsidiaries*

The sales transactions between the parent, Datasquirt Limited, and its subsidiaries, are comprised of cash advances from the parent to the subsidiaries, purchases made on behalf of one entity by another, recharges for distribution and services, and transfer pricing transactions including a management fee charged by the parent to each subsidiary and interest charged on intercompany balances during the year. The purchase transactions between the parent, Datasquirt Limited, and its subsidiaries, are comprised of interest expense on intercompany balances and market support payments made by the parent to the subsidiary.

## 22. Key management personnel

### Compensation for key management personnel

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Salaries, Fees and Commissions	741	1,474	480	814
Share based payments	(2)	174	(2)	174
Other benefits	-	9	-	-
<b>Total compensation</b>	<b>739</b>	<b>1,657</b>	<b>478</b>	<b>988</b>

During the year, the number of employees or former employees, not being directors of Datasquirt Limited received remuneration and the value of other benefits that exceeded \$100,000 as follows:

Remuneration \$	Number of Employees	
	2009	2008
100,001 – 110,000	-	-
110,001 – 120,000	2	-
120,001 – 130,000	-	-
130,001 – 140,000	-	-
140,001 – 150,000	-	-
150,001 – 160,000	1	-
160,001 – 170,000	3	1
170,001 – 180,000	-	-
180,001 – 190,000	-	-
190,001 – 200,000	1	-
200,001 – 210,000	-	-
210,001 – 220,000	-	1
220,001 – 230,000	-	1
230,001 – 240,000	-	1

## 23. Share-based payment plans

### (a) Recognized share-based payment expenses

The expense recognized for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Expense arising from equity-settled share-based payment transactions	(2)	174	(2)	174
<b>Total expense arising from share-based payment transactions</b>	<b>(2)</b>	<b>174</b>	<b>(2)</b>	<b>174</b>

The share-based payment plans are described below:

***(b) Types of share-based payment plans***

*Employee Share Scheme (ESS)*

The Company has established an Employee Share Scheme under which the Company may offer shares to key employees.

There are currently 687,732 fully paid shares held by the Employee Share Trust for the benefit of two senior executives.

As a condition of these options, the shares would vest immediately in the event of an IPO or trade sale. Therefore when Datasquirt listed in September 2007, these shares were vested.

*Employee Share Options (ESOP)*

Share options may be granted to senior executives at the discretion of the Board, to align participants' interests with those of shareholders by increasing the value of the Company's shares. The exercise price of the options is set at the listing price of the shares, vesting over a three year period.

***(c) Summary of options granted under the share based payment plans***

No options granted have been forfeited or exercised during the year ended 31 March 2009.

The outstanding balance of exercisable options as at 31 March 2009 is represented by:

- 4,725 options over ordinary shares with an exercise price of \$37.85 issued prior to the share split (equivalent shares post share split 440,197 with an exercise price of A\$0.41 held by the Employee Share Trust);
- 2,656 options over ordinary shares with an exercise price of \$56.48 issued prior to the share split (equivalent shares post share split 247,535 with an exercise price of A\$0.61 held by the Employee Share Trust); and
- 100,000 options over ordinary with an exercise price of A\$0.90 each (2008: 300,000).

***(d) Weighted average remaining contractual life***

The weighted average remaining contractual life for the share options outstanding as at 31 March 2009 is 3 years (2008: 4).

***(e) Weighted average fair value***

The weighted average fair value of options granted during the year was nil (2008: \$1.60).

## (f) Option pricing model

### Equity-settled transactions

The fair value of the equity-settled share options is estimated as at the date of grant using the Black Scholes Model taking into account the terms and conditions upon which the options were granted. The value of the option is a function of possible future prices of the underlying share, taking into account factors of volatility, time to maturity and current risk free interest rates.

It has also been recognized that the option, and not the underlying shares, are being valued, and the options are not transferable. Therefore a discount rate has been applied to reflect their lack of marketability.

The following table lists the inputs to the models used for the year ended 31 March 2009:

	ESS 2009	ESS 2009	ESOP 2009
Number of options	4725	2656	100,000
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	55.00	55.00	55.00
Risk-free interest rate (%)	6.15	6.58	7.15
Expected life of option (years)	5	5	5
Option exercise price (\$NZ)	37.85	56.48	-
Option exercise price (\$AU)	-	-	0.90
Weighted average share price at measurement date (\$NZ)	15.43	23.27	-
Weighted average share price at measurement date (\$AU)	-	-	0.375
Model Used	Black-Scholes	Black-Scholes	Black-Scholes

This note is unchanged from 2008 with the exception of the number of options available for valuation under ESOP being reduced from 300,000 to 100,000, being 200,000 options which did not vest.

As Datasquirt listed with ASX in September 2007, and does not have a long term trading history, volatility has been determined by reference to other listed Australian technology companies over the comparable periods of the grant of the options.

## 24. Commitments

### (i) Leasing commitments

#### Lease commitments

The Group has entered into a commercial lease on the premises for Datasquirt New Zealand. The annual rent is NZ\$51,000 plus \$24,000 for car parks.

The Group has a contract for hosting services with an annual value of \$78,000.

The total expense recognized for the year ended 31 March 2009 in relation to lease commitments is \$248,000 (2008:\$275,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Within one year	125	82	121	53
After one year but not more than five years	25	78	25	78
After more than five years	-	-	-	-
<b>Total minimum lease payments</b>	<b>150</b>	<b>160</b>	<b>146</b>	<b>131</b>

*(ii) Property, plant and equipment commitments*

The Company and Group had no contractual obligations to purchase plant and equipment at balance date. (2008:nil).

## 25. Contingencies

There were no known material contingent liabilities at 31 March 2009. (2008:nil)

## 26. Events after the balance sheet date

There were no events of a material nature after balance date which required adjustment or disclosure. (2008:nil)

## 27. Auditors' remuneration

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Amounts received or due and receivable by WHK Gosling Chapman for:				
Audit of the financial statements	28	42 (b)	28	42 (b)
	19 (b)		19 (b)	
Other assurance-related services	15 (a) (b)	-	-	-
Tax compliance	14 (b)	28 (b)	14 (b)	28 (b)
Other services	12 (b)	11 (b)	12 (b)	11 (b)
	<b>88</b>	<b>81</b>	<b>73</b>	<b>81</b>

The auditor of Datasquirt Limited is WHK Gosling Chapman.

a) Other assurance-related services include services for the audit or review of financial information other than financial reporting, and include prospectus reviews and other audits required for local regulatory services.

b) Services provided by Ernst & Young – auditors for the 2008 financial year.



# Shareholder Information as at 30 June 2009

## Number of Security Holders and Securities on Issue

### Quoted Equity Securities

Datasquirt has issued 28,028,634 fully paid ordinary shares, of which 13,250,914 shares are quoted on the ASX and are held by 402 shareholders.

### Unquoted Equity Securities

Datasquirt has issued 28,028,634 fully paid ordinary shares, of which 14,777,720 shares are unquoted (escrowed) and are held by 7 shareholders.

Datasquirt has issued 787,732 options in aggregate under its Employee Share Option Plan and these are held by 3 optionholders.

### Voting Rights

#### *Quoted Equity Securities*

Each of the Company's fully paid ordinary share entitles the shareholder to one vote.

#### *Unquoted Equity Securities*

With respect to unquoted (escrowed) shares, each of the Company's fully paid ordinary share entitles the shareholder to one vote.

Optionholders do not have any voting rights with respect to the options held by them.

### Distribution of Security Holders

#### *Quoted Equity Securities*

#### *Fully paid ordinary shares*

Holding	Number of shareholders	Number of shares	%
1 – 1,000	4	2,179	0.02
1,001 – 5,000	273	714,648	5.39
5,001 – 10,000	47	364,915	2.76
10,001 – 100,000	61	1,884,646	14.22
100,001 and over	17	10,284,526	77.61
<b>Total</b>	<b>402</b>	<b>13,250,914</b>	<b>100</b>

## Unquoted Equity Securities

### Unquoted (escrowed) fully paid ordinary shares

Holding	Number of shareholders	Number of shares	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	7	14,777,720	100
<b>Total</b>	<b>7</b>	<b>14,777,720</b>	<b>100</b>

### Employee share options

- Options granted on 1 October 2006
- Vesting date of 28 September 2007
- Expiry date of 1 October 2011
- All vested options may be converted to fully paid ordinary shares on a one-for-one basis with a A\$0.41 exercise price.

Holding	Number of shareholders	Number of shares	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	1	440,197	100
<b>Total</b>	<b>1</b>	<b>440,197</b>	<b>100</b>

- Options granted on 1 April 2007
- Vesting date of 28 September 2007
- Expiry date of 1 April 2012
- All vested options may be converted to fully paid ordinary shares on a one-for-one basis with a A\$0.61 exercise price.

Holding	Number of shareholders	Number of shares	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	1	247,535	100
<b>Total</b>	<b>1</b>	<b>247,535</b>	<b>100</b>

- Options granted on 10 July 2007
- Vesting date of 1 August 2007
- Expiry date of 10 July 2012
- All vested options may be converted to fully paid ordinary shares on a one-for-one basis with a A\$0.90 exercise price.

Holding	Number of optionholders	Number of options	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	100,000	100
100,001 and over	1	0	0
<b>Total</b>	<b>1</b>	<b>100,000</b>	<b>100</b>

#### Unmarketable Parcel of Shares

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 306. 9,803 shares comprise a marketable parcel at Datasquirt's closing share price of A\$0.051.

#### Substantial Shareholders

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

##### *Fully paid ordinary shares*

Name	Number	%
Aaron Ridgway	8,600,230	30.7 <sup>1</sup>
Bond Street Custodians Limited*	2,222,223	7.9 <sup>1</sup>
Mark Loveys	1,481,285	5.3 <sup>1</sup>
Macquarie Group Limited*	2,222,223	7.92 <sup>2</sup>
Nightingale Partners Pty Limited	5,234,814	18.7 <sup>3</sup>
Jens Neiser	5,000,581	17.85 <sup>4</sup>

\* Bond Street Custodians Limited is the registered holder of the shares controlled by Macquarie Group Limited.

1 As notified to the Company on 1 October 2007.

2 As notified to the Company on 15 November 2007.

3 As notified to the Company on 3 December 2008.

4 As notified to the Company on 17 December 2008.

## Unquoted Equity Securities

### Fully paid ordinary shares

14,777,720 unquoted fully paid ordinary shares were issued to 7 shareholders.

2 shareholders hold 20% or more unquoted fully paid ordinary shares in Datasquirt, as set out below:

Name	Number of shares	%
Nightingale Partners Pty Limited	2,958,790	20.02
Nightingale Partners Pty Limited	2,958,790	20.02
<b>Total</b>	<b>10,641,859</b>	<b>72.01</b>

## Employee share options

There are 440,197 unquoted options (with a A\$0.41 exercise price) issued to 1 optionholder under the Company's Employee Share Option Plan.

There are 247,535 unquoted options (with a A\$0.61 exercise price) issued to 1 optionholder under the Company's Employee Share Option Plan.

There are 100,000 unquoted options (with a A\$0.90 exercise price) issued to 1 optionholder under the Company's Employee Share Option Plan.

3 optionholders hold 20% or more of the options under the Company's Employee Share Option Plan, as set out below:

Name	Number of options	%
Kieron Lawson	440,197	55.88
Penny Nelson	247,535	31.42
Dean Hodgson	100,000	12.70
<b>Total</b>	<b>787,732</b>	<b>100.00</b>

## Details Regarding Escrow

The number of securities subject to escrow and the escrow period applied to those securities are as follows:

### Escrowed fully paid ordinary shares

Escrow Release Date	Number of shares
Escrow expiry date – 28 September 2009	14,777,720
<b>Total</b>	<b>14,777,720</b>

## On-Market Buy-Back

There is no current on-market buy-back.

## Statement Regarding Use of Cash and Assets

Datasquirt has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objective set out for this reporting period.

## Twenty Largest Shareholders

### Quoted Equity Securities

Details of the 20 largest shareholders by registered shareholding are:

	Name	Number of shares	%
1	Nightingale Partners Pty Ltd	2,276,024	17.18
2	Bond Street Custodians Limited <Macquarie Smaller Co's A/C>	2,202,023	16.62
3	ANZ Nominees Limited <Cash Income A/C>	1,249,817	9.43
4	Mr Aaron Wayne Ridgway	695,114	5.25
5	Lehnert Beteiligungs GMBH	548,633	4.14
6	Neiser Neteiligungs GMBH	547,847	4.13
7	Jens Neiser	541,694	4.09
8	Continuum Professional Services Inc	490,482	3.70
9	Mr Lindsay John Phillips	295,777	2.23
10	Dixon Trust Pty Limited	277,778	2.10
11	Ridgway Holdings Limited	267,047	2.02
12	Ms Penelope Marie Nelson	250,192	1.89
13	Mr Neville Foster Curry	141,118	1.07
14	Mr Jochen Struengmann	132,250	1.00
14	Mrs Maren Struengmann	132,250	1.00
16	Mr Lindsay John Phillips & Mrs Ingrid Pauline Phillips	119,000	0.90
17	Mr Greg Herron	117,480	0.89
18	Custodial Services Limited <Beneficiaries Holding A/C>	100,000	0.76
18	Philomena Pty Ltd <Share No 1 A/C>	100,000	0.76
20	Mr Caspar Seeman	88,750	0.67
20	Mrs Daniela Seeman	88,750	0.67
	<b>Total</b>	<b>10,662,026</b>	<b>80.50</b>

### **Company Secretary**

Although under New Zealand law a company secretary is not required, Michelle Leong assumes these responsibilities.

### **Foreign Company Disclosure**

Datasquirt Limited was incorporated in Auckland, New Zealand. As such, it is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (such as substantial holdings and takeovers).

Limitations on the acquisition of securities imposed by the jurisdiction in which the Company is incorporated (New Zealand) are:

- in general, securities in the Company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.
- the Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in the Company, or the increase of an existing holding of 20% or more of the voting rights in the Company, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of the shares in the Company.
- the Overseas Investment Act 2005 and various Overseas Investment Regulations 2005 regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the Overseas Investment Office is likely to be required where an “overseas person” acquires shares or an interest in shares in the Company that amount to more than 25% of the shares issued by the Company, or, if the overseas person already holds 25% or more, the acquisition increases that holding.
- the Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

## Directors' Shareholding

Directors held interests in the following shares in the Company at 31 March 2009:

<b>Mark Loveys</b>	<b>2009</b>
<i>Fully paid ordinary shares</i>	
Beneficially owned	5,000
Held by an associated person	1,474,035
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>Aaron Ridgway</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	Nil
Held by an associated person	8,600,230
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>Jens Neiser</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	1,295,130
Held by an associated person	3,705,451
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>David Lyons</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	Nil
Held by an associated person	840,568
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>Lindsay Phillips</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	295,777 *
Held by an associated person	5,319,814 *
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil *

\* Lindsay Phillips' disclosure of interest as at 8 December 2008.

## Share Dealings by Directors

In accordance with section 148(2) of the Companies Act 1993, the Board has received disclosures from the Directors named below of acquisitions or dispositions of relevant interests in the Company between 1 April 2008 and 31 March 2009.

Particulars of such disclosures are:

### *Jens Neiser*

Jens Neiser acquired 1,166,667 shares on 26 November 2008 at A\$0.10 per share.

Jens Neiser disposed 170,000 shares on 16 December 2008 to a third party for nil consideration.

### *Lindsay Phillips \**

Lindsay Phillips acquired 55,000 shares through an associate on 21 May 2008 at A\$0.45 per share.

Lindsay Phillips acquired 1,000 shares through an associate on 12 November 2008 at A\$0.90 per share.

Lindsay Phillips acquired 500,000 shares through an associate on 28 November 2008 at A\$0.10 per share.

*\* Lindsay Phillips' disclosure of interest as at 8 December 2008.*

## Directors' Disclosure of Interest

In accordance with section 140(2) of the Companies Act 1993, the Directors named below have made a general disclosure of interest, by a general notice disclosed to the Board and entered into the Company's Interests Register.

Particulars of such disclosures are:

<b>Mark Loveys</b>	<i>Chairman of:</i>	Datasquirt Limited
		<i>Director of:</i>
	EMS-Cortex Limited	
	Enprise Employees Limited	
	Enprise Holdings Limited	
	Enprise Limited	
	Enprise Solutions Limited	
	Net Power Investments Limited	
	Net Power Limited	
	Team Tiger 2000 Limited	
<i>Trustee of:</i>	Summermist Trust	
	Loveys Business Trust	



<b>Aaron Ridgway</b>	<i>Director of:</i>	Communications Solutions Limited Datasquirt Limited Live Door Limited Ridgway Empire Limited Ridgway Holdings Limited Ridgway Management Limited Ridgway Reid Investment Limited
	<i>Trustee of:</i>	Datasquirt Limited Employee Share Scheme Trust
<b>Jens Neiser</b>	<i>Director of:</i>	Datasquirt Limited Datasquirt (Australia) Pty Limited Nightingale Partners Pty Ltd
<b>David Lyons</b>	<i>Chairman of:</i>	Continuum Professional Services, Inc RTB Inc dba/ Continuum Systems DT, LLC
	<i>Director of:</i>	Apex Transcription, LLC Apex Transcriptions, LLC Datasquirt Limited
<b>Lindsay Phillips *</b>	<i>Chairman of:</i>	Flat Glass Industries Limited Datasquirt Limited (resigned 8 December 2008)
	<i>Director of:</i>	Amcos Pty Limited Apostle Asset Holdings Pty Limited Apostle Asset Management Limited (resigned 1 August 2008) Apostle Portfolio Services Limited (resigned 1 August 2008) Carbrasive Pty Limited (resigned 5 September 2008) Charlemagne Investments Pty Limited Chess Industries Limited Chess Investors Pty Limited Control Bionics Pty Limited CWC COFI Investments Pty Limited Datasquirt (Australia) Pty Limited DBCC Pty Limited Eastern Media Group Pty Limited Fivestar Data Australia Pty Limited Flat Glass Properties Pty Limited (resigned 19 April 2008) GFG Pty Limited Ironwood Investments Pty Limited <ATF Phillips Family Trust> <ATF Phillips Superannuation Fund> LCW Midas (Holdings) Pty Limited Milpharma Pty Limited M.J.H. Nightingale & Co. Pty Limited Nightingale Partners Pty Ltd

Ochre Health Group Pty Limited  
Phoenix Development Fund Limited  
Phoenix Management Pty Limited  
PBH Asset Management Pty Limited  
Quintron Pty Limited  
RTK Industries Pty Limited  
(resigned 19 June 2008)  
Unibic Australia Pty Limited  
CWC D&B Holdings Pty Limited

*Alternate Director of:*

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\* Lindsay Phillips' disclosure of interest as at 8 December 2008.

### **Directors' Indemnity and Insurance**

The Group has arranged, as provided for under its Constitution, policies of Directors and Officers Liability Insurance which, with a Deed of Indemnity entered into with all Directors ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

### **Use of Company Information**

There were no notices from Directors of the Company requesting to use Company information received in their capacity as directors, which would not otherwise have been available to them.

## Corporate Information

<b>New Zealand company number</b>	1562383																		
<b>ARBN</b>	125 825 792																		
<b>Contact details</b>	<table border="0"> <tr> <td><b>New Zealand</b></td> <td><b>Australia</b></td> </tr> <tr> <td>Level 2, 5 Nelson Street, Auckland Central PO Box 911 322, Victoria Street West Auckland 1142</td> <td>119 Willoughby Road Crows Nest, NSW 2065</td> </tr> <tr> <td>Phone: +64 9 358 5878 Fax: +64 9 358 5864</td> <td>Phone: +61 2 9956 3877 Fax: +61 2 9439 2157</td> </tr> <tr> <td><b>North America</b></td> <td><b>United Kingdom</b></td> </tr> <tr> <td>2401 Burnet Ave, Syracuse, NY 13206</td> <td>10 Margaret Street London W1W 8RL</td> </tr> <tr> <td>Phone: +1 888 433 9882 Fax: +1 315 437 9993</td> <td>Phone: +44 203 006 8280 Fax: +44 203 008 6171</td> </tr> <tr> <td><b>Germany</b></td> <td></td> </tr> <tr> <td>Rolander Weg 24, 40629 Dusseldorf</td> <td></td> </tr> <tr> <td>Phone: +49 211 1678 145 Fax: +49 211 1678 146</td> <td></td> </tr> </table>	<b>New Zealand</b>	<b>Australia</b>	Level 2, 5 Nelson Street, Auckland Central PO Box 911 322, Victoria Street West Auckland 1142	119 Willoughby Road Crows Nest, NSW 2065	Phone: +64 9 358 5878 Fax: +64 9 358 5864	Phone: +61 2 9956 3877 Fax: +61 2 9439 2157	<b>North America</b>	<b>United Kingdom</b>	2401 Burnet Ave, Syracuse, NY 13206	10 Margaret Street London W1W 8RL	Phone: +1 888 433 9882 Fax: +1 315 437 9993	Phone: +44 203 006 8280 Fax: +44 203 008 6171	<b>Germany</b>		Rolander Weg 24, 40629 Dusseldorf		Phone: +49 211 1678 145 Fax: +49 211 1678 146	
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<b>Germany</b>																			
Rolander Weg 24, 40629 Dusseldorf																			
Phone: +49 211 1678 145 Fax: +49 211 1678 146																			
<b>Directors</b>	<p>Mark Loveys Chairman</p> <p>Aaron Ridgway Chief Executive Officer</p> <p>Jens Neiser</p>																		
<b>Company Secretary</b>	Michelle Leong																		
<b>Registered office</b>	Level 2, 5 Nelson Street Auckland Central New Zealand																		
<b>Principal place of business</b>	Level 2, 5 Nelson Street Auckland Central New Zealand																		
	Phone: +64 9 358 5878																		
<b>Share Register</b>	<p>Registries Limited Level 7 207 Kent Street Sydney NSW 2000 Australia</p> <p>Phone: 61 2 9290 9600</p> <p>Datasquirt Limited shares are listed on the Australian Securities Exchange</p>																		
<b>Internet address</b>	www.datasquirt.com																		
<b>Email address</b>	email : info@datasquirt.com																		
<b>Auditor</b>	WHK Gosling Chapman Partnership, New Zealand																		



datasquirt™

connecting everyone, everywhere

**DATASQUIRT LIMITED**

NEW ZEALAND COMPANY NUMBER 1562383  
ARBN 125 825 792

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