DataDot
TECHNOLOGY LTD

DATADOT TECHNOLOGY LTD

HALF-YEARLY RESULTS - DECEMBER 31, 2004

Media Statement

The Directors of DataDot Technology Ltd today released the company's first half-year results as a publicly listed corporation.

The Chairman, Mr Peter Housden, said the company's consolidated loss for the six months to December 31 was $637,000. This result was achieved after loans of $748,000 owing to senior management were forgiven.

Mr Housden said the trading result before the above loans forgiven and interest of $321,000 resulted in a loss of earnings before interest and tax (EBIT) of $1.1 million, which is in line with the forecast loss of $1.2 million in the company's recent prospectus.

Mr Housden said the company's balance sheet had been considerably strengthened during and since the reporting period by the $10 million capital raised in the IPO, retirement of $3.2 million in debt and the conversion of $1.2 million of convertible notes.

"This provides an excellent platform for the company's future growth".

He said the Board remains confident the company will attain its forecast target of a break-even EBIT result for the full year.

Mr Ian Allen, Chief Executive Officer of DataDot Technology Ltd, said the company is well on track with the product and market development programs outlined in the IPO prospectus. "In accordance with the statements contained in the company's prospectus, the development of these programs offers significant growth prospects that we will be aiming to announce to the market in the second half", Mr Allen said.

For further information please contact:

Mr Ian Allen
Chief Executive Officer
DataDot Technology Ltd
Phone: 61 2 89774900

Appendix 4D

Half yearly report

Name of Entity	DataDot Technology Limited
ACN	091 908 726
Half Year Ended	31 DECEMBER 2004
Previous Corresponding Reporting Period	N/A

Results for Announcement to the Market

	$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	3,784	N/A
Profit / (loss) from ordinary activities after tax attributable to members	(637)	N/A
Net profit / (loss) for the period attributable to members	(637)	N/A

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
Previous corresponding period	Nil	N/A
Record date for determining entitlements to the dividends (if any)	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

This is DataDot Technology Limited's first half-year financial report. The Company was not subject to any provision of the Law requiring it to produce half-year financial reports in the past, and as such the Company, under Class Order [CO98/1416], has not included comparative figures for the immediate preceding half-year.

For an explanation of the figures reported refer to the attached directors' report and the attached ASX announcement.

The half-yearly report is to be read in conjunction with the most recent annual financial report.

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	2.78¢	N/A

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	N/A
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	N/A
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	N/A
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	N/A

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Not Applicable				
Aggregate Share of Net Profits				

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	X
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: Not Applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not Applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	ASX Announcement
2	Interim Financial Report

Signed By (Director/Company Secretary)	
Print Name	John Richards
Date	24 February 2005

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2004.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Ian Allen
Mr John Richards
Mr Christopher Stott
Mr Richard Walker (Appointed 12 August 2004, Resigned 18 October 2004)
Mr Andrew Blew (Resigned 23 September 2004)
Mr Brent McLaws (Resigned 22 November 2004)
Mr Peter Housden (Appointed 22 November 2004)
Mr Alan Grant (Appointed 22 November 2004)

Review of Operations

The principal operation of the economic entity is to manufacture and sell DataDots in Australia, the UK and continental Europe, USA, Canada, South Africa, Indonesia, Taiwan, Thailand, Hong Kong, China, New Zealand and Russia.

The economic entity comprises the holding company DataDot Technology Ltd (DDT) and subsidiary companies DataDot Technology (Australia) Pty Ltd, DataDot Technology (USA) Inc, DataDot Technology (UK) Ltd, DataDot Technology SA (Proprietary) Ltd and DataDot Technology (Asia) Pty Ltd.

DataDots are tiny microdots, each about the size of a grain of sand and each containing multiple lines of information that can be read using a magnifier. They are attached in vast numbers to motor vehicles and other assets with each DataDot containing identification information unique to that asset. Their presence on assets operates as a deterrent to thieves and, in the event of theft, assists law enforcement authorities in identifying stolen property, securing convictions of thieves and returning stolen assets to their rightful owners.

In the half-year to 31 December 2004 DDT raised $10 million in capital through the issue of 40 million shares, under a prospectus dated 22 November 2004, and was admitted to the ASX Official List on 12 January 2005.

The IPO prospectus was issued 40 days before the end of the reporting period. The operations of the DataDot Group during the reporting period are as specified in it.

Review of Results

No dividends were paid during the half-year and no dividends are proposed to be paid in relation to the half-year.

Total revenue for the half-year was $3,783,980. This comprised revenue of $3,035,903 from operating activities and $748,077 loans forgiven. Loans forgiven arose upon debt forgiveness by management and related parties as indicated in the company's prospectus dated 22 November 2004.

The consolidated loss attributable to members for the half-year was $636,507, after inclusion of the $748,077 loans forgiven.

Rounding of Amounts

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded to the nearest thousand dollars.

The report is signed in accordance with a resolution of the Board of Directors.

John Richards, Director
24 February 2005

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LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors of Datadot Technology Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

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Chartered Accountants & Business Advisers

Arthur Milner
Partner

SYDNEY, 24 February 2005

Datadot Technology Limited
Condensed Statement of Financial Performance
For the half year ended 31 December 2004

	Note	Consolidated 31 Dec 2004 $'000
Revenue from ordinary activities (excluding loans forgiven)		3,036
Loans forgiven	2	748
Expenses from ordinary activities (excluding borrowing costs)	3	(4,145)
Earnings/(Loss) Before Interest and Tax		(361)
Borrowing Costs		(321)
Loss from ordinary activities before income tax expense		(682)
Income tax expense relating to ordinary activities		-
Loss from ordinary activities after income tax expense		(682)
Net Loss attributed to members of the parent entity		(637)
Net exchange difference on translation of self sustaining foreign operations		(91)
Total changes in equity other than those resulting from transactions with owners as owners		(728)
Basic earnings per share (cents per share)		(1.2)
Diluted earnings per share (cents per share)		(0.6)

The Condensed Statement of Financial Performance is to be read in conjunction with the attached notes.

DataDot Technology Limited
Condensed Statement of Financial Position
As at 31 December 2004

	Consolidated 31 Dec 2004 $'000
CURRENT ASSETS	
Cash Assets	9,676
Receivables	941
Inventories	363
Other Assets	30
TOTAL CURRENT ASSETS	11,010
NON-CURRENT ASSETS	
Property, plant and equipment	1,189
Other Assets	73
TOTAL NON-CURRENT ASSETS	1,262
TOTAL ASSETS	12,272
CURRENT LIABILITIES	
Payables	2,147
Interest-bearing Liabilities	2,738
Provisions	203
TOTAL CURRENT LIABILITIES	5,088
NON-CURRENT LIABILITIES	
Payables	782
Interest-bearing Liabilities	3,699
Provisions	19
TOTAL NON-CURRENT LIABILITIES	4,500
TOTAL LIABILITIES	9,588
NET ASSETS	2,684
EQUITY	
Contributed equity	11,058
Accumulated Losses	(8,321)
Reserves	31
Parent Entity Interest	2,768
Outside Equity Interests	(84)
TOTAL EQUITY	2,684

The Condensed Statement of Financial Position is to be read in conjunction with the attached notes.

Datadot Technology Limited
Condensed Statement of Cash Flows
For the half year ended 31 December 2004

	Note	Consolidated 31 December 2004 $'000
Cash flows from operating activities		
Receipts from customers		3,195
Payments to suppliers and employees		(4,418)
Interest received		21
Borrowing costs paid		(321)
Net cash used in operating activities		(1,523)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment		(86)
Net cash used in investing activities		(86)
Cash flows from financing activities		
Proceeds from issue of shares		11,500
Costs of share issuance paid		(862)
Proceeds from issue of convertible notes		705
Loans from related parties		183
Repayment of borrowings		(130)
Net cash provided by financing activities		11,396
Net increase/(decrease) in cash held		9,787
Cash at beginning of the period		(133)
Effect of exchange rate on cash holdings in foreign currencies		(12)
Cash at end of the period	4	9,642

The Condensed Statement of Cash Flows is to be read in conjunction with the attached notes.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION

This half-year consolidated financial report has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, and is to be read in conjunction with the financial report for the year ended 30 June 2004. This is a general purpose financial report.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

	Consolidated 31 Dec 2004 $'000

NOTE 2: LOANS FORGIVEN

In accordance with the company's prospectus dated 22 November 2004, several of the senior executives who had loans owing to them by the company agreed to waive their entitlements arising from these loans. The total amount of loans forgiven during the half year was $748,077.

NOTE 3: EXPENSES FROM ORDINARY ACTIVITIES (EXCLUDING BORROWING COSTS)

Expenses from ordinary activities is comprised as follows:

Cost of sales	1,016
Employee benefits expense	1,469
Occupancy expenses	154
Advertising and promotions expenses	132
Professional fees	334
Administrative expenses	529
Depreciation and amortisation expense	278
Other expenses from ordinary activities	233
Total expenses from ordinary activities (excluding borrowing costs)	4,145

NOTE 4: CASH FLOW INFORMATION

Reconciliation of cash

Cash at the end of the period as shown in the condensed statement of cash flows is reconciled to the statement of financial position.

Cash at Bank	9,675
Cash on Hand	1
Bank Loan	(34)
	9,642

NOTE 5: SEGMENT INFORMATION

Primary Reporting - Geographical Segments

DataDot group operates in the following geographical segments:

	External Sales $'000	Segments Sales $'000	Total Sales Revenue $'000	Result $'000	Assets $'000	Liabilities $'000	Acq. of non-current assets $'000	Depn & Amort. $'000
Australia	1,963	39	2,002	(387)	17,809	11,078	172	223
USA	360	43	403	(377)	620	3,884	82	30
UK	193	16	209	(82)	554	782	7	9
South Africa	497	7	504	82	443	497	10	16
Asia	23	-	23	13	43	60	-	-
	3,036	**105**	**3,141**	**(751)**	**19,469**	**16,301**	**271**	**278**
Eliminations				69	(7,197)	(6,713)	-	-
Economic Entity				**(682)**	**12,272**	**9,588**	**271**	**278**

Secondary Reporting – Business Segment

The economic entity operates in one business segment being the manufacture and distribution of microdots.

Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to external parties at arms length. These transfers are eliminated on consolidation

NOTE 6: IMPLICATIONS OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australian International Financial Reporting Standards (AIFRS) will be adopted in the financial report for the year ending 30 June 2006 and the comparative information presented in that report for the year ending 30 June 2005. In preparation for the transition, opening balances as at 1 July 2004 for the comparative year ending 30 June 2005 will be converted to AIFRS in accordance with the new accounting standard AASB 1 "First Time Adoption of Australian International Financial Reporting Pronouncements".

The transition to AIFRS is being managed through the education of staff by attendance at externally run seminars and lectures on the requirements of first time adoption of AIFRS. Based on this education, staff has undertaken a thorough review of the Company's reporting systems and processes that are likely to be impacted by the adoption of the new standards and are in the process of assessing the likely financial impact on the Company's statement of financial position statement of financial performance.

The key differences in accounting policies expected to arise from adoption of AIFRS are listed as follows:

Share Based Payments
The company has established an Employee Share Option Plan and Executive Share Option Plan under which the company can offer its employees and executives options as part of their remuneration packages. Australian IFRS equivalent *AASB 2 Share Based Payments* will require that these payments be measured at the fair value of the equity instrument. This amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Income Tax

Currently, the DataDot Group adopts the liability (or income statement) method of tax-effect accounting whereby income tax expense is based on the accounting profit adjusted for any permanent differences. The Australian IFRS equivalent, *AASB 112 Income Tax* requires all income tax balances to be calculated using the balance sheet method. Under the balance sheet method, temporary differences are identified based on the carrying amount for each asset and liability rather than the effects of timing and permanent differences between taxable income and accounting profit.

In addition, the test for the recognition of deferred tax assets is a probable test rather than virtual certainty for tax losses and beyond reasonable doubt for timing differences under current Australian Accounting Standards.

Research and Development

The Datadot Group currently capitalises research and development costs where it is expected beyond reasonable doubt that sufficient future benefits will be derived so as to recover those capitalised costs. Under AIFRS, currently capitalised items of research costs that have been internally generated must be derecognised. Any further research costs must be expensed in the year they are incurred.

Qualifying expenditure in relation to development phase costs may be capitalised and impairment tested annually until the related asset is complete at which time they will be amortised over the useful life of the related asset.

Loans

AASB 139 Financial Instruments requires all financial liabilities to be recognised at amortised cost using an effective interest rate.

The company currently has a number of non interest bearing loans which are required to be net present valued using an incremental borrowing rate. The interest portion on initial recognition will be recognised in the profit and loss as income and the amount representing the NPV of the principal will be amortised over the life of the loan. The resulting interest component each year will be expensed during the period.

NOTE 7: CONTINGENT LIABILITIES

There are no contingent liabilities at the date of this report.

NOTE 8: SUBSEQUENT EVENTS

Since balance date the company has applied for and has been admitted to the official list of quoted securities for trading on the Australian Stock Exchange. The listing took place on 12 January 2005.

Since balance date 7,102,969 convertible notes were converted into 13,702,480 ordinary shares under the terms of those notes. This has resulted in a reduction of $1,166,144 of company debt. At the date of this report 8,029,099 convertible notes remain on issue and, if converted, will result in the issue of 12,868,978 ordinary shares and a further reduction of $1,696,650 of company debt.

There has been no other matter or event which has, or may, significantly affect the operations, results or state of affairs of the economic entity.

DIRECTORS' DECLARATION

In the opinion of the directors of DataDot Technology Limited:

(a) the accompanying financial statements and notes comply with the accounting standards and give a true and fair view of the company's (consolidated entity's) financial position as at 31 December 2004 and of its performance for the half-year ended on that date.

(b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

John Richards - Director

Sydney
24 February 2005

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INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
DATADOT TECHNOLOGY LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the condensed statement of financial position, condensed statement of financial performance, condensed statement of cash flows, accompanying notes to the condensed financial statements, and the directors' declaration for Datadot Technology Limited and its controlled entities ("the Consolidated Entity"), for the half-year ended 31 December 2004. The Consolidated Entity comprises both the Company and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statements on the basis of the review procedures performed, which were limited primarily to enquiries of company personnel and analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

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

(a) the Corporations Act 2001, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and

   ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

PKF

PKF
Chartered Accountants

Arthur Milner
Partner

Sydney, 24 February 2005