

Fellow Shareholders,

Welcome to our third AGM as a listed public company.

As an introduction to my remarks I shall begin by playing an extract from an ABC Four Corners program and an extract from an episode of CSI New York that was also broadcast last year.

DVD CHAPTER 1

For its value in promoting international awareness of DataDot, that CSI New York episode was incomparable. And the really interesting thing about it is that the producers of CSI New York approached us and asked permission to feature our company name and product. We didn't approach them and offer to pay a product placement fee.



The reason they came to DataDot is because we are recognized as a world leader in identification technology – not just a manufacturer of a leading-edge identification product, but also a leader in making the market for that products.

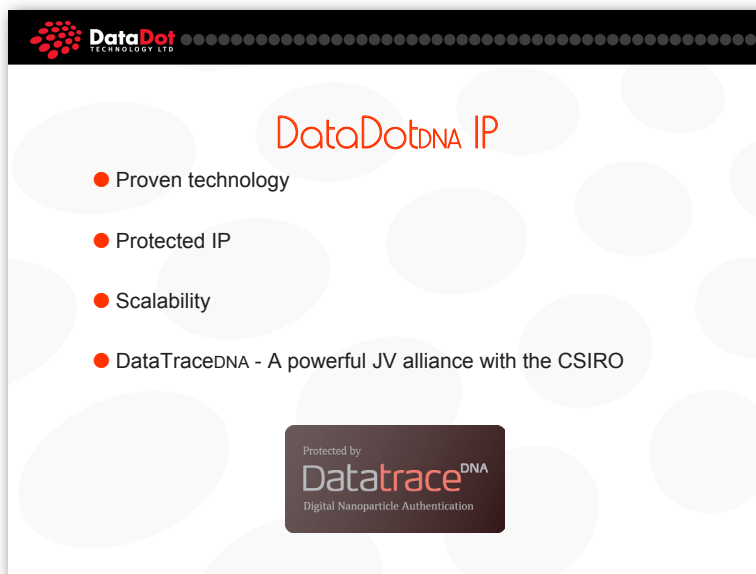
This is one of the major features differentiating DataDot Technology from so many other businesses. We are not just a manufacturer of commodities for a mature market, but a company that is both a manufacturer on the supply side and a market maker on the demand side. Our role is as much about working with governments, police and insurers to create a market for our product as it is about making the products to meet that market need.

Being first in the market has brought with it some special advantages, not least being that DataDot Technology has created the support systems that make vehicle marking with DataDotDNA so successful – support systems that include the technical standards governing product quality and the database that enables recovered marked vehicles to be readily identified by police.

Being first in the market has also brought some special challenges because there is no established roadmap to follow when your business is striking into new territory. Path finding decisions must be made along the way. And the absence of competitors is not necessarily an advantage when governments and prospective customers are assessing alternative supply options.

However, despite the many challenges the business has grown from a back office in Newport nine years ago, started entirely with private money, through our listing on the ASX nearly three years ago, to our present situation of manufacturing in four countries and distributing in thirty.

Our target market when we began was global automotive companies, and it is still our target market for our core DataDot product today. The difference is that when we began this target was aspirational - we didn't have the capability then to satisfy the market's demanding service standards. But along the way we have developed the robotic capability that will enable us to meet the just-in-time manufacturing demanded by global automotive companies and to operate anywhere in the world due to the portability of our manufacturing system.



Also along the way the case for vehicle marking has become progressively more compelling as more and more evidence has proven the success of our technology.

You have just seen on Four Corners the Director of Australia's National Motor Vehicle Theft Reduction Council, whose independent statistics over six years confirm that DataDotDNA has dramatically reduced the incidence of stolen-unrecovered vehicles in Australia.

The Council's most recently published statistics, for the six years to September 2007, show that for BMW the incidence of stolen-unrecovered vehicles per 1,000 vehicles registered has declined by 79%, for HSV it has declined by 82% and for Subaru it has declined by 85%.

In the US, selective use of DataDots on Nissan and Lexus dramatically reduced the incidence of stolen HID headlights.

In Taiwan, Insurance Council statistics just released show that the claims-frequency for Honda cars fell by 36% in the year after DataDots were fitted to all new models and the claims-loss ratio fell by 24%.

In New Zealand, the Government assessed all this evidence and more before issuing its mandatory whole-of-vehicle-marking policy. And in Europe, as Allan has just said, the same policy development path is attracting support because the technology is proven.

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Where possible, the intellectual property that stands behind our proven technology is protected by patents - not DataDots themselves, which cannot be patented, but our spray application technology, both manual and robotic, is patented universally.

As further protection we have developed our own machinery and developed the firmware that drives it, and we have done both with the specific intent of bullet-proofing our system from imitation or re-engineering.

The result is a manufacturing system that is secure, modular, scaleable and highly portable, allowing us to take the business to the markets and to develop highly flexible solutions to the risks of increased transport and supply costs and exchange rate movements.

Likewise, in our joint-venture business with the CSIRO, the intellectual property that stands behind the wide range of market applications of DataTraceDNA is protected by two global patents pending, one that relates to tracking, identification and authentication of products and the other that relates to controlling and monitoring bulk material mixing processes.



Turning to the numbers, you can see that our market potential is enormous. Product counterfeiting which is a key target for DataTraceDNA, is already estimated to cost business \$100 billion annually, with the prospect that it will rise five times to \$500 billion in just five years.

And vehicle theft, the key target for DataDotDNA, is estimated to cost \$300 million a year in Australia alone.

As a micro-cap in only our second year since listing we have hardly scratched the surface in penetrating these markets, but the growth to date has been encouraging.

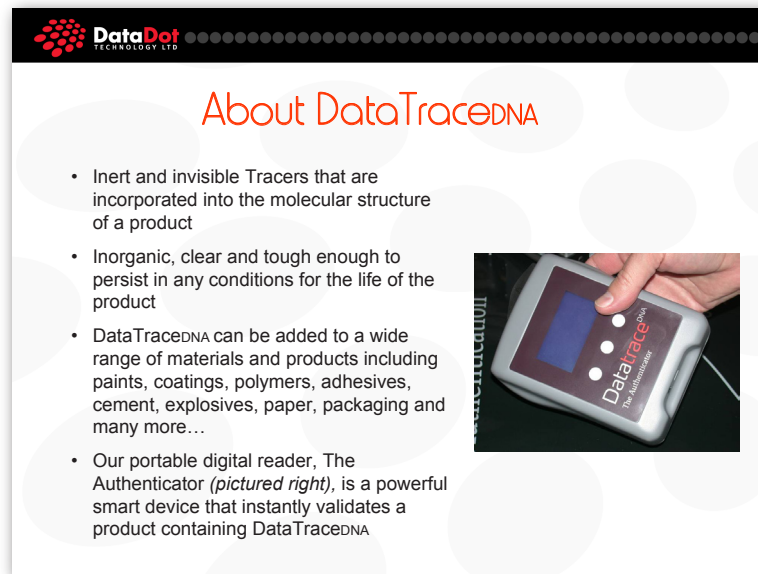
In the last year our sales of goods increased by 94%.

Our South Africa subsidiary increased revenue by 135%.

Australasian operations increased revenue by 42%.

And our core EBITDA increased by 169%.

As the demand for DataDotDNA continues to grow on the back of proven performance and through building alliances with police and government authorities, and as the supply side of our business becomes known for meeting the just-in-time and portability demands of clients, so the potential to exceed these revenue numbers in future years is boundless.



DataDot
TECHNOLOGY LTD

About DataTraceDNA

- Inert and invisible Tracers that are incorporated into the molecular structure of a product
- Inorganic, clear and tough enough to persist in any conditions for the life of the product
- DataTraceDNA can be added to a wide range of materials and products including paints, coatings, polymers, adhesives, cement, explosives, paper, packaging and many more...
- Our portable digital reader, The Authenticator (*pictured right*), is a powerful smart device that instantly validates a product containing DataTraceDNA

As DataDot DNA is our overt asset identifier, so DataTraceDNA, our joint development with CSIRO, is our covert asset identifier.

It is, in effect, a “chemical barcode” that can be integrated invisibly into the molecular composition of many materials. When material impregnated with DataTraceDNA is illuminated with light of a particular wavelength, a spectrum is emitted and detected using a hand-held reader. The material is authenticated because the emission spectrum is unique to that material.

DataTraceDNA can be used to authenticate products by manufacturer, by site and even by individual batch as there are sufficient combinations of its constituent chemicals available to ensure unique identification codes for each customer or batch. The complexity of the chemical barcode makes it extremely difficult to decipher, preventing counterfeiters from reproducing the authenticity code.

It can also be used as a means of verifying the homogeneity of bulk materials mixtures during manufacture, such as paints and concrete.

It is durable and inert, resistant to heat, light and chemicals.

Complementing this amazing product is our portable digital reader that does not require connection to an external database and is pre-programmed with all the information and processing capability necessary to identify every DataTrace combination used by a customer. In close proximity to any material bearing DataTraceDNA the digital reader recognises, processes and interprets the emission spectrum in less than half a second.

Thus DataTraceDNA can be used covertly to authenticate any manufactured product instantly, at any point in the supply chain, thereby confirming both its point of manufacture and point of destination. Its use will allow suppliers to take control of their distribution channels, enforce supply contracts by eliminating over-runs, minimize illegal warranty claims and support law enforcement in curbing counterfeiting.

Additionally, DataTraceDNA can be used to accurately measure mixed product homogeneity, so allowing manufacturers to verify that mixing instructions have been observed in conformity with warranty conditions.



The future for DataDot Technology is a very exciting place. We have both the overt and covert identification products to meet enormous market requirements across a wide range of industries – motor vehicle and marine, spare parts, high security and defence, pharma and cosmetics, aerospace and textiles.

With DataDotDNA the strategy we are pursuing to realize that future will continue to be built around alliances that generate demand, and around production versatility that assures customers of manufacture and supply where they want the product, when they want the product.

With DataTraceDNA market segmentation is at the heart of the strategy we are pursuing to realize the future. The prospective market is huge but not all participants within the broad market will have the same needs or require the same solution. So market segmentation by customer focus is central to our roll-out plans.

Some customers will require a high security solution, for example in products that are central to state security, or to the integrity of national tax revenue. Other customers will require low unit-cost solutions to protect huge volumes of mass-produced commodity products from counterfeit invasion. Still other solutions will have specific application to bulk materials mixing.



Within these broad strategies our challenge is to adopt the tactics that will deliver results.

Where we can we will progressively reduce any strategic exposure to supply chain vulnerabilities and price hikes by vertically integrating our business with that of key suppliers.

We will retain the flexibility that allows us to adapt to local market conditions within the ambit of global company policies.

We will focus on the northern hemisphere, especially in our DataTraceDNA business because that is home to the majority of global industries whose brands are threatened by product counterfeiting. These companies are our market.

We will remain innovative and swift to move in our product menu.

Wherever possible we will leverage the business networks of our customers, partners and investors because in this business, as any other, there is no substitute for personal recommendation.


We will continue to find joint venture partners to pioneer market applications. This was our market entry strategy when we began, partnering with BMW Australia as the first adopter of whole-of vehicle-marking, and it remains our preferred strategy today. In DataTraceDNA we are currently working with five very large companies under Heads of Agreement that allow them to further test the application of our product to their industry.

We will progressively expand our own specialist channel and direct sales staff because there are limitations inherent in the distribution model we have used exclusively to date. I don't mean by this that we will cease to use distributors. On the contrary, they have been and will remain a key part of our distribution mix. But global manufacturers with whom we are now engaged in both DataDot and DataTrace wish to deal with principals, not distributors. Over time our staff complement will change to reflect this reality.

We will continue to work closely with governments, police and law enforcement agencies, including even closer development of relationships with anti-terrorist and national security agencies.

As we re-locate our portable DataDot manufacturing system globally to optimize production, we will ensure that our IP security is preserved by selecting partners of only the highest standing – companies such as Mapfre Seguros, our partner in Brazil, which is one of Brazil’s largest insurers and is itself a subsidiary of Mapfre Mutal in Spain.

And we will carefully manage our balance sheet to ensure an adequate supply of capital to fund our growth.

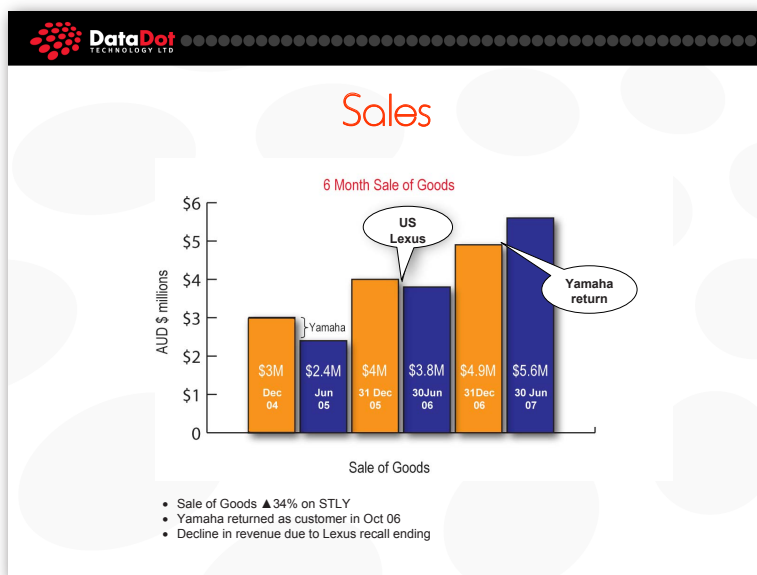


Corporate

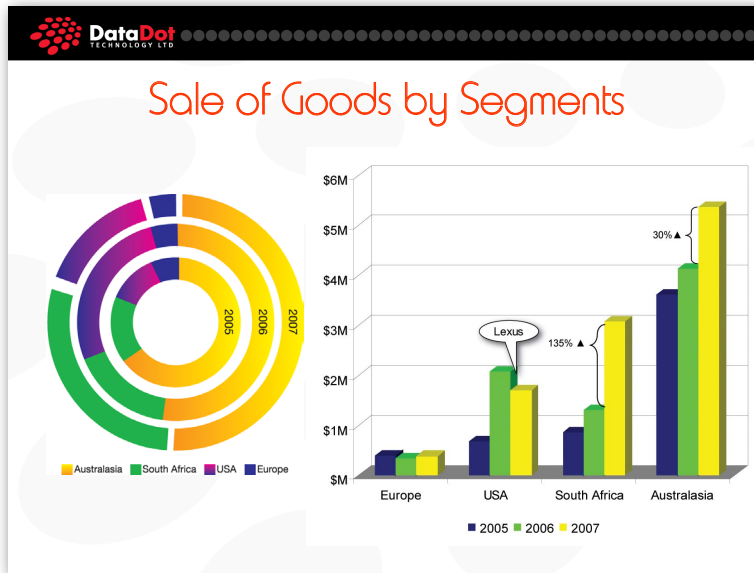
Shares on issue	149,577,480	
Market cap	\$0.225	\$ 33,654,933
Top 20	59.93%	89,638,796
Options Issued	20,418,000	
Management	13,068,000	
KTM Capital Pty Ltd & related parties	7,350,000	

In conclusion, may I quickly highlight some of our key statistics.

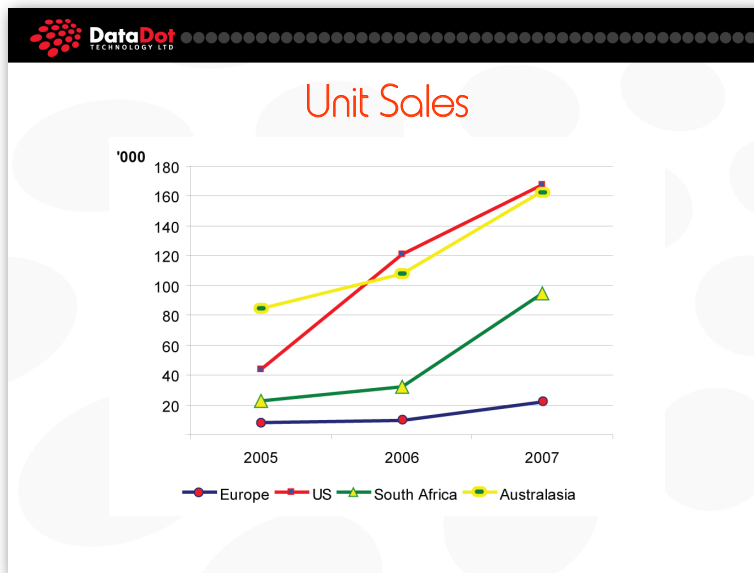
On this slide are the main features of the share register – shares on issue, market capitalization, the proportion of shares held by the largest 20 shareholders and the number of share options on issue.



On this slide you can see the value of product sales for each of the last six periods of six months and in particular the steady growth over the last three half-years.



On this slide we have shown the sale of goods by geographical region, each region being a manufacturing centre for DataDotDNA.



Here we see the growth since 2005 in the number of sold units of DataDot DNA. In most cases units are represented by vehicles but in other respects there are differences between them – for example, whole-of-vehicle-marking using 7,000 dots is applied to some units but only limited parts-marking using 2,000 dots may be on other units. Also, the financial margin on these different applications can differ markedly.

Ladies and Gentlemen, that concludes my remarks. Just as I began this presentation showing you an extract from CSI New York, may I finish by showing you an extract from an episode of CSI Miami that was produced six months later.

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