



Appendix 4D

Half Year Report

The following information is given under ASX Listing Rule 4.2A.3.

1. The reporting period is the financial half year ended 31 December 2010. The previous reporting period is the financial half year ended 31 December 2009 unless otherwise shown. The information contained in this report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2010.
2. Results for announcement to the market:

| | <u>\$A</u> |
|---|--------------------------|
| 2.1 Revenue from ordinary activities | - down 16 % to 60,797 |
| 2.2 Loss from ordinary activities after tax attributable to members | - down 84 % to (136,015) |
| 2.3 Loss for the period attributable to members | - down 84 % to (136,015) |
| 2.4 Final or interim dividends – <i>not applicable</i> | |
| 2.5 Record date for determining entitlements to dividends – <i>not applicable</i> | |
| 2.6 Brief explanation of above figures – <i>see attached Director's Report</i> | |
3. Net tangible assets per security this period – 0.0005
Net tangible assets per security previous period – 0.0006
4. Details of entities over which control has been gained or lost during the period
On the 15th December 2010 the Company completed the acquisition of Universal Rare Earths Pty Ltd (“URE”). This included the completion of the three farm-out agreements between URE and Oroya Mining Ltd (“Oroya”).
Under the Terms of a Share Purchase Agreement, the Company acquired from Oroya all of the issued capital of URE by the payment of \$1,000 and the issue of 150,000,000 fully paid DMN shares to satisfy URE’s obligation to reimburse Oroya’s previous project expenditure.
The three projects subject to the farm out agreements via URE are the Mt Barrett project in Western Australia (includes Mt Barrett Rare Earth’s target), Pambula Gold project and Moruya Gold project which are both located in south eastern New South Wales.
5. Details of individual and total dividends – *not applicable*
6. Details of any dividend or distribution reinvestment plans – *not applicable*

7. Details of associates and joint venture entities – Refer to No. 4 above.
8. Accounting standards for foreign entities – *not applicable*
9. The accounts are not subject to dispute or qualification by the Auditor conducting the review of the financial statements for the 6 months ended 31 December 2010. See attached financial statements with Auditor's Independent Review Report.



Half Yearly Financial Statements

31 December 2010

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Glossary in brief

| | |
|--------------------------------|--|
| DataMotion Asia Pacific | is DataMotion Asia Pacific Limited |
| the Company | is DataMotion Asia Pacific Limited |
| SYNERGY Australia | is Synergy Business Solutions Australia Pty Ltd, DataMotion Asia Pacific's wholly owned subsidiary |
| Data-inCrypt® | is Data-inCrypt® Pty Ltd, DataMotion Asia Pacific's wholly owned subsidiary |
| URE | is Universal Rare Earths Pty Ltd, DataMotion Asia Pacific's wholly owned subsidiary |
| the Group | is DataMotion Asia Pacific, SYNERGY Australia, Data-inCrypt® and URE |
| ASX | is Australian Securities Exchange |
| DMN | is DataMotion Asia Pacific's ASX code |
| DMNOA | is DataMotion Asia Pacific's listed option ASX code |
| DMNOC | is DataMotion Asia Pacific's listed option ASX code |

Corporate Directory

DIRECTORS

Ian Fisher

Non-executive Chairman

Michael R Robson BSc (Phy) ADA1/ADA2(ASX) MAICD

Non-executive Director

Joshua J Wellisch BSc (Info Tech) Post Grad Dip (Proj Mgmt)

Executive Director & Company Secretary

COMPANY SECRETARY

Joshua J Wellisch BSc (Info Tech) Post Grad Dip (Proj Mgmt)

Executive Director & Company Secretary

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Victoria Park WA 6100

AUSTRALIA

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AUDITORS

Grant Thornton Audit Pty Ltd

Chartered Accountants

Level 1, 10 Kings Park Road

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SHARE REGISTRY

Computershare Investor Services Pty Ltd

Level 2 Reserve Bank Building

45 St Georges Terrace

Perth WA 6000

BANKERS

Australia & New Zealand Banking Group Limited

Cnr Hay & Outram Streets

West Perth WA 6005

SOLICITORS & CORPORATE ADVISERS

Lavan Legal

Level 20 The Quadrant

1 William Street

Perth WA 6000

STOCK EXCHANGE

Listed on the Australian Securities Exchange

The home Exchange is in Perth, Western Australia

ASX CODE

DMN – fully paid ordinary shares

DMNOA - listed options exercisable at 1.0 cent expiring 06 May 13

DMNOC - listed options exercisable at 0.05 cent expiring 29 Mar 13

Directors' Report

Your Directors submit their report for the half year ended 31 December 2010.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

- Ian Fisher – appointed on 17 December 2010
- Michael A Robson
- Joshua J Wellisch
- Patrick J Corr – resigned on 17 December 2010

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of financial year were in customer software development, provision of online data backup and recovery facilities and DataMotion SecureMail.

No significant change in the nature of these activities occurred during the year.

REVIEW OF AND RESULTS OF OPERATIONS

Operating Results

The net loss after income tax for the half-year was \$136,015 (2009: net loss \$858,219).

Review of Operations

DataMotion Asia Pacific Limited is an Internet security, systems and services group based in Perth, Western Australia. The group is focussed on generating transaction, storage and licensing revenues through its world-class DataCentre, DataMotion SecureMail (formerly SMX secure registered email) and Data-inCrypt® online data backup & recovery.

(i) TECHNOLOGY

Overview

the DataMotion Intelligent Information Transport (IIT) platform

.....has three products at its core, being SecureMail, FileTransfer and eForms.

SecureMail (formerly known in the Asia Pacific region as SMX secure registered email)

DataMotion's flagship encrypted email solution. SecureMail is a powerful, cost effective, and easy to use service that encrypts messages between an organisation and its business partners & customers. Messages can be chosen for encryption selectively by the sender and also by policy enforcement across the entire organisation. With SecureMail, an organisation can ensure that its messages and large files are protected, private, and are compliant with internal policies and external (i.e. Government) regulations.

FileTransfer

Organisations that need to exchange large files with their partners and customers often use File Transfer Protocol (FTP), which is inherently insecure and difficult to administer, especially for one-off ad hoc file transfer requests. These FTP management headaches result in delayed business processes, and create bottlenecks for critical data flow. DataMotion FileTransfer enables users to exchange files up to 2GB in size using either a web browser interface or a separate desktop client / service, with full delivery tracking provided. DataMotion FileTransfer is integrated with SecureMail, offering the end-user a seamless experience.

eForms

DataMotion eForms offers the ability to combine customised and personalised forms with the SecureMail system, allowing recipients to receive, complete and return a secure document without leaving their existing email client (eg Microsoft Outlook). Workflow automation is one of the most important components of the DataMotion eForms system, and enables data to be routed and processed in accordance with defined business procedures / imported into existing workflows for processing, approvals and response to the customer.

Data-inCrypt® online data backup & recovery

...is a software solution that selects a file from an end-user's PC and then intelligently arranges, compresses and encrypts that file before transmitting it over the Internet to the DataMotion Asia Pacific DataCentre from where that file can be easily recovered when required. It enables organisations to store critical data offsite, eliminating the capital cost, ongoing maintenance and human error in backing up to tape, CD & DVD, Zip drive, flash memory, removable hard disk etc.

SYNERGY Australia

...operates the world-class DataMotion Asia Pacific DataCentre, which hosts the DataMotion SecureMail hosted service, the Data-inCrypt® online data backup & recovery service and the suite of e-commerce software products branded the SYNERGY TradeCentre.

(ii) CORPORATE

Overview

DATAMOTION ASIA PACIFIC LIMITED

...focused on the transitioning of its business model to reflect the emphasis on and commitment to the DataMotion platform in the Asia Pacific region.

(iii) INVESTMENT

Overview

Universal Rare Earths

On the 15th December 2010 the Company completed the acquisition of Universal Rare Earths Pty Ltd ("URE"). This included the completion of the three farm-out agreements between URE and Oroya Mining Ltd ("Oroya").

Under the Terms of a Share Purchase Agreement, the Company acquired from Oroya all of the issued capital of URE by the payment of \$1,000 and the issue of 150,000,000 fully paid DMN shares to satisfy URE's obligation to reimburse Oroya's previous project expenditure.

The three projects subject to the farm out agreements via URE are the Mt Barrett project in Western Australia (includes Mt Barrett Rare Earth's target), Pambula Gold project and Moruya Gold project which are both located in south eastern New South Wales.

Mt Barrett Project (WA:E38/2053)

Under the Terms of the joint venture agreement, URE must spend \$300,000 within 3 months to evaluate the M12 target. URE can then earn a 70% interest in the project by a further spend of \$2 million. After earning 70%, Oroya will be free carried with 30% to completion of a bankable feasibility study and decision to mine.

Moruya Project (NSW:E6746, E6747)

URE can earn 70% in the project by sole funding all expenditure for a bankable feasibility study and all the Mining Act expenditure requirements until a decision to mine.

Pambula Project (NSW: E6716, E6713)

URE can earn 70% in the project by sole funding all expenditure for a bankable feasibility study and all the Mining Act expenditure requirements until a decision to mine.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

- the Company renegotiated the terms of its agreement with DataMotion, Inc. (formerly CertifiedMail.com, Inc.), on the basis that the Company's licence to offer hosted secure e-mail services and sell secure e-mail software licences for in-house enterprise use in Far East / Asia Pacific region has been replaced with a non-exclusive licence and as a consequence the Company is no longer bound to make annual minimum payment under the agreement. The term of the new agreement is 5 years with an automatic extension for a further 5 years subject to certain minimum revenue criteria being met in each years 3 to 5;
 - the Company placed 200,000,000 fully paid ordinary shares at a price of 0.08 cents per share to sophisticated shareholders, raising a total of AUD\$160,000;
 - the Company placed 1,362,500,000 fully paid ordinary shares and 2,316,250,000 free attaching new options (ASX code: DMNOC) in October 2010 at a price of 0.08 cents per share, raising a total of AUD\$1,090,000 before costs;
 - the Company has relocated its operational infrastructure to a new data centre in East Perth and its administrative offices to Victoria Park;
 - the Company has received a cash payment of \$530,000 (ex GST) from a third party as cash consideration for the sale of the residual Data Centre fitout and the assignment of the Westcentre premises lease; and
 - the Company has completed the acquisition of Oroya Mining Limited's ("Oroya") wholly owned subsidiary, Universal Rare Earths Pty Ltd ("URE") by issuing 150,000,000 fully paid ordinary shares in satisfaction of URE's obligation to reimburse Oroya's previous expenditure and a cash payment of \$1,000.
-

Except for the matters discussed above, there is at the date of this report no other matter or circumstance which has arisen since 31 December 2010, that has significantly affected or may significantly affect:

- (a) the Company's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Company's state of affairs in future financial years.

Pursuant to section 306 Corporations Act 2001 this Directors' Report:

- (a) is made in accordance with a resolution of the Directors;
- (b) is dated 28 February 2011; and
- (c) is signed by Joshua Wellisch and Michael Robson.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2010.



Joshua Wellisch
Executive Director & Company Secretary
Perth, Western Australia
28 February 2011



Michael Robson
Non-Executive Director
Perth, Western Australia
28 February 2011



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**Auditor's Independence Declaration
To The Directors of DataMotion Asia Pacific Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of DataMotion Asia Pacific Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "C A Becker".

C A Becker
Director - Audit & Assurance

Perth, 28 February 2011



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**Independent Auditor's Review Report
To the Members of DataMotion Asia Pacific Limited**

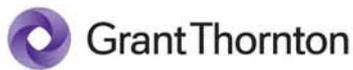
We have reviewed the accompanying half-year financial report of DataMotion Asia Pacific Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



As the auditor of DataMotion Asia Pacific Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that reads "C A Becker".

C A Becker
Director - Audit & Assurance

Perth, 28 February 2011

Directors' Declaration

In accordance with a resolution of the Directors of the Company, I state that:

In the opinion of the Directors:

- (a) the financial statements and the notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Joshua Wellisch
Executive Director & Company Secretary
Perth, Western Australia
28 February 2011

Consolidated Statement of Financial Position

| | Consolidated | |
|-------------------------------------|------------------------|--------------------|
| | 31 December 2010 \$ | 30 June 2010 \$ |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalent | 1,664,131 | 382,073 |
| Trade and other receivables | 16,322 | 9,209 |
| Financial assets | 13 | 13 |
| Other current assets | 9,341 | 6,310 |
| Total Current Assets | 1,689,807 | 397,605 |
| Non-Current Assets | | |
| Property, plant and equipment | 38,288 | 154,645 |
| Intangible assets | 21,168 | 72,963 |
| Capitalised exploration expenditure | 300,000 | - |
| Total Non-Current Assets | 359,456 | 227,608 |
| Total Assets | 2,049,263 | 625,213 |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 84,980 | 38,808 |
| Provisions | 2,152 | 7,777 |
| Total Current Liabilities | 87,132 | 46,585 |
| Total Liabilities | 87,132 | 46,585 |
| Net Assets | 1,962,131 | 578,628 |
| EQUITY | | |
| Issued capital | 40,469,881 | 38,950,363 |
| Reserves | - | 530,736 |
| Accumulated losses | (38,507,750) | (38,902,471) |
| Total Equity | 1,962,131 | 578,628 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

| | Note | Consolidated | |
|--|------|------------------------|------------------------|
| | | 31 December 2010 \$ | 31 December 2009 \$ |
| Sales revenue | 3 | 60,797 | 72,322 |
| Cost of sales | | - | (4) |
| Gross profit | | 60,797 | 72,318 |
| Other revenue | 3 | 455,242 | 10,198 |
| Administrative expenses | | (257,562) | (447,982) |
| Consultant and legal fees | | (116,328) | (57,012) |
| Depreciation and amortisation expense | 3 | (15,585) | (32,060) |
| Directors' fees | | (51,307) | - |
| Directors options expense | | (74,250) | - |
| Employee benefit expense | 3 | (87,217) | (403,681) |
| Impairment of intangible assets | | (49,805) | - |
| Profit / (Loss) before income tax expense | | (136,015) | (858,219) |
| Income tax expense | | - | - |
| Profit / (Loss) for the period | | (136,015) | (858,219) |
| Other comprehensive income / (loss) | | | |
| Fair value movements on available-for-sale financial assets | | - | 94,948 |
| Other comprehensive income / (loss) for the period, net of tax | | - | 94,948 |
| Total comprehensive income / (loss) for the period | | (136,015) | (763,271) |
| Basic earning per share (cents) | | (0.0049) | (0.074) |
| Diluted earnings per share (cents) | | (0.0049) | (0.074) |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

| | Consolidated | |
|--|------------------------|------------------------|
| | 31 December 2010 \$ | 31 December 2009 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 63,648 | 53,079 |
| Interest received | 20,121 | 3,512 |
| Payments to suppliers and employees | (526,748) | (681,506) |
| NET CASH FLOWS (USED IN) OPERATING ACTIVITIES | (442,979) | (624,915) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for acquisition of businesses | (1,000) | - |
| Payment for equity investments | - | (247,456) |
| Payment for intangibles | - | (9,989) |
| Payment for purchase of property, plant and equipment | - | (12,000) |
| Proceeds from sale of equity investments | - | 19,776 |
| Proceeds from sale of property, plant and equipment | 583,000 | 297 |
| NET CASH FLOWS (USED IN) / PROVIDED BY INVESTING ACTIVITIES | 582,000 | (249,372) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares and options | 1,250,750 | 1,604,194 |
| Capital raising costs | (107,713) | (104,183) |
| NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | 1,143,037 | 1,500,011 |
| Net increase in cash held | 1,282,058 | 625,724 |
| Cash and cash equivalents at beginning of period | 382,073 | 225,104 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 1,664,131 | 850,828 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

| Consolidated | <u>Attributable to the shareholders of DataMotion Asia Pacific Limited</u> | | | | |
|---|--|-------------------|-----------------------|----------------|------------------|
| | Issued Capital | | Accumulated Losses | Reserves | Total Equity |
| | Ordinary Shares | Listed Options | | | |
| | \$ | \$ | \$ | \$ | \$ |
| As at 1 July 2009 | 36,911,527 | 396,558 | (37,418,971) | 503,593 | 392,707 |
| Total comprehensive loss for the period | - | - | (858,219) | 94,948 | (763,271) |
| Issue of share capital | 1,348,193 | - | - | - | 1,348,193 |
| Capital raising costs | (117,106) | - | - | - | (117,106) |
| Listed options issued | - | 310,300 | - | - | 310,300 |
| Capital raising costs | - | (15,918) | - | - | (15,918) |
| Share-based payments | - | - | - | 22,244 | 22,244 |
| At 31 December 2009 | 38,142,614 | 690,940 | (38,277,190) | 620,785 | 1,177,148 |
| As at 1 July 2010 | 38,259,423 | 690,940 | (38,902,471) | 530,736 | 578,628 |
| Total comprehensive loss for the period | - | - | (136,015) | - | (136,015) |
| Issue of share capital | 1,550,000 | - | - | - | 1,550,000 |
| Capital raising costs | (132,810) | - | - | - | (132,810) |
| Listed options issued | - | 30,750 | - | - | 30,750 |
| Capital raising costs | - | (2,672) | - | - | (2,672) |
| Directors options issued | - | 74,250 | - | - | 74,250 |
| Share-based payments lapsed | - | - | 530,736 | (530,736) | - |
| At 31 December 2010 | 39,676,613 | 793,268 | (38,507,750) | - | 1,962,131 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial statements of DataMotion Asia Pacific Limited for the half-year ended 31 December 2010 are authorised for issue in accordance with a resolution of the Directors on 28 February 2011. DataMotion Asia Pacific Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial statements do not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial statements should be read in conjunction with the annual Financial Statements of the Group as at 30 June 2010.

It is also recommended that the half-year financial statements be considered together with any public announcements made by the Group and its controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial statements is intended to provide users with an update on the latest annual financial statements of DataMotion Asia Pacific Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial statements as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

b) Going Concern

The consolidated entity has incurred operating losses of \$136,015 for the period ended 31 December 2010 [2009: (\$858,219)].

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors consider this to be appropriate for the following reasons:

- the ability to vary the consolidated entity's cost structure and in turn the levels of cash burn dependent on the level of achievement of certain milestones within the business plan;
- the demonstrated ability to obtain funding through equity issues; and
- the expenditure commitments, as disclosed in note 5, are at the discretion of the Company. The Company will assess its cash position at the time of the commitment.

c) **New or revised Standards and Interpretations that are first effective in the current reporting period**

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

Impact of new and revised Standards and amendments thereof and Interpretations effective for the current period that are relevant to the Group include:

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

In December 2009, the AASB issued AASB 9 Financial Instruments which addresses the classification and measurements of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it will have no impacts on the Group's financial statements. The Group has yet to decide when to adopt AASB 9.

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 Introduces amendments to Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statements of cash flows and the classification of leases of land and buildings.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements to provide clarification of certain matters.

The key clarifications include:

- the measurement of non-controlling interests in a business combination;
- transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 Business Combinations (2008); and
- transition requirements for amendments arising as a result of AASB 127 Consolidated and Separate Financial Statements.

The adoption of these amendments, have not resulted in any material changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

3. LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

| | 31 December 2010 \$ | 31 December 2009 \$ |
|--|------------------------|------------------------|
| Revenue | | |
| Sales | 60,797 | 72,322 |
| Other revenue | | |
| Interest from: | | |
| Other unrelated persons | 24,477 | 335 |
| Total interest | 24,477 | 335 |
| Gain on sale of non current assets | 426,746 | 459 |
| Gain on sale of financial assets | - | 7,777 |
| Other | 4,019 | 1,627 |
| Total other revenue | 455,242 | 10,198 |
| Total revenue | 516,039 | 82,520 |
| Expenses | | |
| Depreciation and amortisation on non current assets | | |
| Depreciation of: | | |
| - plant and equipment | 11,938 | 25,416 |
| - software | 658 | 1,097 |
| Amortisation of: | | |
| - licences | 1,481 | 1,481 |
| - software | 851 | 2,788 |
| - trade marks | 657 | 1,278 |
| Total depreciation and amortisation | 15,585 | 32,060 |
| Employee benefit expense | | |
| Wages and salaries | 83,860 | 344,002 |
| Defined contribution superannuation expense | 8,981 | 30,921 |
| Share-based payment expense | - | 3,627 |
| Other employee benefit expense | (5,624) | 25,131 |
| Total employee benefit expense | 87,217 | 403,681 |

4. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of functions within the Group, since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

The Group comprise of the following segments:

- DataMotion SecureMail & IIT platform – a powerful, cost effective, and easy to use service that encrypts messages between an organisation and its business partners and customers.
- Hosted services – including co-location of customer equipment in the DataMotion Asia Pacific DataCentre and the hosting of Internet services such as web sites and extranets.
- Data-inCrypt[®] online backup & recovery – selects a file from an end-user's PC and then intelligently arranges, compresses and encrypts that file before transmitting it over the internet to the DataMotion Asia Pacific DataCentre, from where that file can be easily recovered when required.
- Mineral Exploration – three farm-in projects include Mt Barrett project in Western Australia (includes M12 rare earths target), Pambula gold project and Moruya gold project which are both located in south-eastern New South Wales.

Basis of accounting for purposes of reporting by operating segments

Accounting policies and inter-segment transactions

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group. There are no inter-segment transactions.

Segment assets and segment liabilities

Segment assets and segment liabilities are reviewed by the chief operating decision maker on a consolidated basis except for assets and liabilities that related to the Mineral Exploration segment are reviewed separately as the Company and its wholly owned subsidiary, Universal Rare Earths Pty Ltd has entered into three joint venture agreements with Oroya Mining Limited to farm-in to the Mt Barrett, Moruya and Pambula projects in December 2010.

Unallocated items

Unless indicated otherwise the following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- cash and cash equivalents;
- trade and other receivables;
- available for sale financial assets;
- other current assets;
- property, plant and equipment;
- intangible assets;
- interest revenue;
- net gain on disposal of available-for-sale of financial assets;

- net gain on disposal of plant and equipment;
- administration costs; and
- employee benefit expenses (including share-based payments).

| | DataMotion SecureMail & IIT platform | Hosted services | Online backup & recovery | Mineral Exploration | Consolidated |
|--|--|--------------------|--------------------------------|------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Six months ended 31 Dec 2010 | | | | | |
| Revenue | | | | | |
| External sales | 5,050 | 30,000 | 25,747 | - | 60,797 |
| Other revenue | - | - | - | - | - |
| Inter-segment sales | - | - | - | - | - |
| Total segment revenue | 5,050 | 30,000 | 25,747 | - | 60,797 |
| Interest revenue | | | | | 24,477 |
| Net gain on disposal of plant and equipment | | | | | 426,746 |
| Other – reversal of impairment of debtor | | | | | 4,019 |
| Total group revenue | | | | | 516,039 |
| Result | | | | | |
| Segment net loss before tax | 5,050 | (16,194) | 25,166 | - | 14,022 |
| <i>Amounts not included in segment result but reviewed by the Board:</i> | | | | | |
| Unallocated revenue as above | | | | | 455,242 |
| Depreciation and amortisation | | | | | (15,585) |
| <i>Unallocated items:</i> | | | | | |
| Administration costs | | | | | (502,477) |
| Employee benefit expenses | | | | | (87,217) |
| Net loss before tax | | | | | (136,015) |
| Six months ended 31 Dec 2009 | | | | | |
| Revenue | | | | | |
| External sales | 3,025 | 30,310 | 38,987 | - | 72,322 |
| Other revenue | - | 1,364 | 263 | - | 1,627 |
| Inter-segment sales | - | - | - | - | - |
| Total segment revenue | 3,025 | 31,674 | 39,250 | - | 73,949 |
| Interest revenue | | | | | 335 |
| Net gain on disposal of available-for-sale of financial assets | | | | | 7,777 |
| Net gain on disposal of plant and equipment | | | | | 459 |
| Total group revenue | | | | | 82,520 |

| | DataMotion SecureMail & IIT platform \$ | Hosted services \$ | Online backup & recovery \$ | Mineral Exploration \$ | Consolidated \$ |
|--|--|--------------------------|--------------------------------------|------------------------------|--------------------|
| Result | | | | | |
| Segment net loss before tax | (251,068) | 20,949 | 38,527 | - | (191,592) |
| <i>Amounts not included in segment result but reviewed by the Board:</i> | | | | | |
| Unallocated revenue as above | | | | | 8,571 |
| Depreciation and amortisation | | | | | (32,060) |
| <i>Unallocated items:</i> | | | | | |
| Administration costs | | | | | (239,457) |
| Employee benefit expenses | | | | | (403,681) |
| Net loss before tax | | | | | (858,219) |

Six months ended 31 Dec 2010

Assets

| | | | | | |
|-------------------------------------|----------|----------|----------|----------------|----------------|
| Capitalised exploration expenditure | - | - | - | 300,000 | 300,000 |
| Total segment assets | - | - | - | 300,000 | 300,000 |

Amounts not included in segment asset but reviewed by the Board:

| | | | | | |
|--|--|--|--|--|------------------|
| Cash and cash equivalent | | | | | 1,664,131 |
| Trade and other receivables | | | | | 16,322 |
| Available for sale financial assets | | | | | 13 |
| Other current assets | | | | | 9,341 |
| Property, plant and equipment | | | | | 38,288 |
| Intangible assets | | | | | 21,168 |
| Total assets as per the statement of financial position | | | | | 2,049,263 |

Six months ended 30 Jun 2010

Assets

| | | | | | |
|-------------------------------------|----------|----------|----------|----------|----------|
| Capitalised exploration expenditure | - | - | - | - | - |
| Total segment assets | - | - | - | - | - |

Amounts not included in segment asset but reviewed by the Board:

| | | | | | |
|--|--|--|--|--|----------------|
| Cash and cash equivalent | | | | | 382,073 |
| Trade and other receivables | | | | | 9,209 |
| Available for sale financial assets | | | | | 13 |
| Other current assets | | | | | 6,310 |
| Property, plant and equipment | | | | | 154,645 |
| Intangible assets | | | | | 72,963 |
| Total assets as per the statement of financial position | | | | | 625,213 |

5. COMMITMENTS

a) Operating lease commitments

The operating lease relates to Company's office premises at Level 1 Westcentre, 1260 Hay Street, West Perth, WA (for 10 years expires in 2016) has been assigned to third party in October 2010. Therefore, there was no operating lease commitments for the Company as at 31 December 2010.

b) Other commitments

The Company and its wholly owned subsidiary, Universal Rare Earths Pty Ltd have entered into three joint venture agreements with Oroya Mining Limited to farm-in to the Mt Barrett, Moruya and Pambula projects on 15 December 2010. The table below shows the estimated expenditure for the next twelve months in order for URE to earn interest in these projects.

Expenditure commitments arising from the farm-in agreements for the next twelve months:

| Project | Amount \$ |
|-------------------------------------|----------------|
| Mt Barrett Project (WA: E38/2053) | 300,000 |
| Moruya Project (NSW: E6746, E6747) | 170,000 |
| Pambula Project (NSW: E6716, E6731) | 130,000 |
| Total | 600,000 |

Prior to 30 days before the first and sixth months of each year during the life of the of the joint venture, a bi-annual programme together with a budget showing the estimated minimum expenditure obligations in details in respect of each project will be prepared and reviewed by the Manager. In accordance to the Mt Barrett joint venture agreement, the programmes and budgets submitted must provide for minimum expenditure obligation of \$300,000 per year.

The expenditure above is at the Company's discretion. Should the Company not meet its minimum expenditure obligation, the Company's interest in the asset will lapse.

6. ISSUED CAPITAL

| | 31 December 2010 \$ | 30 June 2010 \$ |
|---|------------------------|--------------------|
| a) Ordinary shares | | |
| 3,690,022,710 fully paid ordinary shares (30 June 2010: 1,977,522,710) | 39,646,930 | 38,259,423 |
| Movements in contributed equity for the year | | |
| Balance at the beginning of the financial year | 38,259,423 | 36,911,527 |
| Shares issued during the current financial year: | | |
| - 200,000,000 on 05 August 2010 | 160,000 | - |
| - 1,362,500,000 on 08 October 2010 | 1,090,000 | - |
| - 150,000,000 on 16 December 2010 | 300,000 | - |
| Shares issued during the previous financial year: | | |
| - 139,803,019 on 21 October 2009 | - | 209,705 |
| - 758,993,210 on 04 December 2009 | - | 1,138,489 |
| - 80,039,686 on 19 January 2010 | - | 120,060 |
| Less capital raising costs | (132,810) | (120,358) |
| Total contributed equity | 39,676,613 | 38,259,423 |

| | 31 December 2010 \$ | 30 June 2010 \$ |
|---|------------------------|--------------------|
| b) Listed Options | | |
| 1,130,394,439 listed options (ASX code: DMNOA) (30 June 2010: 1,130,394,439) | 690,940 | 690,940 |
| 2,421,250,000 listed options (ASX code: DMNOC) (30 June 2010: nil) | 102,328 | - |
| Total listed options | <u>793,268</u> | <u>690,940</u> |
| Movements in listed options (ASX code: DMNOC) for the year | | |
| Balance at the beginning of the financial year | - | - |
| Listed options issued during the current financial year: | | |
| - 2,316,250,000 on 08 October 2010 | - | - |
| - 30,000,000 on 20 October 2010 | 30,000 | - |
| - 75,000,000 on 01 December 2010 | 750 | - |
| Directors options issued | 74,250 | - |
| Less capital raising costs | (2,672) | - |
| Total listed options | <u>102,328</u> | <u>-</u> |

7. RELATED PARTY TRANSACTION

a) Remuneration for key management personnel

Key management of the Group are members of the board of directors. Key management personnel remuneration includes the following expenses:

31 December 2010

| Director | Short-term benefits | Post-employment benefits | Long-term benefits | Total |
|-----------------|------------------------|--------------------------|--------------------|---------------|
| | Salary, fees and leave | Superannuation | LSL | |
| | \$ | \$ | \$ | \$ |
| Ian Fisher | 1,164 | 105 | - | 1,269 |
| Michael Robson | 21,154 | - | - | 21,154 |
| Joshua Wellisch | 9,939 | 894 | - | 10,833 |
| Patrick Corr | 19,050 | 812 | - | 19,862 |
| Total | <u>51,307</u> | <u>1,811</u> | <u>-</u> | <u>53,118</u> |

b) Directors' interest

As at the date of this report the interests of the Directors, held either directly or through the entities they control, in the securities of DataMotion Asia Pacific Limited are as follows.

| Director | Number of Ordinary Shares (DMN) | Number of Listed Options (DMNOC) |
|-----------------|---------------------------------------|--|
| Ian Fisher | 93,098,655 | - |
| Joshua Wellisch | - | 25,000,000 |
| Michael Robson | 4,000,000 | 25,000,000 |
| Patrick Corr | - | 25,000,000 |

A total of 75,000,000 listed options (ASX code: DMNOC) are issued to the directors (or their nominees) approved by shareholders at the Company's Annual General Meeting in November 2010. The purpose of the grant of the listed options is for the Company to provide an incentive to enable the Company to retain directors of high calibre. Each listed options is granted for \$0.0001 and entitled the directors to subscribe for one fully paid ordinary share at an exercise price of \$0.005, exercisable on or before 29 March 2013.

The total value of listed options issued to the directors was \$75,000 and the funds received from the directors for the issue of, listed options was \$750. The difference between these two amounts of \$74,250 has been recognised as directors options expense in the period.

c) Other transactions with key management personnel

During the period, an amount of \$33,000 (inc. GST) was paid to Patrick Corr for conducting the due diligence for the three projects (Mt Barrett, Moruya and Pambula).

An amount of \$1,269 relating to Ian Fisher's director fee was accrued and has been included in other payables as at 31 December 2010.

d) Transactions with entities with common directors

During the period, DataMotion Asia Pacific Limited owed an office rental charge of \$6,600 (inc. GST) to Oroya Mining Limited ("Oroya"), a company in which Mr Joshua Wellisch was a director, (resigned on 29 December 2010). Subsequently, the amount has been fully paid. A joint venture agreement also exists between Universal Rare Earths Pty Ltd ("URE"), a wholly owned subsidiary of DataMotion Asia Pacific Limited, and Oroya.

8. BUSINESS COMBINATION

On 15 December 2010, the Company acquired 100% of the issued capital of Universal Rare Earths Pty Ltd ("URE") wholly owned subsidiary of Oroya Mining Limited ("Oroya"), by issuing 150,000,000 DMN fully paid ordinary shares in satisfaction of URE's obligation to reimburse Oroya's previous exploration expenditure and a cash payment of \$1,000. The acquisition is part of the Group's ongoing restructure.

| Consideration transferred | Fair value \$ |
|--|----------------|
| - cash | 1,000 |
| - equity issued: 150m DMN fully paid ordinary shares @ \$0.002 per share* | 300,000 |
| Total | 301,000 |

| Assets acquired and liabilities assumed at the date of acquisition | Fair value \$ |
|--|---------------|
| Current assets | |
| Cash & cash equivalent | 1 |
| Non-current assets | |
| Capitalised exploration expenditure | 300,000 |
| Non-current liabilities | |
| Trade & other payables | (300,000) |
| | <u>1</u> |

At the date of finalisation of this interim financial report, the necessary market valuations and other calculations had not been finalised.

| Goodwill arising on acquisition | Fair value \$ |
|--|---------------|
| Consideration transferred | 301,000 |
| Less: intercompany elimination on equity issued* | (300,000) |
| Less: fair value of identifiable net assets acquired | (1) |
| Goodwill arising on acquisition | <u>999</u> |

| Net cash outflows arising on acquisition | Fair value \$ |
|--|---------------|
| Consideration paid in cash | 1,000 |
| Less: cash and cash equivalent balances acquired | (1) |
| | <u>(999)</u> |

As part of the arrangement for the business combination, URE has entered into three joint venture farm-in agreements with Oroya to farm-in to the Mt Barrett, Moruya and Pambula projects in December 2010.

Mt Barrett Project (M12 Rare Earth Elements target, WA: E38/2053)

The main target at Mt Barrett is the discrete 1.3km by 2.0km “Bulls-Eye” strongly magnetic M12 intrusive which is a possible Mt Weld-style carbonatite (rare earth elements target).

Under the terms of the joint venture agreement, URE must spend \$300,000 within 3 months to evaluate the M12 target. URE can then earn 70% interest in the project by a further spend of \$2 million. After earning 70%, Oroya will be free-carried with 30% to completion of a bankable feasibility study and decision to mine.

Moruya Project (Gold, NSW: E6746, E6747)

The Moruya gold project is situated on an historic goldfield where Oroya is targeting high-grade quartz veins and stockwork vein systems associated with granite intrusions (Cadia Hill-style gold deposits). Previous regional work by Oroya has identified strong regional gold anomalies and follow-up work is also expected to identify drill targets in 2011.

URE can earn 70% in the project by sole funding all expenditure for a bankable feasibility study and all the Mining Act expenditure requirements until a decision to mine.

Pambula Project (Gold, NSW: E6716, E6731)

The Pambula gold project is being evaluated for large tonnage disseminated stockwork and high-grade epithermal vein type gold deposits. Oroya has identified four regional gold anomalies on which follow-up work is expected to generate drill targets for testing in 2011.

URE can earn 70% in the project by sole funding all expenditure for a bankable feasibility study and all the Mining Act expenditure requirements until a decision to mine.

9. EVENTS SUBSEQUENT TO REPORTING DATE

The Company has commenced earning 70% of the Mt Barrett project (via its wholly owned subsidiary Universal Rare Earths Pty Ltd) by satisfying the initial \$300,000 minimum spend condition of the Mt Barrett Joint Venture Agreement.

The Company has appointed Joshua Wellisch as the Executive Director.
