



Appendix 4E

Preliminary Final Report

ELS009.2011

Name of entity

DATAMOTION ASIA PACIFIC LIMITED (“the Company”)

ABN or
equivalent
company reference

44 009 148 529

Current reporting
period financial
year ended

30 June 2010

Previous corresponding
reporting period
financial year ended

30 June 2009

Results for announcement to the market

Extracts from this report for announcement to the market

\$A'000

Revenues from ordinary activities	up	10%	to	391
(Loss) after tax attributable to members	down	26%	to	(1,483) *
Net (loss) for the period attributable to members	down	26%	to	(1,483) *
* includes \$27,143 of non-cash share based payments during the year ended 30 June 2010				
Dividends (distributions)				
The Company has not paid, and does not propose to pay a dividend for the year ended 30 June 2010				
The Company has provided a separate ASX announcement to the market with an overview of the financial results for the year ended 30 June 2010				

Condensed Consolidated Statement of Comprehensive Income

	Note	Current period \$	Previous corresponding period \$
Sales revenue	2	141,030	333,965
Cost of sales		(4)	(28,487)
Gross profit		141,026	305,478
Other revenue	2	250,306	21,131
Administrative expenses		(759,682)	(534,608)
Consultants & legal fees		(182,072)	(220,570)
Depreciation and amortisation expenses	3	(62,611)	(112,840)
Director fees		(15,996)	-
Impairment of financial assets		-	(56)
Impairment of intangible assets		-	(240,681)
Employee benefit expenses	3	(847,618)	(1,222,107)
Other expenses		(6,853)	(2,923)
Profit / (Loss) before income tax expense		(1,483,500)	(2,007,176)
Income tax expense		-	-
Profit / (Loss) for the period		(1,483,500)	(2,007,176)
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss) for the period		(1,483,500)	(2,007,176)
Basic earnings per share (cents)		(0.095)	(0.211)
Dilute earnings per share (cents)		(0.095)	(0.211)

Condensed Consolidated Statement of Financial Position

	Note	Current period \$	Previous corresponding period \$
ASSETS			
Current assets			
Cash and cash equivalents	4	382,073	225,104
Trade and other receivables	5	9,209	56,494
Financial assets	6	13	13
Other current assets	7	6,310	8,867
Total current assets		397,605	290,478
Non-current assets			
Property, plant and equipment	8	154,645	210,846
Intangible assets	9	72,963	88,786
Total non-current assets		227,608	299,632
Total assets		625,213	590,110
LIABILITIES			
Current liabilities			
Trade and other payables	10	38,808	152,186
Provisions	11	7,777	33,760
Total current liabilities		46,585	185,946
Non-current liabilities			
Provisions	11	-	11,457
Total non-current liabilities		-	11,457
Total liabilities		46,585	197,403
Net assets		578,628	392,707
Equity			
Issued capital		38,950,363	37,308,085
Accumulated losses		(38,902,471)	(37,418,971)
Reserves		530,736	503,593
Total equity		578,628	392,707

Condensed Consolidated Statement of Cash Flows

	Note	Current period \$	Previous corresponding period \$
Cash flows from operating activities			
Receipts from customers		148,224	421,516
Interest received		17,930	11,361
Payments to suppliers and employees		(1,817,771)	(1,426,378)
Net cash provided by (used in) operating activities	12	(1,651,617)	(993,501)
Cash flows from investing activities			
Proceeds from sale of equity investments		502,380	23,426
Proceeds from sale of property, plant and equipment		18,205	4,000
Payment for equity investments		(290,686)	-
Payment for intangibles		(9,989)	-
Payment for purchase of property, plant and equipment		(13,029)	(7,021)
Net cash provided by (used in) investing activities		206,881	20,405
Cash flows from financing activities			
Proceeds from issue of shares and options		1,728,254	1,069,878
Capital raising costs		(126,549)	(11,741)
Net cash provided (used in) financing activities		1,601,705	1,058,137
Net increase / (decrease) in cash and cash equivalents		156,969	85,041
Cash and cash equivalents at the beginning of the financial year		225,104	140,063
Cash and cash equivalents at the end of financial year	4	382,073	225,104

Notes to the Condensed Financial Statements

1. Basis of preparation of the preliminary final report

The preliminary final report does not include all notes of the type normally included with the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing interesting activities of the consolidated entity as the full financial report.

The preliminary final report of DataMotion Asia Pacific Limited was prepared based on Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS').

It is also recommended that the preliminary final report be considered together with any public announcements made by DataMotion Asia Pacific Limited in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern

The consolidated entity has incurred operating losses of \$1,483,500 (including \$27,143 of non-cash share-based payments) for the year ended 30 June 2010 [2009: (\$2,007,176)].

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. Whilst acknowledging the inherent uncertainties, the Directors consider this to be appropriate for the following reasons:

- the ability to vary the consolidated entity's cost structure; and
- the demonstrated ability to obtain funding through equity issues.

Whilst there has been a dependence on attracting a growth in new subscribers and investment in what are challenging capital markets, the Company continues to develop new markets for its products whilst sustaining operations under its existing funding resources.

Notes to the Condensed Financial Statements (continued)

	Current period \$	Previous corresponding period \$
2. Revenue		
Sales revenue	141,030	333,965
Sales	141,030	333,965
Other revenue		
Interest from:		
Other unrelated persons	13,706	11,597
Total interest	13,706	11,597
Proceeds from sale of non-current assets	931	4,829
Proceeds from sale of financial assets	212,429	-
Other	23,240	4,705
Total other revenues	250,306	21,131
Total revenue	391,336	355,096
3. Expenses		
(a) Depreciation and amortisation of non current asset		
Depreciation of:		
- plant and equipment	49,866	70,147
- software	2,176	3,627
Amortisation of:		
- licences	2,937	2,938
- software	5,272	34,271
- trademarks	2,360	1,857
Total depreciation and amortisation	62,611	112,840
(b) Employee benefit expenses		
Wages and salaries	806,685	731,019
Defined contribution superannuation expense	56,865	64,615
Share-based payments expense	8,526	382,172
Other employee benefits expense	(24,458)	44,301
Total employee benefit expenses	847,618	1,222,107

Notes to the Condensed Financial Statements (continued)

	Current period \$	Previous corresponding period \$
4. Cash and cash equivalents		
Cash at bank and in hand	10,727	10,203
Short-term deposits	371,346	214,901
Total cash and cash equivalents	382,073	225,104
5. Trade and other receivables		
Trade receivables	13,226	8,613
Other receivables	3,265	51,144
Provision for impairment of receivables	(7,282)	(3,263)
Total trade and other receivables	9,209	56,494
6. Financial assets		
Current – Available for sale financial assets		
At fair value		
Shares – Australian listed	13	13
Total financial assets	13	13
7. Other current assets		
Prepayments	6,310	8,867
Total other current assets	6,310	8,867

Notes to the Condensed Financial Statements (continued)

	Current period \$	Previous corresponding period \$
8. Property, plant and equipment		
Computing plant and equipment – at cost	1,741,322	1,741,613
Additions	935	2,325
Disposals	(2,617)	(2,616)
Closing balance	1,739,640	1,741,322
Accumulated depreciation		
Opening balance	1,576,211	1,516,522
Depreciation for the year	42,288	60,498
Disposals	(1,392)	(809)
Closing balance – accumulated depreciation	1,617,107	1,576,211
Net book value – computing plant and equipment	122,533	165,111
Office, furniture and equipment – a cost	372,080	372,080
Additions	12,000	-
Disposals	(18,057)	-
Closing balance	366,023	372,080
Accumulated depreciation		
Opening balance	331,787	322,138
Depreciation for the year	7,578	9,649
Disposals	(2,188)	-
Closing balance – accumulated depreciation	337,177	331,787
Net book value – office, furniture and equipment	28,846	40,293
Software – at cost	377,745	377,745
Additions	-	-
Disposals	-	-
Closing balance	377,745	377,745
Accumulated depreciation		
Opening balance	372,303	368,676
Depreciation for the year	2,176	3,627
Disposals	-	-
Closing balance – accumulated depreciation	374,479	372,303
Net book value – software	3,266	5,442
Total property, plant and equipment, net	154,645	210,846

Notes to the Condensed Financial Statements (continued)

	Current period \$	Previous corresponding period \$
9. Intangible assets		
Formation costs		
Opening balance	6,965	6,965
Disposals	(5,970)	-
Closing balance	995	6,965
Licences & Software		
Opening balance	70,627	348,517
Additions	-	-
Amortisation	(8,209)	(37,209)
Impairment losses	-	(240,681)
Closing balance	62,418	70,627
Trade marks		
Opening balance	11,194	13,051
Additions	9,989	-
Disposals	(9,273)	-
Amortisation	(2,360)	(1,857)
Closing balance	9,550	11,194
Total intangible assets	72,963	88,786
10. Trade and other payables		
Trade payables	15,973	94,310
Other payables and accruals	22,835	57,876
Total trade and other payables	38,808	152,186
11. Provisions		
Current		
Short-term employee benefits	7,777	4,703
Long-term employee benefits	-	29,057
Total provision - current	7,777	33,760
Non-current		
Long-term employee benefits	-	11,457
Total provision – non current	-	11,457

Notes to the Condensed Financial Statements (continued)

	Current period \$	Previous corresponding period \$
12. Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities		
Loss for the year	(1,483,500)	(2,007,176)
Non-cash flows in loss		
Amortisation	10,569	39,066
Bad debts	2,834	2,923
Consultant option	18,617	114,831
Depreciation	52,042	73,774
Discount given	490	490
Disposal of intangible assets	9,273	-
Employee option	8,526	382,172
Impairment losses – intangible assets	-	240,681
Impairment losses – subsidiary loan	5,970	-
Impairment - provision of debtors	4,019	-
Loss on sale of shares	-	36,396
Unrealised gain on investment	-	56
Profit on sale of non-current assets	(931)	(4,829)
Profit on sale of shares	(212,429)	-
Changes in assets and liabilities		
(Increase) / decrease in trade & other receivables	14,248	68,139
(Increase) / decrease in prepayments	2,557	(3,165)
Increase / (decrease) in trade payables	(17,970)	18,074
Increase / (decrease) in other payables & accruals	(26,824)	11,236
Increase / (decrease) in prepaid revenue	(1,667)	8,742
Increase / (decrease) in provisions	(37,441)	25,089
Net cash flows from operating activities	(1,651,617)	(993,501)

Individual and total dividends

The Company has not paid, and does not propose to pay a dividend for the year ended 30 June 2010.

Dividend or distribution reinvestment plans

The Company has not entered into a dividend or dividend reinvestment plan with its shareholders.

Consolidated accumulated losses

	Current period \$	Previous corresponding period \$
Accumulated losses at the beginning of the financial period	(37,418,971)	(35,411,795)
Net profit (loss) attributable to members	(1,483,500)	(2,007,176)
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated losses at end of financial period	(38,902,471)	(37,418,971)

NTA backing

	Current period \$A'000	Previous corresponding period \$A'000
Net tangible asset backing per ordinary security	0.0003	0.0003

Entities over which control has been gained or lost

During the period the Company has not gained or lost control over any entities.

Associates and joint venture entities

The Company has not entered into any arrangement with associate or joint venture entities.

Other significant information

In addition to the information contained in this Report the Company has provided an additional overview of its financial results as a separate ASX announcement with details of its financial performance and financial position.

Foreign entities

The Company is not a foreign entity.

Commentary on the results for the period

In addition to the information contained in this Report the Company has provided an additional overview of its financial results as a separate ASX announcement detailing its financial performance and financial position.

Earnings per security (EPS)

Basic EPS

- (a) the numerator in calculating basic EPS is a loss of \$1,483,500.
- (b) only fully paid ordinary shares have been used in determining basic EPS.
- (c) weighted average number of ordinary shares used as a denominator in calculating basic EPS is 1,560,901,845 shares.

Diluted EPS

- (a) the numerator in calculating basic EPS is a loss of \$1,483,500.
- (b) weighted average number of ordinary shares used as a denominator in calculating basic EPS is 1,560,901,845 shares.
- (c) there have been no converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted EPS.

Earnings per security (EPS)	Current period \$A'000	Previous corresponding period \$A'000
Basic EPS (cents per share)	(0.095)	(0.211)
Diluted EPS (cents per share)	(0.095)	(0.211)

Returns to shareholders

The Company has not paid, and does not propose to pay, a dividend for the year ended 30 June 2010. The Company has not entered into arrangements for a buy back of its securities.

Significant features of operating performance

In addition to the information contained in this Report the Company has provided an additional overview of its financial results as a separate ASX announcement with details of its financial performance and financial position.

Segment reporting

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 diversifications 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 of class of customer for the product or service;
- the distribution method; and
- external regulatory requirements.

The Group's suite of technology products are comprised 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.

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

Assets and liabilities are not allocated to each segment and are reviewed by the board of directors as the chief operating decision maker on a consolidated entity basis.

Unallocated items

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

- 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).

Comparative information

Comparative information has been stated to conform to the requirements of AASB 8: Operating Segments.

	DataMotion SecureMail & IIT platform	Hosted services	Online backup & recovery	Consolidated
	\$	\$	\$	\$
As at 30 June 2010				
Revenue				
External sales	11,767	60,310	68,953	141,030
Other revenue	20,250	2,727	263	23,240
Inter-segment sales	-	-	-	-
Total segment revenue	32,017	63,037	69,216	164,270
Interest revenue				13,706
Net gain on disposal of available-for-sale of financial assets				212,429
Net gain on disposal of plant and equipment				931
Total group revenue				391,336
Result				
Segment net profit / (loss) before tax	(278,339)	40,154	67,780	(170,405)
<i>Amounts not included in segment result but reviewed by the Board:</i>				
Depreciation and amortisation				(62,611)
<i>Unallocated items:</i>				
Administration costs				(402,866)
Employee benefit expenses				(847,618)
Net loss before tax				(1,483,500)
As at 30 June 2009				
Revenue				
External sales	7,858	243,312	82,795	333,965
Other revenue	-	3,368	1,337	4,705
Inter-segment sales	-	-	-	-
Total segment revenue	7,858	246,680	84,132	338,670
Interest revenue				11,597
Net gain on disposal of available-for-sale of financial assets				-
Net gain on disposal of plant and equipment				4,829
Total group revenue				355,096
Result				
Segment net profit / (loss) before tax	(142,926)	155,408	82,426	94,908
<i>Amounts not included in segment result but reviewed by the Board:</i>				
Depreciation and amortisation				(112,840)
<i>Unallocated items:</i>				
Administration costs				(767,137)
Employee benefit expenses				(1,222,107)
Net loss before tax				(2,007,176)

Trends in performance

The Company has provided an additional overview of its financial results as a separate ASX announcement including graphs showing its past operating performance.

Any other factors which have affected the results in the period

Please refer to the Company's overview of its financial results issued as a separate ASX announcement.

Issued and quoted securities at end of current period

Category of securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Ordinary securities	1,977,522,710	1,977,522,710	N/A	N/A
Changes during current period	(a) 139,803,019	(a) 139,803,019	0.15	0.15
(a) Increases through issues (<i>see below</i>)	758,993,210	758,993,210	0.15	0.15
(b) Decreases through returns of capital, buybacks	80,039,686	80,039,686	0.15	0.15
Listed options			Exercise price per security (cents)	Expiry date
(a) Issued during current period (<i>see below</i>)	(a) 290,300,000	(a) 290,300,000	1.0	06 May 2013
	379,496,605	379,496,605		
(b) Exercised during current period	20,000,000	20,000,000		
(c) Expired during current period	40,019,843	40,019,843		

1. Placement of Shortfall Listed Options

In September 2009, further to the pro-rata non-renounceable rights issue announced to ASX on 17 March 2009 and closed on 29 May 2009, the Company placed 290,300,000 shortfall listed options at a price of 1.0 cent per listed option, raising a total of AUD\$290,300. The capital raised pursuant to the placement will be used to fund the DataMotion SecureMail sales and marketing plan that includes the Common Criteria certification of the DataMotion platform as well as working capital (the ASX announcement of 07 September 09 refers).

2. Share Placement

In October 2009 the Company placed 139,803,019 of its fully paid ordinary shares at a price of 0.15 cents per share to sophisticated and private investors, raising a total of AUD\$209,704. The capital raised pursuant to the placement will be used to fund the sales and marketing of the DataMotion Intelligent Information Transport platform throughout Australia and the Asia Pacific region (the ASX announcement of 21 October 09 refers).

3. Fully Underwritten Rights Issue

In December 2009 the Company announced that its fully underwritten rights issue closed on 01 December 2009, and a total of AUD\$1,138,489 before costs has been raised by the Company through its shareholders and clients of Underwriter, Cunningham Peterson Sharbane Securities Pty Ltd. The funds will be used for the transformation of the DataMotion Asia Pacific DataCentre into a "boutique" high-end hosting facility and the search for a profitable acquisition target which will leverage the Company's existing technologies (the ASX announcement of 04 December 09 refers).

4. Issue of Listed Options to Underwriter

In December 2009 the Company issued 20,000,000 listed options to Cunningham Peterson Sharbane Securities Pty Ltd as part of the underwriting fee for the Company's recently completed Fully Underwritten Rights Issue. The listed options exercisable at a price of 1.0 cent each with an expiry date of 06 May 2013 (the ASX announcement of 11 December 09 refers).

5. Share Placement

In January 2010 the Company placed 80,039,686 of its fully paid ordinary shares at a price of 0.15 cents per share to private investors, raising a total of AUD\$120,059. Every two placement shares subscribed for had one attaching listed option of existing class DMNOA. The funds raised pursuant to the placement will be used for working capital (the ASX announcement of 19 January 2010 refers).

Compliance statement

This report has been prepared in accordance with AASB Standards (including Australian Interpretations) and other standards acceptable to ASX. This report, and the financial reports upon which the report is based, use the same accounting policies. Notes to the financial report in accordance with AASB 101 will be disclosed in the audited financial statements for the year ended 30 June 2010.

The information contained in this Report is unaudited. The financial report for the year ended 30 June 2010 is in the process of being audited.

The Company is not aware of any matters associated with the financial report for the year ended 30 June 2010 that is likely to be the subject of dispute by the Company's auditors.

Sign here:
Director & Company Secretary

Date: 31 August 2010

Print name: Joshua Wellisch