

Appendix 4D

Half Year Report to the Australian Stock Exchange

Part 1

Name of Entity	Vmoto Limited
ABN	36 098 455 460
Half Year Ended	30 June 2017
Previous Corresponding Reporting Period	Half Year Ended 30 June 2016

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	16,952	(5%)
Loss from continuing activities after tax attributable to members	1,164	95%
Net loss attributable to members	1,164	95%

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

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

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Half Year Financial Report for details.

Part 3 – Contents of ASX Appendix 4D

Section	Contents
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

Part 4 – Commentary on Results

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Half Year Financial Report for details.

Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

Part 6 – Net Tangible Assets per Security

	2017	2016
Net tangible asset backing per ordinary security	9.5 cents	14 cents

Part 7 – Details of Entities Over Which Control has been Gained or Lost

Name of entity (or group of entities)	Not applicable
Date control gained or lost	Not applicable
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	Not applicable
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	Not applicable

Part 8 – Details of Associates and Joint Venture Entities

Name of associate and joint venture entities	Ownership Interest		Contribution to net profit/(loss)	
	2017 %	2016 %	2017 \$A'000	2016 \$A'000
Associates	N/A	N/A	N/A	N/A
Joint Venture Entities	N/A	N/A	N/A	N/A
Aggregate share of profits/(losses)	N/A	N/A	N/A	N/A

Part 9 – Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

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:

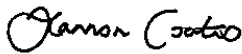
Not applicable

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	Half Year Financial Report

Signed By Company Secretary	
	
Shannon Coates	
Date 31 st August 2017	



VMOTO LIMITED
ABN 36 098 455 460

HALF-YEAR FINANCIAL REPORT
for the six month period ended 30 June 2017

DIRECTORS' REPORT

The Directors present their report together with the financial report of Vmoto Limited ("Vmoto" or "the Company") and its controlled entities (the "Consolidated Entity") for the six months period ended 30 June 2017 and the auditor's review conclusion thereon:

1. Directors

The Directors of the Company at any time during or since the end of the half year are:

Name	Period of Directorship
Mr Phillip Campbell <i>Non-Executive Chairman</i>	Appointed 31 May 2017
Mr Charles Chen <i>Managing Director</i>	Appointed 5 January 2007
Mr Ivan Teo <i>Finance Director</i>	Appointed 29 January 2013
Mr Oliver Cairns <i>Non-Executive Director</i>	Ceased 31 May 2017
Mr Kaijian Chen <i>Non-Executive Director</i>	Appointed 1 September 2011
Ms Shannon Coates <i>Non-Executive Director</i>	Appointed 23 May 2014

2. Results

After impairment charges and a revision of our treatment of amortization of intangible assets, the net loss after tax for the Consolidated Entity for the six month period ended 30 June 2017 was \$1,137,523 (net loss for the six month period ended 30 June 2016: \$583,975). This represents an overall increase of 95% compared to the net loss after tax recorded for the six month period ended 30 June 2016.

The consolidated revenue for the six month period ended 30 June 2017 was down 5% to \$16,951,761 (six month period ended 30 June 2016: \$17,830,736).

3. First Half Year Activities

3.1 Root and Branch Review

Since taking up the position as Chairman on 31 May 2017, Mr Phillip Campbell has commenced a detailed review of Vmoto's operations with a view to simplifying the Company's structure and allowing the executives to concentrate their time and energy on international sales and marketing of high margin electric two-wheel vehicle products. As the review progresses, additional information will be made available to shareholders.

3.2 Rental of Excess Factory Space

The Company has recently focused on ways to optimise the value of its owned manufacturing facilities in Nanjing. As a result, the Company has consolidated its own operations into 10,304 square metres of factory space and is in the process of renting out the remaining 15,189 square metres. In the half year, 4,489 square metres were leased and this resulted in a rental income of A\$63,126. Since the end of the half year, a further 2,500 square metres have been rented out. The Company anticipates it will receive up to A\$282,000 per annum in rent once fully leased.

DIRECTORS' REPORT

3.3 Review of Operations

During the six month period ended 30 June 2017, Vmoto has continued with its strategy of design, manufacture and distribution of high quality "green" electric powered two-wheel vehicles from its wholly owned Nanjing Facility and leased Shanghai Facility and committed to executing its strategy of selling high value, high performance electric two-wheel vehicles to the international B2B sector, including delivery, sharing and rental customers. During the period, the Company distributed a total of 36,426 units (six month period ended 30 June 2016: 39,116 units). Of these sales, 30,590 units were sold through Vmoto's comprehensive distribution network in China, and 5,836 units sold to international customers and distributors.

The Company also has adopted the approach to amortise PowerEagle trademark over a 10 year period. During the six month period ended 30 June 2017, the above amortisation charge amounted to A\$100,784.

On review of its investment in Jiangsu Kaiyang (the electric three-wheel vehicle business), in light of continuing losses incurred, the Company has decided to impair 50% of the remaining cost of the investment. For the six month period ended 30 June 2017, the impact of this is A\$117,018.

During the six month period ended 30 June 2017, the Company has adopted the prudent approach of expensing research and development costs rather than capitalising them as in the past.

Over the six month period ended 30 June 2017, the Consolidated Entity's net assets have decreased by 3.0% to \$20.2 million.

As at 30 June 2017, the total operating facility drawn down was RMB5 million (approximately A\$970k) and the total undrawn operating facility was RMB20 million (approximately A\$3.8 million).

As at 30 June 2017, the Company had cash of A\$2.7 million. Since 30 June 2017, debt collections have improved and the cash level of the Company has increased to A\$3.5 million.

As at 30 June 2017, the Company had inventories of A\$6.6 million (Australia operation \$183,462, Nanjing operation \$3.1 million and Shanghai operation \$3.3 million) in anticipation of the Company entering its busy period in the second half of 2017.

3.4 Markets - Existing and New

The Company sold a total of 36,426 units in the six month period ended 30 June 2017.

During the period, 30,590 units of the total sales units of electric two-wheel vehicle were sold through Vmoto's comprehensive distribution network in China. Of these sales, 28,429 units were via Shanghai Jiye, the PowerEagle joint venture in which Vmoto holds a 51% interest. This is in line with management's expectations.

Internationally, the Company sold 5,836 units during the half year ended 30 June 2017, which represents an increase of 49% in comparison with units sold internationally during the half year ended 30 June 2016. The Company continued its strong relationships with its B2B and B2C customers and distributors, and the Company received orders for future deliveries from over 13 countries as at 30 June 2017 and is planning a ramp up in production and delivery in the coming periods.

During the period, the Company delivered further electric scooters to its shared fleet customer, LoopShare Ltd, for trial in Argentina, Canada, Netherlands and United States markets in addition to Lebanon and Japan markets. The Company also developed a newer version of electric sharing scooter for LoopShare for trial, which will improve the electric driving system, introduce new technology for electric sharing scooter and enhance the integration of LoopShare technology with Vmoto's electric scooter.

During the period, the Company received significant interest from international B2B customers, especially in Europe and Australia, including post offices, world-renowned fast food chains and food & parcel delivery companies. The Company has delivered samples to a number of potential B2B customers and the progress with these customers has been positive to date. These potential international B2B customers are particularly interested and impressed with the loading capacity and range of Vmoto's electric delivery scooter. It is now management's focus to convert this interest into sales.

DIRECTORS' REPORT

The interest in the Company's electric vehicle products remains strong, and it is expected that the B2B sales strategy discussed at the Annual General Meeting in May 2017 will start delivering value for the Company in the coming quarters. Some larger B2B fleet owners are seeking leasing options rather than outright purchases so we are exploring how best to meet that demand to maximise value for Vmoto.

3.5 Exhibitions and Marketing

In February 2017, Vmoto's Mexican distributor exhibited Vmoto's electric two wheel vehicle products at the Comex Expo held in Mexico over 18-22 February 2017, and attracted many visitors from all over Mexico.

During the period, Vmoto's French distributor actively promoted and showcased Vmoto's E-Max electric scooters in motoservice.com (a professional two-wheel vehicle online magazine) and motorlive.tv in France (www.youtube.com/watch?v=me3YgovzzZ0&feature=em-uploademail)

The Company has also secured space to exhibit its electric two-wheel vehicle products at the upcoming EICMA exhibition, one of the largest motorcycle shows in the world, to be held in November 2017 in Milan, Italy. The Company sees this as a key opportunity to generate interest and sales leads with regard to Vmoto's products, especially from potential significant B2B customers.

3.6 Corporate

11,764,706 fully paid ordinary shares ("Shares") were issued at a deemed issue price of \$0.075 per Share to nominees of PowerEagle on 31 January 2017, as tranche two consideration for the acquisition, as announced 23 December 2015.

Mr Phillip Campbell was appointed as independent Non-Executive Chairman on 31 May 2017. Phillip is currently Chairman of ASX listed Fleetwood Corporation (ASX: FWD) and has previously been a director of mining services company Pearl-Street Limited; energy and technical services business, HRL Limited; agricultural company, Fodder King Limited; and Chairman of FMCG business, Farm Pride Foods Limited. He is currently also a director and advisor to a number of unlisted public, private and not-for-profit organisations across Australia.

On 1 June 2017, 571,428 fully paid ordinary shares were issued to Non-Executive Director, Mr Kaijian Chen, at a deemed issue price of \$0.07 per share in lieu of Director fees, as approved by shareholders at the Company's Annual General Meeting on 31 May 2017.

Non-executive Director, Mr Olly Cairns, was not re-appointed as a Director of the Company at the Annual General Meeting and his 250,000 unvested Class K Incentive Performance Rights lapsed on 31 May 2017.

3.7 Outlook

Vmoto is committed to executing its strategy of selling high value, high performance electric two-wheel vehicles to the international B2B sector, including delivery, sharing and rental customers.

The Company is currently evaluating a sales and marketing joint venture proposal from a German business to further consolidate its position in the European market. Vmoto's potential business partner from Germany is an experienced operator in the electric two-wheel vehicle market and has expressed interest to work with Vmoto closely to target B2B customers in Europe.

At the same time, the Company is exploring setting up a subsidiary company in Netherlands. This subsidiary would act as a representative office and employ sales and marketing staff to support existing business partners in Europe more efficiently and develop more business opportunities in Europe, including in the B2C and B2B sectors. The Company expects this will have a positive impact on the Company's business as many potential international customers have expressed a preference for direct after sales support in Europe.

The Company will continue to investigate all options with a view to progressing those that will add value and support its strategy, especially international B2B business opportunities, and will update the market in due course.

DIRECTORS' REPORT

The Managing Director and senior management's primary focus is to increase international sales in the remainder of FY2017 through more trials, discussions, exhibitions and collaborations, and to continue to execute its strategy to focus on higher margin and higher value international markets and become a worldwide leading electric vehicle manufacturer and provider to B2B delivery, fleet, renting and sharing markets internationally.

The highly publicised moves in the last quarter by companies such as Volvo, the first mainstream automaker, announced that all the models it introduces starting in 2019 will be either hybrids or powered solely by batteries, and various cities in Europe and Asia to go fully electric for passenger transport in the next few years is a vindication of the Vmoto leadership of the electric scooter industry over some years.

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

The Auditor's Independence Declaration is set out on page 18 and forms part of the Directors' Report for the half year ended 30 June 2017.

Dated at Perth, Western Australia, this 31st day of August 2017

Signed in accordance with a resolution of the Directors:



Charles Chen
Managing Director

CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 \$	31 December 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		2,709,471	4,361,855
Trade and other receivables		3,258,930	2,861,608
Inventories		6,633,064	6,987,827
Other assets		5,926,322	3,971,615
Total Current Assets		<u>18,527,787</u>	<u>18,182,905</u>
NON CURRENT ASSETS			
Property, plant and equipment		7,442,916	7,626,947
Intangible assets	5	3,765,484	4,092,773
Other financial assets		117,017	222,438
Total Non-Current Assets		<u>11,325,417</u>	<u>11,942,158</u>
TOTAL ASSETS		<u>29,853,204</u>	<u>30,125,063</u>
CURRENT LIABILITIES			
Trade and other payables		5,899,763	5,687,070
Loans and borrowings	6	3,284,230	2,107,943
Current tax liabilities		-	11,529
Deferred tax liabilities		462,645	489,860
Other liabilities		-	1,000,000
Total Current Liabilities		<u>9,646,638</u>	<u>9,296,402</u>
TOTAL LIABILITIES		<u>9,646,638</u>	<u>9,296,402</u>
NET ASSETS		<u>20,206,566</u>	<u>20,828,661</u>
EQUITY			
Issued capital	3	72,397,821	71,446,718
Reserves		(1,297,049)	(844,124)
Accumulated losses		(51,529,404)	(50,382,976)
Non-controlling interests		635,198	609,043
TOTAL EQUITY		<u>20,206,566</u>	<u>20,828,661</u>

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Half-year ended 30 June 2017 \$	Half-year ended 30 June 2016 \$
Continuing Operations			
Revenue from sale of goods		16,951,761	17,830,736
Cost of sales		(14,725,508)	(15,754,940)
Gross Profit		2,226,253	2,075,796
Other income		554,696	276,462
Operational expenses		(2,536,317)	(1,775,938)
Marketing and distribution expenses		(182,655)	(173,948)
Corporate and administrative expenses		(814,594)	(708,759)
Occupancy expenses		(247,356)	(208,171)
Other expenses		(22,000)	(16,830)
Finance costs		(25,746)	(52,587)
Impairment of other financial assets		(117,018)	-
Loss from continuing operations before tax		(1,164,737)	(583,975)
Income tax revenue		27,214	-
Loss after tax from continuing operations attributable to owners of the company	2	(1,137,523)	(583,975)
Other comprehensive income			
Foreign currency translation differences		(435,675)	(1,000,414)
Other comprehensive income for the period, net of tax		(435,675)	(1,000,414)
Total comprehensive income for the period attributable to owners of the company		(1,573,198)	(1,584,389)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Half-year ended 30 June 2017 \$	Half-year ended 30 June 2016 \$
Profit/(Loss) attributable to:			
Owners of the Company		(1,163,678)	(597,472)
Non-controlling interest		<u>26,155</u>	<u>13,497</u>
Loss for the period		<u><u>(1,137,523)</u></u>	<u><u>(583,975)</u></u>
Total comprehensive income attributable to:			
Owners of the Company		(1,599,353)	(1,597,886)
Non-controlling interest		<u>26,155</u>	<u>13,497</u>
Total comprehensive income for the period		<u><u>(1,573,198)</u></u>	<u><u>(1,584,389)</u></u>
Loss per share attributable to the ordinary equity holders of the Company			
Basic and Diluted Loss per Share from Continuing Operations		(0.97 cents)	(0.38 cents)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Half-year ended 30 June 2017 \$	Half-year ended 30 June 2016 \$
Cash flows from operating activities			
Receipts from customers		21,672,042	26,646,943
Payments to suppliers and employees		(23,611,619)	(27,366,973)
Payments for research and developments		(499,273)	-
Interest received		71,378	37,920
Interest paid		(25,745)	(52,587)
Net cash used in operating activities		(2,393,217)	(734,697)
Cash flows from investing activities			
Payments for property, plant & equipment		(352,539)	(74,080)
Payments for research and developments		-	(1,376,130)
Payments for intangible assets		-	(3,176)
Payments to acquire financial assets		(19,197)	(60,798)
Net cash inflow on acquisition of subsidiaries		-	690,471
Net cash used in investing activities		(371,736)	(823,713)
Cash flows from financing activities			
Proceeds from borrowings		2,219,756	1,855,509
Repayment of borrowings		(982,260)	(2,259,903)
Net cash generated by financing activities		1,237,496	(404,394)
Net decrease in cash and cash equivalents		(1,527,457)	(1,962,804)
Cash and cash equivalents at beginning of period		4,361,855	6,657,529
Effect of exchange rate fluctuations on cash held		(124,927)	(115,556)
Cash and cash equivalents at end of period		2,709,471	4,579,169

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2017

Consolidated	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non-controlling Interests \$	Total \$
Balance as at 1 January 2016	70,276,494	872,866	(37,052,340)	-	34,097,020
Profit/(Loss) for the period	-	-	(597,472)	13,497	(583,975)
Other comprehensive income	-	(1,000,414)	-	-	(1,000,414)
Total comprehensive income for the period	-	(1,000,414)	(597,472)	13,497	(1,584,389)
Issue of ordinary shares	1,030,156	-	-	-	1,030,156
Transfer options reserve to issued capital	2,167	(2,167)	-	-	-
Acquisition of subsidiaries	-	-	-	1,233,980	1,233,980
Balance as at 30 June 2016	71,308,817	(129,715)	(37,649,812)	1,247,477	34,776,767
Balance as at 1 January 2017	71,446,718	(844,124)	(50,382,976)	609,043	20,828,661
Profit/(Loss) for the period	-	-	(1,163,678)	26,155	(1,137,523)
Other comprehensive income	-	(435,675)	-	-	(435,675)
Total comprehensive income for the period	-	(435,675)	(1,163,678)	26,155	(1,573,198)
Issue of ordinary shares	922,353	-	-	-	922,353
Transfer expired options reserve to accumulated losses	-	(17,250)	17,250	-	-
Vest of share based expenses	28,750	-	-	-	28,750
Balance as at 30 June 2017	72,397,821	(1,297,049)	(51,529,404)	635,198	20,206,566

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all 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 report should be read in conjunction with the Annual Financial Report of Vmoto Limited for the year ended 31 December 2016.

It is also recommended that the half year financial report be considered together with any public announcements made by Vmoto Limited and its controlled entities during the half year ended 30 June 2017 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

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

- the Consolidated Entity has a significant working capital surplus;
- the Consolidated Entity has significant customer base and demand for its electric powered two-wheel vehicle products is increasing. As the units increase, this will further reduce the cost of goods manufactured due to achieving higher levels of economies of scale, which will further improve the gross profit margins;
- the Consolidated Entity's Stage 1 and 2 of the Nanjing Facility have been completed and have been used as security for its existing operating facility. As at the date of this report, RMB20 million (approximately AUD3.8 million) of the operating facility is still available for draw down if required;
- the Directors have prepared cash flow forecasts that indicate the Consolidated Entity will be cash flow positive for the next 12 months from the date of signing of this half-year financial report and will enable the Consolidated Entity to pay its debts as and when they fall due.

At the date of this report and having considered the above factors, the Directors are confident that the Consolidated Entity and the Company will be able to continue operations into the foreseeable future. The financial report does not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Consolidated Entity and the Company not continue as going concerns.

(b) Significant changes in accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2016.

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

The adoption of these amendments and interpretations does not have any material impact on this half year financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Principles of Consolidation

The parent entity and its subsidiaries are collectively referred to as the “Group”. The parent of this Group is Vmoto Limited. Entities over which the parent (or the Group) directly or indirectly exercises control are called “subsidiaries”. The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PROFIT/(LOSS) FOR THE PERIOD

Profit/(Loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	30 June 2017 \$	30 June 2016 \$
(i) Other income		
Contributions from customers	352,099	109,728
Government subsidies	47,441	2,985
Rent income	63,126	-
Interest income	71,435	99,188
Net foreign exchange gain	8,986	39,416
Other income	11,609	25,145
	554,696	276,462
(ii) Expenses		
Depreciation and amortisation	539,509	464,650
Employee benefits	1,723,919	1,827,879
(iii) Other Expenses		
Doubtful debts expenses	22,000	16,830
	22,000	16,830

	30 June 2017 \$	31 December 2016 \$
3. ISSUED CAPITAL		
<i>Ordinary shares</i>		
173,105,140 (December 2016: 160,769,006) ordinary shares, fully paid	72,397,821	71,446,718

	Number of Ordinary Fully Paid Shares	Issued Capital \$
<i>Movements in ordinary shares on issue</i>		
Balance 1 January 2017	160,769,006	71,446,718
Issue of Shares at 7.5 cents each	11,764,706	882,353
Issue of Shares at 7.0 cents each	571,428	40,000
Vest of share based expenses	-	28,750
Balance 30 June 2017	173,105,140	72,397,821

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Options

The following options to subscribe for ordinary fully paid shares are outstanding at balance date:

- 500,000 options exercisable at 40 cents each on or before 23 May 2018.
- 500,000 options exercisable at 80 cents each on or before 23 May 2018.
- 100,000 options exercisable at 50 cents each on or before 21 May 2019.
- 100,000 options exercisable at 75 cents each on or before 21 May 2019.
- 200,000 options exercisable at \$1.00 each on or before 21 May 2019.
- 719,981 options exercisable at \$0.75 each on or before 31 December 2017.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During the half year period, no options were issued.

Performance Rights

All performance rights convert to fully paid ordinary shares for nil cash consideration, subject to performance based vesting conditions.

The movements of performance rights over unissued ordinary shares of the Company for the half-year ended 30 June 2017 were:

Performance rights series	Balance at 1 Jan 2017	Granted	Vested	Lapsed	Held at 30 June 2017
Class K	1,000,000	-	-	(250,000)	750,000
Total	1,000,000	-	-	(250,000)	750,000

These performance rights do not entitle the holder to participate in any share issue of the Company or any other body corporate.

4. SEGMENT REPORTING

The continuing operations of the Consolidated Entity are predominantly in the electric two-wheel vehicle manufacture and distribution industry. Reported segments were based on the geographical segments of the Consolidated Entity, being Australia and China. The management accounts and forecasts submitted to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance are split into these components.

The electric two-wheel vehicles segment is managed on a worldwide basis, but operates in two principal geographical areas: Australia and China. In China, manufacturing facilities are operated in Nanjing and Shanghai. The following table presents revenue and profit or loss in relation to geographical segments for the six month periods ended 30 June 2017 and 30 June 2016:

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS

Half year ended 30 June 2017

	Continuing Operations			Intersegment Elimination	Total Operations
	Australia	Nanjing, China	Shanghai, China		
	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	15,934	7,793,544	9,142,283	-	16,951,761
Other revenues	23,649	478,582	52,465	-	554,696
Total segment revenue	39,583	8,272,126	9,194,748	-	17,506,457
Result					
Segment profit/(loss)	(462,710)	(728,191)	53,378	-	(1,137,523)
Assets at 30 June 2017					
Segment assets	1,404,544	44,159,515	6,219,482	(21,930,337)	29,853,204
Liabilities at 30 June 2017					
Segment liabilities	(92,792)	(26,539,768)	(4,944,415)	21,930,337	(9,646,638)

Half year ended 30 June 2016

	Continuing Operations			Intersegment Elimination	Total Operations
	Australia	Nanjing, China	Shanghai, China		
	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	23,466	9,404,079	8,403,191	-	17,830,736
Other revenues	27,813	181,272	67,377	-	276,462
Total segment revenue	51,279	9,585,351	8,470,568	-	18,107,198
Result					
Segment profit/(loss)	(468,913)	(142,608)	27,546	-	(583,975)
Assets at 31 Dec 2016					
Segment assets	1,872,185	43,629,806	6,516,069	(21,892,997)	30,125,063
Liabilities at 31 Dec 2016					
Segment liabilities	(1,129,134)	(25,308,271)	(4,751,994)	21,892,997	(9,296,402)

The total assets of the Consolidated Entity have decreased \$271,859 and total liabilities of the Consolidated Entity have increased \$350,236 as compared to that in the last annual financial report for the year ended 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INTANGIBLES

	Trademark	Customer base	Total
Half year ended 30 June 2017			
Balance at 1 January 2017	2,133,333	1,959,440	4,092,773
Consideration at fair value adjustment	(117,647)	-	(117,647)
Amortisation	(100,784)	(108,858)	(209,642)
Balance at 30 June 2017	1,914,902	1,850,582	3,765,484
At 30 June 2017			
Cost	2,015,686	2,177,155	4,192,841
Accumulated amortisation	(100,784)	(326,573)	(427,357)
Net carrying amount	1,914,902	1,850,582	3,765,484

6. LOANS AND BORROWINGS

The following loans and borrowings (current) were issued and repaid during the half year ended 30 June 2017:

<i>Movements in Loans and Borrowings</i>	Carrying Amount
	\$
Balance at 1 January 2017	2,107,943
New Issues:	
Drawn down from bank operating facility	970,309
Loan from non-related party (i)	1,249,447
Accrued interest	25,746
Effect of movement in foreign exchange rates	(61,209)
Repayments:	
Loan	(982,260)
Interest paid	(25,746)
Balance at 30 June 2017	3,284,230

- (i) Loan from minority shareholder of Shanghai Jiye include a RMB6.5 million (A\$1,249,447) unsecured interest free loan advanced to the Company during the period with no fixed repayment terms.
- (ii) Bank operating facility unutilised at the end of the period \$3,841,205.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SUBSEQUENT EVENTS

There were no other significant events subsequent to half-year ended 30 June 2017 and prior to the date of this report that have not been dealt with elsewhere in this report.

8. FAIR VALUE MEASUREMENT

In accordance with AASB13, Fair Value Measurement, the group is required to disclose for each class of assets and liabilities measured at fair value, the level of the fair value hierarchy within which the fair value method is categorized. The group view that no assets or liabilities are measured at fair value other than cash, trade and other receivables, trade and other payables and borrowings with carrying amounts assumed to approximate their fair value.

D I R E C T O R S ' D E C L A R A T I O N

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standard AASB 134: Interim Financial Reporting and giving a true and fair view of the financial position as at 30 June 2017 and of its performance for the half year ended on that date.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the Corporations Act 2001.

Dated at Perth, Western Australia, this 31st day of August 2017

On behalf of the Directors



Charles Chen
Managing Director

Independent Auditor's Review Report

To the Members of Vmoto Limited

We have reviewed the accompanying half-year financial report of Vmoto Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 30 June 2017 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 the Consolidated Entity, 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.

Independent Auditor's Review Report

To the Members of Vmoto Limited (Continued)



Independence

In conducting our review, we have 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 Vmoto Limited and Controlled Entities 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 30 June 2017 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 blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Mark DeLaurentis".

MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of August 2017

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To the Board of Directors

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

As lead audit director for the review of the financial statements of Vmoto Limited for the half year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of August 2017