

Appendix 4D

Half Year Report for the half year ended 30 June 2019 to the Australian Stock Exchange

Part 1 – Details of Entity and Reporting Period

Name of Entity	Vmoto Limited
ABN	36 098 455 460
Half Year Ended	30 June 2019
Previous Corresponding Reporting Period	Half Year Ended 30 June 2018

Part 2 – Results for Announcement to the Market

Key information	Half year ended 30 June 2019 \$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	16,925	96%
Profit from continuing activities after tax attributable to members	362	147%
Net profit attributable to members	362	147%

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	Page	Contents
Part 1	1	Details of entity, reporting period
Part 2	1	Results for announcement to the market
Part 3	2	Contents of ASX Appendix 4D
Part 4	3	Commentary on results
Part 5	3	Details relating to dividends
Part 6	3	Net tangible assets per security
Part 7	3	Details of entities over which control has been gained or lost
Part 8	4	Details of associates and joint venture entities
Part 9	4	Information on audit or review
Part 10	4	Attachments forming part of Appendix 4D

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

	2019	2018
Net tangible asset backing per ordinary security	7.0 cents	6.7 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)	
	2019 %	2018 %	2019 \$A'000	2018 \$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 – Information on Audit / Review

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:

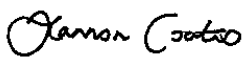
Not applicable

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

Part 10 - Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Half Year Financial Report

Signed by Company Secretary 	
Shannon Coates	
Date 30 th August 2019	



VMOTO LIMITED
ABN 36 098 455 460

HALF-YEAR FINANCIAL REPORT
for the six-month period ended 30 June 2019



VMOTO LIMITED
ABN 36 098 455 460

DIRECTORS' REPORT

The Directors present their report together with the financial report for Vmoto Limited ("Vmoto" or "the Company") and its controlled entities (the "Consolidated Entity") for the six months period ended 30 June 2019 and the auditor's review conclusion thereon:

The Company has delivered strong financial and operational progress during the half year having increased its cash position by approximately \$1.0 million via the delivery of increased unit sales in international markets and the signing of a landmark agreement with Ducati.

The Company has also achieved a number of strategically important deliverables ensuring the Company is perfectly poised to deliver continued growth in the second half and onwards.

Financial Highlights

- Net profit after tax of \$301,674 delivered for the half, a 139% increase on the previous corresponding period
- Significantly increased EBITDA of \$940,856 delivered compared to a net loss of \$303,875 for the six month period ended 30 June 2018
- Consolidated revenue from continuing operations was up 96% to \$16,924,698, from \$8,653,190 in June 2018
- Positive operating cash flows of \$1,357,388 for the half year due to increased orders from international customers and distributors.
- Gross margins of 22% delivered for the half, up from 16% for the previous period

Operational Highlights

- Total unit sales of 6,936 delivered for the half, including 5,493 into European markets representing a 190% increase compared to June 2018
- The Company signed a number of exclusive international agreements including in Argentina, Croatia, Mexico and Hungary, further expanding its international distribution
- Agreement signed with leading Italian motorcycle manufacturer Ducati to manufacture and release a two-wheeled electric vehicle: CUX Ducati Special Edition
- Over 170 bespoke units manufactured and deliver to leading Italian ride sharing service producer Zig Zag
- Subsequent to the half, over 170 unit of ride sharing electric vehicles delivered to new Netherlands based ride sharing company, GoUrban

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



V M O T O L I M I T E D
A B N 3 6 0 9 8 4 5 5 4 6 0

D I R E C T O R S ' R E P O R T

Mr Ivan Teo
Finance Director Appointed 29 January 2013

Mr Kaijian Chen
Non-Executive Director Appointed 1 September 2011

Ms Shannon Coates
Non-Executive Director Appointed 23 May 2014

2. Results

Strong net profit after tax ("NPAT") growth for the Consolidated Entity was delivered for the six month period ended 30 June 2019, equating \$301,674 compared to the net loss after tax of \$767,402 for the six month period ended 30 June 2018, representing an increase of \$1,069,076 and a 139% increase on the previous corresponding period.

Significant increases in earnings before interest, tax, depreciation and amortisation ("EBITDA") for the Consolidated Entity for the six month period ended 30 June 2019 was also delivered, equating \$940,856 compared to net loss before interest, tax, depreciation and amortisation \$303,875 for the six month period ended 30 June 2018. This represents an increase of \$1,244,731 compared to the corresponding period last year.

The following table provides reconciliation between the EBITDA for the six month period ended 30 June 2019:

Net profit after tax for 1H19	\$301,674
Add back:	
Interest income	(\$39,431)
Interest expenses	\$29,976
Tax	-
Depreciation and amortisation	\$648,637
Earnings before interest, tax, depreciation and amortisation for 1H19	\$940,856

The consolidated revenue from continuing operations for the six month period ended 30 June 2019 was up 96% to \$16,924,698 (six month period ended 30 June 2018: \$8,653,190).

The Consolidated Entity also achieved positive operating cash flows of \$1,357,388 for the six month period ended 30 June 2019 due to increasing orders from international customers and distributors. Loans and borrowings of the Consolidated Entity were \$1 million as at 30 June 2019 compared to \$1.2 million as at 31 December 2018.

3. First Half Year Activities

3.1 Review of Operations

During the six month period ended 30 June 2019, Vmoto delivered strong operational and commercial growth as it has continued to progress its strategy of developing, manufacturing and distributing high quality "green" electric two-wheel vehicle products to the international B2B sectors, including delivery, sharing and rental customers.

The Company has successfully delivered on this strategy and now boasts gross margins of 22% for the half, up from 16% for the 2018 corresponding period.

Additionally, the Company delivered strong sales into international and specifically European markets with a 190% increase in unit sales up to 5,493 for the half. Total sales of 6,936 delivered, and of these 6,893 sold to international customers and distributors. This demonstrates a continuing upward sales trajectory.



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As a result, the Consolidated Entity retained a strong cash position and as at 30 June 2019, the Company had cash of \$5.1 million, up \$0.9 million in total since 31 December 2018.

At 30 June 2019, the Company also held inventories of \$4.5 million in anticipation of the Company entering its busy period in the second half of 2019.

The net debt of the Consolidated Entity increased to \$3.9 million (31 December 2018: \$3.2 million) mainly due to increase in deposits from customers for increase in orders for the Company's products. These deposits will be earned and revenue will be recognised by the Consolidated Entity when products are delivered to customers.

Over the 6 month period to 30 June 2019, the Consolidated Entity's net assets increased 5% to \$16 million (31 December 2018: \$15.3 million).

3.2 CUX Ducati Special Edition electric scooter

In a landmark achievement, Vmoto signed an agreement with Italian motorcycle manufacturer Ducati Motor Holding S.p.A. ("Ducati") through its subsidiary, Vmoto International Limited, to release the two-wheel electric vehicle CUX Ducati special edition. The CUX Ducati special edition was showcased during a press conference held at Ducati's headquarters in Bologna, Italy on 3 May 2019 and was well attended by Vmoto's international distributors.

The CUX Ducati special edition is being marketed via Vmoto's existing network of distributors across the world as a high-end, luxury product. Vmoto continues to promote the CUX Ducati special edition of two-wheel electric vehicles with sales and marketing activities around the world, with the support of Ducati.

Collaborating with Ducati demonstrates the Company's ability to partner with extremely high caliber international motorcycle brands and highlights the high quality of Vmoto's electric two-wheel vehicles. The CUX special Ducati edition is expected to drive Vmoto's product awareness across international markets and drive sales growth in FY2019 and FY2020.

3.3 Sharing electric two-wheel scooter business

During the half, Vmoto also manufactured and supplied a sharing version of the electric two-wheel vehicle products specifically tailored for Zig Zag, a renowned city vehicle rental and sharing service provider in Italy. Over 170 units of the sharing two-wheel vehicles have been delivered to Zig Zag and its operations in Milan. It is expected that the model will be subsequently rolled out by Zig Zag into other Italian and European cities.

Subsequent to the half, Vmoto also delivered approximately 170 units of the sharing electric two-wheel vehicles to GoUrban, a new sharing service company, in Netherlands.

Vmoto is in discussions with a number of other sharing service providers in Europe and expects to supply more sharing electric two-wheel vehicle products to these new potential customers, which represents another source of revenue for the Company.

3.4 Markets - Existing and New

During the six month period ending 30 June 2019, the Company signed a number of exclusive international distributor agreements, further expanding its distribution into international markets:

Argentina: An exclusive distribution agreement signed with Blumper srl ("Blumper") for the warehousing, distribution and marketing of VMT's B2C range of electric two-wheel vehicles. Blumper focuses on the wholesale and retail sale of cutting-edge electric mobility and drone products. Blumper also has extensive experienced distributing products across Argentina, via its wide network of dealers.

Croatia: An exclusive distribution agreement was signed with Electric Vehicles Trade d.o.o ("EVT") (www.evoke.hr) for the warehousing, distribution and marketing of the B2C range of electric two-wheel vehicle products in Croatia. As one of the first distributors of electric two-wheel vehicles in Croatia, EVT's experience leaves it well positioned to benefit from the growing EV market, driven by government incentives that promote EV to Croatia's citizens and companies.



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Estonia, Latvia, and Lithuania: An exclusive distribution agreement was signed with Motohobi OU ("Motohobi") (motohobi.ee) for the warehousing, distribution and marketing of the B2C range of electric two-wheel vehicle products in Estonia, Latvia, and Lithuania. Motohobi started its operations in 2006 and distributes a wide range of vehicles including its main products of motorcycles and all-terrain vehicles.

France: Vmoto renewed the exclusive distribution agreement with Mujoo France ("Mujoo") for the warehousing, distribution and marketing of the B2C range of electric two-wheel vehicle products in France. Mujoo is one of France's leading motorcycle distributors and offers high-performance electric motorcycles. Mujoo's operations and distributions have grown positively over the last 12 months and is well positioned to benefit from the significant growth in electric vehicle market in France.

Hungary: An exclusive distribution agreement was signed with Pannonia Motor kft ("Pannonia") (www.evoke.hu) for the warehousing, distribution and marketing of the B2C range of electric two-wheel vehicle products in Hungary. Pannonia is a Hungarian company, with many years of experience actively distributing electric motorcycles in Hungary.

Malta: An exclusive distribution agreement was signed with Debono Group ("Debono") (debonogroup.com.mt) for the warehousing, distribution and marketing of the B2C range of electric two-wheel vehicle products in Malta. Debono is a very successful corporation in Malta, and distributes Toyota and Lexus brands of automobiles, commercial vehicles and industrial equipment, storage systems, property and IT services.

Mexico: An exclusive distribution agreement signed with Vpro Workshop Sa De Cv ("Vpro") for the warehousing, distribution and marketing of the B2C range of electric two-wheel vehicle products in Mexico. Vpro has extensive experience distributing some of the most prestigious international motorcycle brands within the Mexican market. Vpro also has a vast Mexican dealership and after sales service network across the country.

Vmoto has also supplied samples and is in discussions with a number of potential B2C and B2B distributors and customers in Barbados, Brazil, Dominica, Israel, Kazakhstan, Kyrgyzstan, Maldives, Mongolia, Netherlands, Nepal, Panama and Russia.

3.5 Exhibitions and Marketing

Vmoto's Chilean distributor presented the Super Soco B2C range of electric two-wheel vehicle products at the Annual Renewable Energies Dinner in March 2019, organised by the Chilean Association of Renewable Energies and Storage, ACERA AG. The event, which is considered to be the most important event in the Chilean energy industry, was well attended by industry authorities and senior executives, including the Chilean Minister of Energy, Susana Jiménez. As the main authority, Ms Jiménez highlighted the positioning of Chile as a global leader in the development of clean energy. This is in line with the Chilean Government's vision to make progress compatible with the care of the environment.

Vmoto's Australian distributor held a Super Soco national product launch in Melbourne, Australia in March 2019. The press in attendance test rode our B2C products around the Melbourne CBD and Docklands precinct. In a world-first, a Super Soco was ridden into a cabin of the Melbourne Star Observation Wheel, displaying its go-anywhere versatility at the event.

Vmoto's Colombian distributor participated in Feria de las dos ruedas Fair held in Medellin, Colombia from 2-5 May 2019. This trade show is one of the most important in Latin America and attracts representatives from all major brands including; Harley Davidson, BMW, Honda, Ducati, and Yamaha. It is also attended by 400-plus exhibitors selling bikes and building exposure with the Colombian market. Vmoto's Colombian distributor exhibited Vmoto's B2B and B2C products and attracted strong interest in the product ranges. Vmoto's B2C product, the Super Soco TC Max was also selected to be showcased through a live television broadcast by local media.



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During the six month period ending 30 June 2019, the Company and its other international distributors also participated in a number of marketing events promoting both consumer models and electric delivery models, including:

- 2019 Motobike Istanbul show held in Istanbul, Turkey from 21-24 February 2019
- Energy Efficiency fair held in Santiago, Chile in March 2019
- 2019 Warsaw Motorcycle Show Fair held in Warsaw, Poland from 1-3 March 2019
- Presented E-Bike Naked TC Max Championship at the Motodays fair held in Rome, Italy on 9 March 2019
- Motoexotica show held in Tartu, Estonia from 17-19 March 2019
- Industrial Design World Expo in Hanover, Germany from 1-5 April 2019
- Barcelona Motorcycle Show held in Barcelona on 4 April 2019
- World Rally Racing held in France from 19-21 April 2019
- Autosalon exhibition held in Slovakia from 30 April 2019 to 5 May 2019
- Feria de las dos ruedas Fair held in Medellin, Colombia from 2-5 May 2019
- VEG Expo held in Vancouver, Canada on 7 May 2019
- Urban Drifting exhibition held in Taiwan from 8-19 May 2019
- Moto GP France held on 18 May 2019
- Superbike Racing held in Spain on 27-28 May 2019
- Moto GP Italy held on 2 June 2019
- Latam Mobility Summit held in Medellin, Colombia from 4-5 June 2019
- Moto GP Spain held on 15 June 2019
- HP Innovation fair held in Mexico from 23-24 June 2019

3.6 Corporate

On 31 January 2019, 11,764,706 fully paid ordinary shares were released from escrow. The shares were issued to nominees of PowerEagle as tranche two consideration for the PowerEagle Joint Venture and were placed in voluntary escrow for 24 months.

On 16 May 2019, 886,138 fully paid ordinary shares were issued to Non-Executive Chairman, Mr Phillip Campbell, at deemed issue prices between \$0.05 and \$0.069 per share in lieu of Director fees, as approved by shareholders at the Company's Annual General Meeting on 16 May 2019.

On 16 May 2019, 579,719 fully paid ordinary shares were issued to Non-Executive Director, Mr Kaijian Chen, at a deemed issue price of \$0.069 per share in lieu of Director fees, as approved by shareholders at the Company's Annual General Meeting on 16 May 2019.

On 21 May 2019, 100,000 Class G Options exercisable at \$0.50 lapsed; 100,000 Class H Options exercisable at \$0.75 lapsed; and 200,000 Class I Options exercisable at \$1.00 lapsed.

Post the reporting period, 290,553 fully paid ordinary shares were issued on 7 August 2019, at an issue price of \$0.065 per Share, on exercise of unlisted options, expiring on 22 May 2021.

Post the reporting period, 1,990,553 fully paid ordinary shares were issued on 7 August 2019, at an issue price of \$0.085 per Share on exercise of unlisted options, expiring on 22 May 2021.

Additional considerations

During the six month period ended 30 June 2019, the Company took a decision to impair aged prepayments by approximately \$570,000 for parts considered unlikely to be able to be utilised following the Company's new strategic focus on international markets and cooperation with Super Soco since 2017. The impaired prepayments relate to parts ordered pre-2017 as part of "minimum orders" when the Company first entered into the EV business, at which time suppliers required minimum order quantities to manufacture customised parts for Vmoto's older EV models. The Company has utilised these parts over time as much as possible and now considers it prudent to impair the remaining aged prepayments for parts unlikely to be utilised due to the strategic focus on international markets and new products.



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DIRECTORS' REPORT

Earnings per share of the Consolidated Entity for the six month period ended 30 June 2019 is positive compared to the negative result for the six month period ended 30 June 2018.

3.7 Outlook

Vmoto continues to execute its strategy of selling high value, high performance electric two-wheel vehicles to international markets. This is executed with the manufacture and marketing of the Company's proprietary E-max scooters to B2B delivery, sharing and rental customers and the Super Soco range to B2C customers internationally.

At the end of 1H19, the Company had firm orders of 4,452 units, up 47% on 31 December 2018. The increased order book is as a result of higher orders from the Company's international distributors and demonstrates the rapid growth in adoption rates and demand for the Company's electric vehicles in international markets.

Vmoto continues to receive significant interest and sales leads due to its current network and marketing activities. With the number of additional distributors signed up in 1H19, increasing firm orders and increasing interest from potential sharing customers, Vmoto's management remains confident that the Company will continue to increase international sales and further consolidate its position as a leading electric two-wheel vehicle manufacturer and provider to the international markets.

As many are aware, the trade war between United States and China have affected the businesses and operations of many international companies. Pleasingly, the trade war between United States and China are not impacting Vmoto's international sales.

The Company sees great potential in the B2B market for its high performance electric two-wheel vehicle delivery products and is in discussions with a number of groups regarding cooperation agreements to secure orders. The Company is also on track to develop a new model of its electric delivery scooter, which is expected to be launched at the upcoming EICMA exhibition to be held in November 2019 in Milan.

In 2H19, the Company expects to continue its positive financial performance.

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

The Auditor's Independence Declaration is set out on page 20 and forms part of the Directors' Report for the half year ended 30 June 2019.

Dated at Perth, Western Australia, this 30th day of August 2019

Signed in accordance with a resolution of the Directors:

Charles Chen
Managing Director



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019 \$	31 December 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		5,145,679	4,193,790
Trade and other receivables		2,868,188	2,098,447
Inventories		4,542,614	5,638,169
Prepayments	8	3,967,208	1,749,024
Total Current Assets		16,523,689	13,679,430
NON CURRENT ASSETS			
Property, plant and equipment	5	8,180,671	8,556,335
Intangible assets	6	372,208	446,650
Total Non-Current Assets		8,552,879	9,002,985
TOTAL ASSETS		25,076,568	22,682,415
CURRENT LIABILITIES			
Trade and other payables		8,000,230	6,149,449
Loans and borrowings	7	1,037,753	1,235,890
Total Current Liabilities		9,037,983	7,385,339
TOTAL LIABILITIES		9,037,983	7,385,339
NET ASSETS		16,038,585	15,297,076
EQUITY			
Issued capital	3	75,080,198	74,814,382
Reserves	3	(435,544)	(513,144)
Accumulated losses		(58,667,318)	(59,125,561)
Non-controlling interests		61,249	121,399
TOTAL EQUITY		16,038,585	15,297,076

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



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Continuing Operations			
Revenue from sale of goods		16,924,698	8,653,190
Cost of sales		(13,140,456)	(7,292,727)
Gross Profit		3,784,242	1,360,463
Other income	2	676,314	495,836
Operational expenses		(1,767,682)	(1,484,602)
Marketing and distribution expenses		(495,222)	(153,915)
Corporate and administrative expenses		(1,156,219)	(889,987)
Occupancy expenses		(126,572)	(40,723)
Other expenses	2	(13,331)	(10,438)
Finance costs	7	(29,976)	(44,036)
Impairment of prepayments	8	(569,880)	-
Profit / (Loss) from continuing operations before tax		301,674	(767,402)
Income tax expenses		-	-
Profit / (Loss) after tax from continuing operations	2	301,674	(767,402)
Discontinued Operations			
Loss from discontinued operations		-	-
Profit / (Loss) for the period		301,674	(767,402)
Other comprehensive income			
Foreign currency translation differences	3	174,019	509,477
Other comprehensive income for the period, net of tax		174,019	509,477
Total comprehensive income for the period		475,693	(257,925)



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Profit / (Loss) attributable to:			
Owners of the Company		361,824	(767,402)
Non-controlling interest		<u>(60,150)</u>	<u>-</u>
Loss for the period		<u><u>301,674</u></u>	<u><u>(767,402)</u></u>
Total comprehensive income attributable to:			
Owners of the Company		535,843	(257,925)
Non-controlling interest		<u>(60,150)</u>	<u>-</u>
Total comprehensive income for the period		<u><u>475,693</u></u>	<u><u>(257,925)</u></u>
Earnings / (Loss) per share attributable to the ordinary equity holders of the Company			
Basic Earnings / (Loss) per Share from Continuing Operations		0.14 cents	(0.37 cents)
Diluted Earnings / (Loss) per Share from Continuing Operations		0.13 cents	(0.37 cents)

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



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CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Cash flows from operating activities			
Receipts from customers		17,942,200	8,761,644
Payments to suppliers and employees		(17,065,441)	(8,246,124)
Interest received		39,494	57,623
Interest paid		(66,845)	(44,036)
Other cash receipts		507,980	279,786
Net cash generated by operating activities		1,357,388	808,893
Cash flows from investing activities			
Payments for property, plant & equipment		(140,976)	(270,647)
Net cash used in investing activities		(140,976)	(270,647)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,212,500
Proceeds from borrowings		1,053,918	-
Repayment of borrowings		(1,321,342)	(1,043,057)
Other cash payments		-	(33,873)
Net cash generated by financing activities		(267,424)	1,135,570
Net increase/(decrease) in cash and cash equivalents		948,988	1,673,816
Cash and cash equivalents at beginning of period		4,193,790	3,172,792
Effect of exchange rate fluctuations on cash held		2,901	95,162
Cash and cash equivalents at end of period		5,145,679	4,941,770

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



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2019

Consolidated	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non-controlling Interests \$	Total \$
Balance as at 1 January 2018	72,431,566	(1,140,601)	(58,256,718)	-	13,034,247
Profit/(Loss) for the period	-	-	(767,402)	-	(767,402)
Other comprehensive income	-	509,477	-	-	509,477
Total comprehensive income for the period	-	509,477	(767,402)	-	(257,925)
Issue of ordinary shares	2,263,372	-	-	-	2,263,372
Transfer expired options reserve to accumulated losses	-	(48,720)	48,720	-	-
Vest of share based expenses	58,717	-	-	-	58,717
Balance as at 30 June 2018	74,753,655	(679,844)	(58,975,400)	-	15,098,411
Balance as at 1 January 2019	74,814,382	(513,144)	(59,125,561)	121,399	15,297,076
Profit/(Loss) for the period	-	-	361,824	(60,150)	301,674
Other comprehensive income	-	174,019	-	-	174,019
Total comprehensive income for the period	-	174,019	361,824	(60,150)	475,693
Issue of ordinary shares	175,932	-	-	-	175,932
Transfer expired options reserve to accumulated losses	-	(96,419)	96,419	-	-
Vest of share based expenses	89,884	-	-	-	89,884
Balance as at 30 June 2019	75,080,198	(435,544)	(58,667,318)	61,249	16,038,585

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



VMOTO LIMITED
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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 2018.

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 2019 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 achieved a net profit after tax of \$301,674 for the half year ended 30 June 2019;
- the Consolidated Entity achieved a positive operating cash flows of \$1.4 million for the half year ended 30 June 2019;
- 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 AUD4.2 million) of the operating facility is still available for draw down if required; and
- 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 2018.

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.



VMOTO LIMITED
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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.



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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 2019 \$	30 June 2018 \$
(i) Other income		
Contributions from customers	286,166	167,431
Government subsidies	54,480	93,201
Rent income	245,571	143,176
Interest income	39,431	57,625
Net foreign exchange gain	13,296	28,018
Other income	37,370	6,385
	676,314	495,836
(ii) Expenses		
Depreciation and amortisation	648,637	477,116
Employee benefits	1,036,650	801,006
(iii) Other Expenses		
Doubtful debts expenses	13,331	10,438
	13,331	10,438

3. ISSUED CAPITAL AND RESERVES

	30 June 2019 \$	31 December 2018 \$
Issued Capital		
<i>Ordinary shares</i>		
222,481,877 (December 2018: 221,016,020) ordinary shares, fully paid	75,080,198	74,814,382
	75,080,198	74,814,382
	Number of Ordinary Fully Paid Shares	Issued Capital \$
<i>Movements in ordinary shares on issue</i>		
Balance 1 January 2019	221,016,020	74,814,382
Issue of Shares at 12 cents each	579,719	69,566
Issue of Shares at 12 cents each	886,138	106,366
Vest of share based expenses	-	89,884
	222,481,877	75,080,198
Balance 30 June 2019	222,481,877	75,080,198

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.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Options

The following options to subscribe for ordinary fully paid shares were outstanding at 30 June 2019:

- 2,272,727 options exercisable at \$0.065 each on or before 22 May 2021.
- 2,272,727 options exercisable at \$0.085 each on or before 22 May 2021.

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

Reserves

	30 June 2019	31 December 2018
	\$	\$
Reserves at the beginning of the period	(513,144)	(1,140,601)
Transfer expired options reserve to accumulated losses	(96,419)	(48,720)
Movements in foreign currency translation reserve	174,019	676,177
Reserves at the end of the period	<u>(435,544)</u>	<u>(513,144)</u>
Comprises of:		
Share-based payment reserve	-	96,419
Foreign currency translation reserve	<u>(435,544)</u>	<u>(609,563)</u>
Reserves at the end of the period	<u>(435,544)</u>	<u>(513,144)</u>

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations. We note that during the period, the positive movement of the foreign currency translation reserve has been primarily attributable to the strengthening of the Chinese renminbi, United States dollar and Euro to the Australia dollar.

4. SEGMENT REPORTING

The continuing operations of the Consolidated Entity are predominantly in the electric two-wheel vehicles manufacture and distribution industry.

Reported segments were based on the geographical segments of the Consolidated Entity, being Australia, China and Europe. 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 three principal geographical areas: Australia, China and Europe. In China, manufacturing facilities are operated in Nanjing. In Europe, the warehouse and distribution centre are operated in Netherlands, and the Consolidated Entity also have a distribution centre in Italy.

The following table presents revenue and profit or loss in relation to geographical segments for the six month periods ended 30 June 2019 and 30 June 2018:



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Half year ended 30 June 2019

	Continuing Operations			Intersegment Elimination	Total Operations
	Australia	Nanjing, China	Europe		
	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	6,657	15,541,778	2,119,751	(743,488)	16,924,698
Other revenues	8,256	572,824	95,234	-	676,314
Total segment revenue	14,913	16,114,602	2,214,985	(743,488)	17,601,012
Result					
Segment profit/(loss)	(543,950)	868,649	(23,025)	-	301,674
Assets at 30 June 2019					
Segment assets	1,164,524	45,749,787	1,517,013	(23,354,756)	25,076,568
Liabilities at 30 June 2019					
Segment liabilities	(67,554)	(31,951,582)	(373,603)	23,354,756	(9,037,983)

Half year ended 30 June 2018

	Continuing Operations			Intersegment Elimination	Total Operations
	Australia	Nanjing, China	Europe		
	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	41,731	8,611,459	-	-	8,653,190
Other revenues	170	495,666	-	-	495,836
Total segment revenue	41,901	9,107,125	-	-	9,149,026
Result					
Segment profit/(loss)	(442,176)	(325,226)	-	-	(767,402)
Assets at 31 Dec 2018					
Segment assets	1,634,657	42,011,775	1,310,356	(22,274,373)	22,682,415
Liabilities at 31 Dec 2018					
Segment liabilities	(141,252)	(29,429,284)	(89,176)	22,274,373	(7,385,339)

The total assets of the Consolidated Entity have increased \$2,394,175 and total liabilities of the Consolidated Entity have increased \$1,627,926 as compared to that in the last annual financial report for the year ended 31 December 2018.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment	Motor vehicles	Land	Building	Total
Half year ended 30 June 2019					
Balance at 1 January 2019	2,155,534	12,126	1,047,883	5,340,792	8,556,335
Additions	71,607	46,536	-	-	118,143
Depreciation for the period	(403,358)	(6,093)	-	(164,744)	(574,195)
Exchange differences	18,819	442	7,982	53,145	80,388
Balance at 30 June 2019	1,842,602	53,011	1,055,865	5,229,193	8,180,671
At 30 June 2019					
Cost	3,305,552	193,272	1,055,865	6,995,381	11,550,070
Accumulated depreciation	(1,462,950)	(140,261)	-	(1,766,188)	(3,369,399)
Net carrying amount	1,842,602	53,011	1,055,865	5,229,193	8,180,671

The land and buildings are currently carried at cost on the balance sheet and at 30 June 2019 account for \$6 million. During the half year ended 30 June 2019, an independent external property valuation company has valued the Company's Nanjing land and Stage 1 & Stage 2 buildings at RMB62.2 million (\$13.1 million).

6. INTANGIBLES

	Trademark	Total
Half year ended 30 June 2019		
Balance at 1 January 2019	446,650	446,650
Amortisation	(74,442)	(74,442)
Balance at 30 June 2019	372,208	372,208
At 30 June 2019		
Cost	2,015,687	2,015,687
Accumulated amortisation	(424,894)	(424,894)
Accumulated impairment	(1,218,585)	(1,218,585)
Net carrying amount	372,208	372,208



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LOANS AND BORROWINGS

The following loans and borrowings (current) were issued and repaid during the half year ended 30 June 2019:

<i>Movements in Loans and Borrowings</i>	Carrying Amount \$
Balance at 1 January 2019	1,235,890
New issues:	
Drawn down from bank operating facility	1,053,918
Accrued interest	29,976
Effect of movement in foreign exchange rates	69,287
Repayments:	
Loan	(1,321,342)
Interest paid	(29,976)
Balance at 30 June 2019	<u>1,037,753</u>

The bank operating facility is secured by the Company's Nanjing manufacturing facility, including the land, Stage 1 and Stage 2 of the manufacturing facility. This bank operating facility is a revolving line of credit facility and the undrawn facility is available for draw down throughout the period. The loan facility does not have any bank covenant conditions.

(i) Bank operating facility unutilised at the end of the period \$4,151,014.

8. PREPAYMENTS

	30 June 2019 \$	31 December 2018 \$
Prepayments	<u>3,967,208</u>	<u>1,749,024</u>

The prepayments are payments in advance to suppliers for the supply of electric two-wheel vehicle inventories. During the half-year, \$569,880 of prepayments were impaired on the basis that the Consolidated Entity no longer utilises the components from the supplier in its current models.

9. SUBSEQUENT EVENTS

Completion of Share Purchase Plan

On 7 August 2019, the Company issued 2,281,106 fully paid ordinary shares on exercise of 2,281,106 unlisted options.

Other than the above, there were no other significant events subsequent to the half year ended 30 June 2019 and prior to the date of this report that have not been dealt with elsewhere in this report.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. FAIR VALUE MEASUREMENT

Financial Instruments

The Group's financial instruments consist of trade and other receivables, trade and other payables and borrowings. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.



VMOTO LIMITED
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DIRECTORS' DECLARATION

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 2019 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 30th day of August 2019

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Charles Chen", written in a cursive style.

Charles Chen
Managing Director

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To the Board of Directors

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

As lead audit partner for the review of the financial statements of Vmoto Limited for the half year ended 30 June 2019, 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



DOUG BELL CA
Partner

Dated at Perth this 30th day of August 2019

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 2019, 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.

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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 2019 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 2019 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.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 30th day of August 2019