

# Appendix 4D

## Half Year Report to the Australian Stock Exchange

### Part 1

<b>Name of Entity</b>	Vmoto Limited
<b>ABN</b>	36 098 455 460
<b>Half Year Ended</b>	30 June 2015
<b>Previous Corresponding Reporting Period</b>	Half Year Ended 30 June 2014

### Part 2 – Results for Announcement to the Market

	<b>\$'000</b>	<b>Percentage increase /(decrease) over previous corresponding period</b>
<b>Revenue from continuing operations</b>	24,891	57%
<b>Profit from continuing activities after tax attributable to members</b>	1,011	379%
<b>Net profit attributable to members</b>	1,011	379%

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	Nil
<b>Interim Dividend</b>	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>	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**

<b>Section</b>	<b>Contents</b>
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

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#### 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

	2015	2014
Net tangible asset backing per ordinary security	17 cents	1.2 cents

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

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

### Part 8 – Details of Associates and Joint Venture Entities

Name of associate and joint venture entities	Ownership Interest		Contribution to net profit/(loss)	
	2015 %	2014 %	2015 \$A'000	2014 \$A'000
<b>Associates</b>				
Jiangsu Kaiyang New Energy Vehicle Co, Ltd	20%	N/A	-	N/A
<b>Joint Venture Entities</b>				
Aggregate share of profits/(losses)	N/A	N/A	-	N/A

### Part 9 – Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (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:**

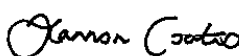
Not applicable

**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 <sup>st</sup> August 2015	



**VMOTO LIMITED**  
ABN 36 098 455 460

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**HALF-YEAR FINANCIAL REPORT**  
for the six month period ended 30 June 2015

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

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 2015 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 Charles Chen <i>Managing Director</i>	Appointed 5 January 2007
Mr Ivan Teo <i>Finance Director</i>	Appointed 29 January 2013
Mr Olly Cairns <i>Non-Executive Director</i>	Appointed 1 September 2011
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

The net profit for the Consolidated Entity for the six month period ended 30 June 2015 was \$1,010,532 (six month period ended 30 June 2014: \$210,760) after income tax of \$440,233 (six month period ended 30 June 2014: nil). This represents an overall improvement of 379% compared to the net profit after tax of \$210,760 recorded for the six month period ended 30 June 2014.

The Company notes that this net profit figure includes non-cash expenses of A\$113,316 as a result of the issue of shares to consultants and tax expenses of \$440,233, which was offset against carry forward tax losses previously recognised as deferred tax assets. The underlying net profit for the six month period ended 30 June 2015 adding back these non-cash expenses was \$1,564,081.

The following table provides a reconciliation between the statutory NPAT and underlying NPAT figures for 1H15:

Statutory NPAT for 1H15	A\$1,010,532
<i>Add back non-cash expenses:</i>	
Share based expenses	A\$113,316
Tax expense adjustments related to carry forward tax losses being utilised in 1H15, which deferred tax assets were previously recognised in financial year ended 31 December 2014	A\$440,233
Underlying NPAT for 1H15	A\$1,564,081

Directors believe this information is useful to provide investors with transparency on the underlying performance of the Company.

## DIRECTORS' REPORT

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### 3. Review of Activities

The consolidated revenue for the six month period ended 30 June 2015 was up 57% to \$24,891,217 (six month period ended 30 June 2014: \$15,862,018).

During the six month period ended 30 June 2015, the Company increased its distribution footprint in China, which as at 30 June 2015 comprised a total of 43 outlets through a combination of its own retail outlets and third party distributors across China. During the period, the Company distributed a total of 41,503 units (six month period ended 30 June 2014: 36,705 units) as it continued ramping up its production across its domestic and international sales channel. Of these sales 23,253 units were sold to PowerEagle in addition to 11,039 of Vmoto's own units sold through Vmoto's comprehensive distribution network and retail stores, and 7,211 own units sold to other international distributors and customers.

The Consolidated Entity achieved a gross profit margin of 16.2% for the six month period ended 30 June 2015 (six month period ended 30 June 2014: 15.5%). The improved margin reflected the benefits of economies of scale as the Company continues to ramp up its production of electric two-wheel vehicle products, especially those to international customers. The Company is confident that the gross profit margin will continue to increase with further economies of scale generated as production of units at Vmoto's manufacturing facilities in Nanjing, China (the "Nanjing Facility") increases in anticipation of higher sales in the coming financial years.

The Company's increasing revenues and profits are a clear demonstration of the growing traction Vmoto brands are achieving in both the Chinese and international markets. International sales are continuing to increase as the Company is now recognised for its premium electric scooters and is delivering on its strategy off the back of this reputation.

Over the six month period ended 30 June 2015, the Consolidated Entity's net assets have increased by 43.1% to \$35.5 million.

Vmoto has continued with its strategy of design, manufacture and distribution of high quality "green" electric powered two wheel vehicles and a range of western designed electric two wheel vehicles from its wholly owned Nanjing Facility.

The Company's international market continued to increase during the six month period with existing and new customers seeking to place new orders or agreements with the Company. During the six month period numerous international customers visited the Nanjing Facility including distributors from North America, Ecuador, Sri Lanka, Turkey, Switzerland and New Zealand. The Company also signed a distribution agreement with a United Kingdom company to distribute, stock and market the Company's Vmoto and E-max range of electric scooters for the United Kingdom and Irish markets.

The Chinese market remained strong during the six month period, with a sales network of 43 outlets, including third party distributors and company owned retail stores. China continues to be the Company's largest market.

The Company commenced discussions with PowerEagle with a view to entering a new OEM agreement at the end of 2015. A new agreement is anticipated to be entered into in the coming months.

The Company is in the process of establishing an online based retail sales platform that will open up a new sales stream for its products. This is progressing well and is expected to be operational and generating online sales by the end of 2015.

During the six month period ended 30 June 2015, the Company completed a 1 for 10 share consolidation and successfully raised A\$8.9 million through an oversubscribed placement to existing and new institutional and sophisticated investors in Australia and the United Kingdom. The Company also received \$117,000 from the exercise of ESOP options.

As at 30 June 2015, the total operating facility drawn down was RMB25 million (approximately A\$5.2 million) and the total undrawn operating facility was RMB9 million (approximately A\$1.9 million).

As at 30 June 2015, the Company had cash of A\$11.1 million.

## DIRECTORS' REPORT

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### COLLABORATIONS, TENDERS AND JOINT VENTURE OPPORTUNITIES

Vmoto continues to receive significant interest for potential collaborations from new international customers. Among these are discussions with a significant European supermarket group that has over 300 stores and a high-tech North American company developing shared transport and communication systems for electric vehicles and a New Zealand company to OEM manufacture electric two-wheel vehicle products wholly designed by its customers.

Discussions with these and other parties for potential orders or collaboration are ongoing and further developments will be announced as and when they occur.

### CORPORATE

During the half year, the Company issued a total of 6,725,669 shares pre the share consolidation, comprising 1,175,669 shares to consultants of the Company in consideration for services provided, 2,000,000 shares to Directors following the vesting of performance rights and 3,550,000 shares to employees on the exercise of ESOP options exercisable at \$0.03 each on or before 23 November 2015.

Post the share consolidation, which was completed on 4 June 2015, the Company issued a further 19,780,000 Shares at \$0.45 per Share to raise \$8.9 million (before costs), 35,000 Shares following the exercise of ESOP options (exercisable at \$0.30 each on or before 23 November 2015), 266,668 shares to two Directors following the vesting of performance rights and 38,095 shares to a Director in lieu of Director fees, as approved at the Company Annual General Meeting held on 21 May 2015.

### OUTLOOK

The six month period ended 30 June 2015 was another productive period for Vmoto as sales increased across the domestic and international sales channels.

The Company expects to see further growth for the second half of the year as it is historically stronger compared to the first half. Vmoto continues to grow in line with management expectations as more orders are received and new domestic and international distributors and customers continue to visit the factory to discuss and finalise orders and agreements.



## DIRECTORS' REPORT

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

The Auditor's Declaration is set out on page 17 and forms part of the Directors' Report for the half year ended 30 June 2015.

Dated at Perth, Western Australia, this 31<sup>st</sup> day of August 2015

Signed in accordance with a resolution of the Directors:



**Charles Chen**  
*Managing Director*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015

	Note	30 June 2015 \$	31 December 2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		11,050,288	3,850,142
Trade and other receivables		5,743,696	5,090,871
Inventories		7,141,979	5,945,188
Other assets		4,078,851	3,519,032
Total Current Assets		<u>28,014,814</u>	<u>18,405,233</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		8,164,737	7,606,188
Intangible assets	5	9,471,622	8,536,781
Investments in associates		419,630	393,244
Other financial assets	6	1,049,076	-
Deferred tax assets		-	299,152
Total Non-Current Assets		<u>19,105,065</u>	<u>16,835,365</u>
<b>TOTAL ASSETS</b>		<u>47,119,879</u>	<u>35,240,598</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,362,179	3,858,426
Loans and borrowings	7	5,245,379	4,718,929
Deferred tax liabilities		141,081	-
Other liabilities		1,835,773	1,835,773
Total Current Liabilities		<u>11,584,412</u>	<u>10,413,128</u>
<b>TOTAL LIABILITIES</b>		<u>11,584,412</u>	<u>10,413,128</u>
<b>NET ASSETS</b>		<u><u>35,535,467</u></u>	<u><u>24,827,470</u></u>
<b>EQUITY</b>			
Issued capital	3	69,973,200	61,293,967
Reserves		877,713	(140,519)
Accumulated losses		(35,315,446)	(36,325,978)
<b>TOTAL EQUITY</b>		<u><u>35,535,467</u></u>	<u><u>24,827,470</u></u>

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	Half-year ended 30 June 2015 \$	Half-year ended 30 June 2014 \$
<b>Continuing Operations</b>			
Revenue from sale of goods		24,891,217	15,862,018
Cost of sales		(20,865,282)	(13,397,780)
<b>Gross Profit</b>		4,025,935	2,464,238
Other income		29,397	76,660
Operational expenses		(1,294,891)	(708,586)
Marketing and distribution expenses		(346,637)	(276,511)
Corporate and administrative expenses		(755,894)	(1,096,785)
Occupancy expenses		(34,889)	(48,112)
Other expenses		(445)	(65,190)
Finance costs		(171,811)	(134,954)
<b>Profit/(Loss) from continuing operations before tax</b>		1,450,765	210,760
Income tax		(440,233)	-
<b>Profit/(Loss) after tax from continuing operations attributable to owners of the company</b>	2	<b>1,010,532</b>	<b>210,760</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences		1,092,165	(215,561)
<b>Other comprehensive income for the period, net of tax</b>		1,092,165	(215,561)
<b>Total comprehensive income for the period attributable to owners of the company</b>		<b>2,102,697</b>	<b>(4,801)</b>
Basic and Diluted Earnings/(Loss) per Share from Continuing Operations		0.79 cents	0.19 cents

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

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	Half-year ended 30 June 2015 \$	Half-year ended 30 June 2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		26,397,790	16,348,969
Payments to suppliers and employees		(26,489,216)	(16,066,835)
Interest received		8,831	31,482
Interest paid		(171,811)	(132,511)
<b>Net cash used in operating activities</b>		<b>(254,406)</b>	<b>181,105</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(358,385)	(15,857)
Payments for intangible assets		(99,807)	-
Loans to other entities		(1,041,667)	-
<b>Net cash used in investing activities</b>		<b>(1,499,859)</b>	<b>(15,857)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares		8,494,176	245,016
Payments for share issue costs		-	(22,480)
Proceeds from borrowings		4,722,686	3,390,569
Repayment of borrowings		(4,458,165)	(5,400,251)
<b>Net cash generated by financing activities</b>		<b>8,758,697</b>	<b>(1,787,146)</b>
Net increase / (decrease) in cash and cash equivalents		7,004,432	(1,621,898)
Cash and cash equivalents at beginning of period		3,850,142	4,426,994
Effect of exchange rate fluctuations on cash held		195,714	(40,755)
<b>Cash and cash equivalents at end of period</b>		<b>11,050,288</b>	<b>2,764,341</b>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2015

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance as at 1 January 2014</b>	57,725,955	(2,654,011)	(37,340,542)	17,731,402
Profit for the period	-	-	210,760	210,760
Other comprehensive income	-	(215,561)	-	(215,561)
Total comprehensive income for the period	-	(215,561)	210,760	(4,801)
Issue of ordinary shares	269,406	-	-	269,406
Share issue costs	(22,480)	-	-	(22,480)
Issue of options	-	489,719	-	489,719
<b>Balance as at 30 June 2014</b>	<b>57,972,881</b>	<b>(2,379,853)</b>	<b>(37,129,782)</b>	<b>18,463,246</b>
<b>Balance as at 1 January 2015</b>	61,293,967	(140,519)	(36,325,978)	24,827,470
Profit for the period	-	-	1,010,532	1,010,532
Other comprehensive income	-	1,092,165	-	1,092,165
Total comprehensive income for the period	-	1,092,165	1,010,532	2,102,697
Issue of ordinary shares	9,084,467	-	-	9,084,467
Share issue costs	(479,167)	-	-	(479,167)
Transfer options reserve to issued capital	73,933	(73,933)	-	-
<b>Balance as at 30 June 2015</b>	<b>69,973,200</b>	<b>877,713</b>	<b>(35,315,446)</b>	<b>35,535,467</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 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 2014.

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 2015 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 long term supply agreements and demand for its electric powered scooter 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 achieved a profit during the period;
- 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, RMB9 million (approximately AUD1.9 million) of the operating facility is still available for draw down if required;
- the Consolidated has successfully raised \$8.9 million of capital to fund growth;
- the Directors have prepared cash flow forecasts that indicate the Consolidated Entity will be cash flow positive for the year ending 31 December 2015 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 2014.

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

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### **(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 FOR THE PERIOD

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

	30 June 2015	30 June 2014
	\$	\$
<b>(i) Other income</b>		
Contributions from customers	15,890	-
Government subsidies	1,306	15,860
Interest income	8,831	31,769
Net foreign exchange gain	-	1,481
Rent	-	14,098
Other income	3,370	13,452
	29,397	76,660
<b>(ii) Expenses</b>		
Depreciation and amortisation	467,366	227,930
Employee benefits	1,031,816	1,203,524
<b>(iii) Other Expenses</b>		
Net foreign exchange loss	445	-
Doubtful debts expenses	-	65,190
	445	65,190

	30 June 2015	31 December 2014
	\$	\$
<b>3. ISSUED CAPITAL</b>		
<i>Ordinary shares</i>		
152,945,433 (December 2014: 1,321,527,860 (pre-consolidation)) ordinary shares, fully paid	69,973,200	61,293,967

	Number of Ordinary Fully Paid Shares	Issued Capital \$
<i>Movements in ordinary shares on issue</i>		
Balance 1 January 2015	1,321,527,860	61,293,967
Issue of Shares at 3.5 cents each	86,114	3,014
Issue of Shares at 4.6 cents each	1,089,555	50,120
Issue of Shares at 3.0 cents each	1,000,000	30,000
Issue of Shares at nil consideration	2,000,000	-
Issue of Shares at 3.0 cents each	2,550,000	76,500
10 for 1 share consolidation	(1,195,427,859)	-
Issue of Shares at 30 cents each	35,000	10,500
Issue of Shares at 45 cents each	19,780,000	8,901,000
Issue of Shares at nil consideration	266,668	-
Issue of Shares at 35 cents each	38,095	13,333
Transfer options reserve to issued capital	-	73,933
Share issue costs	-	(479,167)
Balance 30 June 2015	152,945,433	69,973,200

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:

- 350,000 options exercisable at 30 cents each on or before 23 November 2015.
- 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.

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 2015 were:

Performance rights series	Balance at 1 Jan 2015	Granted	Consolidated	Vested	Forfeited	Held at 30 June 2015
Class C	2,000,000	-	(1,800,000)	-	-	200,000
Class E	2,000,000	-	-	(2,000,000)	-	-
Class F	2,000,000	-	(1,800,000)	-	-	200,000
Class H	2,666,666	-	(2,399,998)	(266,668)	-	-
Class I	2,666,668	-	(2,400,000)	-	-	266,668
Class J	10,000,000	-	(9,000,000)	-	-	1,000,000
Class K	10,000,000	-	(9,000,000)	-	-	1,000,000
<b>Total</b>	<b>31,333,334</b>	<b>-</b>	<b>(26,399,998)</b>	<b>(2,266,668)</b>	<b>-</b>	<b>2,666,668</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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. The following table presents revenue and profit or loss in relation to geographical segments for the six month periods ended 30 June 2015 and 30 June 2014:

#### Half year ended 30 June 2015

	<i>Continuing Operations</i>		<i>Intersegment Elimination</i>	<i>Total Operations</i>
	<i>Australia</i>	<i>China</i>		
	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	-	24,891,217	-	24,891,217
Other revenues	4,903	24,494	-	29,397
Total segment revenue	4,903	24,915,711	-	24,920,614
<b>Result</b>				
Segment profit/(loss)	(856,112)	1,866,644	-	1,010,532
<b>Assets at 30 June 2015</b>				
Segment assets	8,901,851	54,596,443	(16,378,415)	47,119,879
<b>Liabilities at 30 June 2015</b>				
Segment liabilities	(2,007,830)	(25,954,997)	16,378,415	(11,584,412)

#### Half year ended 30 June 2014

	<i>Continuing Operations</i>		<i>Intersegment Elimination</i>	<i>Total Operations</i>
	<i>Australia</i>	<i>China</i>		
	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	-	15,862,018	-	15,862,018
Other revenues	19,424	57,236	-	76,660
Total segment revenue	19,424	15,919,254	-	15,938,678
<b>Result</b>				
Segment profit/(loss)	(1,019,548)	1,230,308	-	210,760
<b>Assets at 31 December 2014</b>				
Segment assets	1,166,289	56,004,744	(21,930,435)	35,240,598
<b>Liabilities at 31 December 2014</b>				
Segment liabilities	(1,977,730)	(30,365,833)	21,930,435	(10,413,128)

The total assets of the Consolidated Entity have increased \$11.9 million and total liabilities of the Consolidated Entity have increased \$1.2 million as compared to that in the last annual financial report for the year ended 31 December 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. INTANGIBLES

	Goodwill	Licences, trademarks and production rights	Patents	Development costs	Total
<b>Half year ended 30 June 2015</b>					
Balance at 1 January 2015	4,207,107	2,149,406	1,310,760	869,508	8,536,781
Additions	-	8,228	-	-	8,228
Additions from internal development	-	-	-	925,614	925,614
Amortisation and impairment	-	(16,982)	(131,076)	-	(148,058)
Exchange differences	-	79,158	-	69,899	149,057
Balance at 30 June 2015	<u>4,207,107</u>	<u>2,219,810</u>	<u>1,179,684</u>	<u>1,865,021</u>	<u>9,471,622</u>
<b>At 30 June 2015</b>					
Cost	14,941,701	2,236,792	1,310,760	2,241,213	20,730,466
Accumulated amortisation and impairment	(10,734,594)	(16,982)	(131,076)	(376,192)	(11,258,844)
Net carrying amount	<u>4,207,107</u>	<u>2,219,810</u>	<u>1,179,684</u>	<u>1,865,021</u>	<u>9,471,622</u>

### 6. OTHER FINANCIAL ASSETS

	30 June 2015 \$	31 December 2014 \$
<b>Loans carried at amortised cost</b>		
Loans to related parties (i)	<u>1,049,076</u>	<u>-</u>
	<u>1,049,076</u>	<u>-</u>

- (i) During the half year period ended 30 June 2015, the Consolidated Entity provided loans of RMB5 million (\$1,049,076) to Jiangsu Kaiyang New Energy Vehicle Co, Ltd ("Kaiyang"). The loans to Kaiyang are interest free and repayable in two year. Kaiyang is a company which the Consolidated Entity acquired a 20% equity interest and focuses on designing, manufacturing and distributing electric three-wheel and four-wheel vehicles.

### 7. LOANS AND BORROWINGS

The following loans and borrowings (current) were issued and repaid during the half year ended 30 June 2015:

<i>Movements in Loans and Borrowings</i>	<b>Carrying Amount \$</b>
Balance at 1 January 2015	4,718,929
New Issues: Drawn down from bank operating facility	4,722,686
Accrued interest	171,811
Effect of movement in foreign exchange rates	261,929
Repayments: Loans Interest paid	(4,458,165) (171,811)
Balance at 30 June 2015	<u>5,245,379</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 8. SUBSEQUENT EVENTS

#### Shares Issue

On 10 July 2015, the Company issued 42,633 shares to its UK broker as part consideration for broker services to be provided to the Company as announced on 26 February 2015.

Apart from the above, there were no other significant events subsequent to half-year ended 30 June 2015 and prior to the date of this report that have not been dealt with elsewhere in this report.

### 9. 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.

## DIRECTORS' DECLARATION

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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 2015 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 31<sup>st</sup> day of August 2015

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 consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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.

### 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 internal 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 half-year 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 2015 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 Company, 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)

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## 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 2015 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 31<sup>st</sup> day of August 2015

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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 2015, 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 31<sup>st</sup> day of August 2015