



VMOTO DELIVERS POSITIVE UNDERLYING RESULT

ANNOUNCEMENT

29 FEBRUARY 2016

Vmoto Limited (ASX/AIM: VMT) is pleased to announce its unaudited preliminary results for the 12 months ended 31 December 2015 (FY15) that saw the Company continue to generate growth in revenue and underlying profitability.

FY15 financial highlights

- Revenue up 11% to \$47.6 million (FY14: \$42.9 million)
- Statutory results
 - EBITDA of \$0.8 million (FY14: \$1.0 million)
 - Net loss after tax of \$755k (FY14 NPAT: \$884k)
 - EPS from continuing operations of 2.32cps (FY14: 0.63cps)
- Underlying results¹
 - EBITDA of \$5.5 million (FY14: \$4.0 million)
 - NPAT of \$4.2 million (FY14: \$3.2 million)
- Net assets up 37% to \$34.1 million (31 December 2014: \$24.8 million)

FY15 operational highlights

- Total unit sales across the group up 15% to 88,130 (FY14: 76,652)
- Significantly expanded international brand awareness and distribution footprint through signing of new international distributorships and customers
- International distributor and customer base now in 36 countries around the world with discussions in a further 9 countries to supply Vmoto scooters
- Expanded Chinese sales and distribution network to 45 outlets through a combination of its own retail outlets and third party distributors (FY14: 31 outlets)
- Launched Vmoto's internet based online sales platform at www.vmotoonline.com offering state of the art electric vehicle products in Australia
- Continued to invest in R&D, with new models of scooters to be launched in FY16
- Strategic decision to exit Nanjing Haiyong controller business resulting in one off impairments and loss of \$4.1 million in FY15

¹ After removing one-off non-cash costs on impairments, reversal of provision for shares to be issued in relation to acquisition, disposal of Haiyong subsidiary, tax effect adjustments and share based payments. Refer to the reconciliations on page 4 for details.



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- Reduced investment interest in 3/4 wheel JV to 15%, currently developing its own three-wheel electric vehicle models to be launched in 2016
- Reached agreement to form a JV with its long standing Original Equipment Manufacture customer, PowerEagle, securing significant long term future production and opening up a vast network of over 200 distributors
- JV production to be based in new leased facility in Shanghai to be closer to PowerEagle dealers and customers, with total capacity of ~150,000 units per annum

FY15 saw Vmoto achieve encouraging underlying growth across all areas of the business

Commenting on the FY15 results, Vmoto's Managing Director, Charles Chen said:

"The 2015 financial year was fundamentally a successful one for Vmoto as the Company continued to grow unit sales in China and internationally, which are reflected in the increase in revenue and underlying net profit. Particularly encouraging was the significantly expanded international brand awareness and distribution footprint through signing new international distributors and customers and the strong interest we received from other potential distributors and customers, highlighting the progress we are making in further establishing our name and brand. Existing customer relationships are strong, with repeat orders and new customers and sales channels are putting us in a healthy position for continued sales growth over the coming years.

"Our China operations are now underpinned by the permanent relationship with PowerEagle through the new Joint Venture formalised at the end of 2015 which will have its own dedicated factory in Shanghai, closer to the 200 or so PowerEagle dealers. This will have several cost and time efficiencies for getting scooters to market and providing aftersales support. It will also give Vmoto access to sell our own branded products through some of those outlets.

"Financially, Vmoto generated an encouraging increase in revenue and underlying earnings. The strategic decision to exit the Nanjing Haiyong controller business was the right one for the Company, but which has naturally had a one off impact to our statutory profit. Despite this, our gross margins are improving with economies of scale, the Company has a stronger balance sheet than it did 12 months ago, paying down more debt over FY15, and we continue to invest in R&D in new models and working capital as production ramps up further in 2016.

"Underlying the results was a strong increase in sales and distribution, with over 88,000 units sold in FY15; a 15% increase on the prior 12 months. With substantial production capacity still available at the Company's manufacturing facilities in Nanjing for domestic and international sales and the newly leased factory in Shanghai for PowerEagle, we are excited by the opportunities ahead to ramp up production even more as we continue execute our growth strategy."

Strongly positioned for further growth in FY16

"Vmoto remains at an exciting stage in its development and is now strongly positioned to ramp up its production in line with rapidly increasing demand for electric vehicles. The increased press, rebate incentives, technological developments and environmental initiatives we are seeing from governments around the world provide a significant growth opportunity for Vmoto, given its green credentials.

“We are exceptionally well positioned to handle the increasing demand for electric vehicles in China and abroad, with the manufacturing facility in Nanjing now freed up to focus on growing the international and domestic China sales. With PowerEagle production now in a newly leased facility Shanghai, we have a total group capacity of ~450,000 2 wheel units per annum, with no additional capex required.

“The Company has market leading products, strategic distribution relationships growing our China and international footprint and a strong balance sheet with which to continue our growth in a burgeoning transport and technology space.

“Despite the Haiyong disposal having a significant one off hit to our statutory profit, Vmoto has delivered positive underlying results for FY15, and we have an even stronger base from which to build in 2016 and beyond. With production and sales of electric two-wheel vehicles expected to increase further this year, and a focus on higher margin international sales, we expect to see the growth momentum generated in FY15 continue in FY16.”

For further information, please contact:

Vmoto

Charles Chen, Managing Director

Olly Cairns, Non-Executive Director

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About Vmoto

Vmoto Limited (ASX/AIM: VMT) is a global scooter manufacturing and distribution group. The Company specialises in high quality “green” electric powered two wheel vehicles and manufactures a range of western designed electric scooters from its low cost manufacturing facilities in Nanjing, China. Vmoto combines low cost Chinese manufacturing capabilities with European design. The group operates through two primary brands: Vmoto (aimed at the value market in Asia) and E-Max (targeting the Western markets, with a premium end product). As well as operating under its own brands, the Company also sells to a number of customers on an original equipment manufacturer (“OEM”) basis.

Reconciliations of Statutory and Underlying Financial Performance:

Reconciliation of statutory and underlying EBITDA for FY15	
Statutory EBITDA for FY15	\$794,216
Add back non- cash and one off expenses:	
Share based expenses	\$593,503
Impairment of Haiyong goodwill	\$2,792,156
Reversal of provision for the second tranche of shares in relation to acquisition of Haiyong	(\$1,835,773)
Impairment of Haiyong intangibles	\$1,310,760
Loss from disposal of Haiyong subsidiary	\$1,821,598
Underlying EBITDA for FY15	\$5,476,460

Reconciliation of statutory net loss after tax and underlying NPAT for FY15	
Statutory net loss after tax for FY15	(\$754,848)
Add back non- cash and one off expenses:	
Share based expenses	\$593,503
Impairment of Haiyong goodwill	\$2,792,156
Reversal of provision for the second tranche of shares in relation to acquisition of Haiyong	(\$1,835,773)
Impairment of Haiyong intangibles	\$1,310,760
Loss from disposal of Haiyong subsidiary	\$1,821,598
Tax expense adjustments related to carry forward tax losses being utilised in FY15 for which deferred tax assets were previously recognised in FY14	\$626,842
Tax expense adjustments related to impairment of Haiyong intangibles in FY15 for which deferred tax liabilities were previously recognised in FY14	(\$327,690)
Underlying NPAT for FY15	\$4,226,548

Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Part 1

Name of Entity	Vmoto Limited
ABN	36 098 455 460
Financial Year Ended	12 months ended 31 December 2015
Previous Corresponding Reporting Period	12 months ended 31 December 2014

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	47,613	11%
Profit (Loss) from ordinary activities after tax attributable to members	(755)	185%
Net Profit (loss) attributable to members	(755)	185%

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:

This report relates to the financial year ended 31 December 2015. Comparatives are for the financial year ended 31 December 2014.

All of the above comparisons are on a statutory basis.

Refer to the above Operations Review for further commentary on the statutory and underlying results for the financial year ended 31 December 2015.

Part 3 – Contents of ASX Appendix 4E

SECTION	CONTENTS
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Part 2	Results for announcement to the market
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Part 4 – Consolidated Statement of Profit or Loss

	Year Ended 31 December 2015 \$	Year Ended 31 December 2014 \$
Continuing Operations		
Sales revenue	47,613,013	42,940,835
Cost of goods sold	(39,660,519)	(36,639,329)
Gross profit	7,952,494	6,301,506
Other revenue from ordinary activities	295,501	161,604
Operational expenses	(1,576,793)	(1,451,180)
Marketing and distribution expenses	(491,926)	(475,521)
Corporate and administrative expenses	(1,929,631)	(2,008,206)
Occupancy expenses	(103,486)	(59,085)
Other expenses from ordinary activities	-	(486,094)
Impairment of inventories	-	(1,548,071)
Profit before finance costs and income tax	4,146,159	434,953
Finance costs	(270,812)	(275,507)
Income tax revenue/(expenses)	(541,454)	626,842
Profit after tax from continuing operations	3,333,893	786,288
Profit/(loss) after tax from discontinued operations	(4,088,741)	97,699
Total profit/(loss) for the period	(754,848)	883,987
Profit/(loss) attributable to members of the parent entity	(754,848)	883,987

Part 5 – Consolidated Accumulated losses

	Year Ended 31 December 2015 \$	Year Ended 31 December 2014 \$
Accumulated losses at the beginning of the period	(36,325,978)	(37,340,542)
Profit for the period	(754,848)	883,987
Transfer expired options reserve to accumulated losses	26,950	130,577
Accumulated losses at the end of the period	<u>(37,053,876)</u>	<u>(36,325,978)</u>

Part 6 – Consolidated Statement of Financial Position

	31 December 2015 \$	31 December 2014 \$
CURRENT ASSETS		
Cash and cash equivalents	6,657,529	3,850,142
Trade and other receivables	10,467,196	5,090,871
Inventories	4,548,057	5,945,188
Other	3,044,107	3,519,032
Total Current Assets	<u>24,716,889</u>	<u>18,405,233</u>
NON CURRENT ASSETS		
Property, plant and equipment	7,846,195	7,606,188
Intangible assets	5,801,541	8,536,781
Investments	316,176	393,244
Deferred tax assets	-	299,152
Total Non Current Assets	<u>13,963,912</u>	<u>16,835,365</u>
TOTAL ASSETS	<u>38,680,801</u>	<u>35,240,598</u>
CURRENT LIABILITIES		
Trade and other payables	2,475,944	3,858,426
Loans and borrowings	2,107,837	4,718,929
Other liabilities	-	1,835,773
Total Current Liabilities	<u>4,583,781</u>	<u>10,413,128</u>
TOTAL LIABILITIES	<u>4,583,781</u>	<u>10,413,128</u>
NET ASSETS	<u>34,097,020</u>	<u>24,827,470</u>
EQUITY		
Issued capital	70,276,494	61,293,967
Reserves	874,402	(140,519)
Accumulated losses	<u>(37,053,876)</u>	<u>(36,325,978)</u>
TOTAL EQUITY	<u>34,097,020</u>	<u>24,827,470</u>

Part 7 – Consolidated Statement of Cash Flows

	Year Ended 31 December 2015 \$	Year Ended 31 December 2014 \$
Cash flows from operating activities		
Receipts from customers	50,062,921	46,458,103
Payments to suppliers and employees	(51,626,722)	(45,631,141)
Interest received	41,970	44,739
Interest paid	(270,811)	(273,499)
Other cash receipts	1,768	27,762
Net cash used in operating activities	(1,790,874)	625,964
Cash flows from investing activities		
Payments for property, plant and equipment	(555,409)	(1,101,351)
Proceeds from disposal of property, plant & equipment	16,613	-
Payments for intangible assets	(13,745)	-
Loan to other entity	(1,043,275)	-
Payments for equity investments	-	(393,244)
Proceeds from disposal of equity investments	106,494	-
Net cash inflow on disposal of subsidiary	425,191	-
Net cash used in investing activities	(1,064,131)	(1,494,595)
Cash flows from financing activities		
Proceeds from issue of equity shares	8,494,166	1,247,290
Payments for share issue costs	(68,498)	(22,480)
Proceeds from borrowings	4,898,724	4,297,144
Repayment of borrowings	(7,880,556)	(5,400,250)
Net cash generated by financing activities	5,443,836	121,704
Net increase in cash held	2,588,831	(746,927)
Cash at the beginning of the financial year	3,850,142	4,426,994
Effects of exchange rate changes on cash	218,556	170,075
Cash at the end of the financial year	6,657,529	3,850,142

Part 8 – Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

Part 9 – Profit from Ordinary Activities

The profit from ordinary activities before income tax includes the following items of revenue and expense:

	Year Ended 31 December 2015 \$	Year Ended 31 December 2014 \$
2. REVENUES AND EXPENSES OF CONTINUING OPERATIONS		
(a) Other income		
Interest income	41,847	45,245
Contributions from customers	79,560	45,401
Government subsidies	5,602	25,582
Gain from disposal of fixed assets	16,613	-
Net foreign exchange gain	143,922	9,668
Other	7,957	40,845
	<u>295,501</u>	<u>166,741</u>

(b) Other expenses		
Doubtful debts	-	486,094
	<u>-</u>	<u>486,094</u>

(c) Employee benefits expense		
Wages and salaries costs	1,624,331	2,289,326
	<u>1,624,331</u>	<u>2,289,326</u>

(d) Depreciation and amortisation		
Depreciation and amortisation	736,798	457,635
	<u>736,798</u>	<u>457,635</u>

Part 10 – Commentary on Results

Refer to the above Operations Review for commentary on the results for the year ended 31 December 2015.

Part 11 – Notes to the Consolidated Statement of Cash Flows

	Year Ended 31 December 2015 \$	Year Ended 31 December 2014 \$
(a) Reconciliation of cash:		
For the purposes of the Statement of Cashflows, cash includes cash on hand, and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	6,657,529	3,850,142
Cash at bank	6,657,529	3,850,142
(b) Reconciliation of net cash used in operating activities to loss after income tax		
Profit (loss) after income tax	(754,848)	883,987
<i>Add non-cash items:</i>		
Depreciation	736,798	457,635
Impairments and discontinued operations	4,003,471	2,034,165
Share based payment expenses	593,503	899,447
Income tax expense (benefit)	299,152	(626,842)
	5,632,924	2,764,405
<i>Changes in assets and liabilities:</i>		
(Increase)/ decrease in receivables	(5,376,325)	(1,451,113)
(Increase) / decrease in inventories	1,397,131	(764,380)
(Increase)/ decrease in other assets	474,925	(1,069,353)
Increase/ (decrease) in payables	(3,164,681)	262,418
Net cash used in operating activities	(1,790,874)	625,964

Part 12 – 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 13 – Earnings/Loss per Share

	Consolidated	
	Year Ended 31 December 2015	Year Ended 31 December 2014
From continuing and discontinued operations		
Basic earnings/(loss) per share	(0.52 cents)	0.71 cents
From continuing operations		
Basic earnings/(loss) per share	2.32 cents	0.63 cents
The Company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.		
Weighted average number of ordinary shares for the purpose of basic earnings per share	143,902,299	123,996,789

Part 14 – Net Tangible Assets per Security

	31 December 2015	31 December 2014
Net tangible asset backing per ordinary security (cents)	18.3	12.1

Part 15 – Details of Entities Over Which Control has been Gained or Lost

Name of entity	Nanjing Haiyong Electric Driving System Technology Co, Ltd
Date of disposal	30 September 2015
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	(\$4,088,741)
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$97,699
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	(\$1,736,328)

Part 16 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	31/12/15 %	31/12/14 %	Year ended 31/12/15 \$A'000	Year ended 31/12/14 \$A'000
Name of entity	N/A	N/A	N/A	N/A
Associate Jiangsu Kaiyang New Energy Vehicle Co, Ltd	15%	20%	-	-
Joint Venture Entities	N/A	N/A	N/A	N/A
Aggregate Share of Losses	N/A	N/A	N/A	N/A

Part 17 – Issued Securities

	31 December 2015 \$	31 December 2014 \$
Share capital		
154,562,518 (31 December 2014: 1,321,527,860 (pre-consolidation)) fully paid ordinary shares	<u>70,276,494</u>	<u>61,293,967</u>
<i>The following movements in issued capital occurred during the period:</i>		
	Year Ended 31 December 2015 Number of Shares	Year Ended 31 December 2014 Number of Shares
Balance at beginning of the period	1,321,527,860	1,221,196,804
Issue of shares at nil consideration	-	2,000,000
Issue of shares at 4 cents each	-	40,400
Issue of shares at 4 cents each	-	132,500
Issue of shares at 2.5 cents each	-	800,000
Issue of shares at 5 cents each	-	487,805
Issue of shares at 2.5 cents each	-	3,250,000
Issue of shares at 2.5 cents each	-	1,750,000
Issue of shares at 3 cents each	-	2,100,000
Issue of shares at 4 cents each	-	2,500
Issue of shares at nil consideration	-	2,666,666
Issue of shares at 3 cents each	-	1,000,000
Issue of shares at 3 cents each	-	1,000,000
Issue of shares at 4 cents each	-	12,750
Issue of shares at 4 cents each	-	813,750
Issue of shares at 4 cents each	-	45,894,329
Issue of shares at 3.8 cents each	-	12,900,000
Issue of shares at 4 cents each	-	662,735
Issue of shares at 4 cents each	-	22,817,621
Issue of shares at nil consideration	-	2,000,000
Issue of shares at 3.5 cents each	86,114	-
Issue of shares at 4.6 cents each	1,089,555	-

Part 17 – Issued Securities (continued)

Issue of shares at 3 cents each	1,000,000	-
Issue of shares at nil consideration	2,000,000	-
Issue of shares at 3 cents each	2,550,000	-
Share consolidation (1 for 10)	(1,195,427,859)	-
Issue of shares at 30 cents each	35,000	-
Issue of shares at 45 cents each	19,780,000	-
Issue of shares at nil consideration	266,668	-
Issue of shares at 35 cents each	38,095	-
Issue of shares at 36 cents each	42,633	-
Issue of shares at 39.5 cents each	42,194	-
Issue of shares at 31 cents each	32,258	-
Issue of shares at nil consideration	1,300,000	-
Issue of shares at nil consideration	200,000	-
	154,562,518	1,321,527,860
Options		
<p>The following options to subscribe for ordinary fully paid shares are outstanding at balance date:</p> <ul style="list-style-type: none"> ➤ 500,000 options exercisable at \$0.40 each on or before 23 May 2018; ➤ 500,000 options exercisable at \$0.80 each on or before 23 May 2018; ➤ 100,000 options exercisable at \$0.50 each on or before 21 May 2019; ➤ 100,000 options exercisable at \$0.75 each on or before 21 May 2019; ➤ 200,000 options exercisable at \$1.00 each on or before 21 May 2019; and ➤ 719,981 options exercisable at \$0.75 each on or before 31 December 2017. 		
Performance Rights		
<p>The following performance rights are outstanding at balance date:</p> <ul style="list-style-type: none"> ➤ 466,668 incentive performance rights convertible to shares (subject to performance and time based vesting conditions) as approved by shareholders on 31 July 2012; and ➤ 2,000,000 incentive performance rights convertible to shares (subject to performance and time based vesting conditions) as approved by shareholders on 20 May 2014. 		

Part 18 – Segment Information

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 twelve month periods ended 31 December 2015 and 31 December 2014:

Continuing Operations	Australia \$A		China \$A		Spain \$A		Intersegment elimination \$A		Consolidated \$A	
	Year ended 31/12/15	Year ended 31/12/14	Year ended 31/12/15	Year ended 31/12/14	Year ended 31/12/15	Year ended 31/12/14	Year ended 31/12/15	Year ended 31/12/14	Year ended 31/12/15	Year ended 31/12/14
Revenue										
Segment revenue	27,483	-	47,585,530	42,940,835	-	-	-	-	47,613,013	42,940,835
Result										
Segment profit/(loss)	(1,948,919)	(2,190,599)	5,282,812	3,085,752	-	(108,865)	-	-	3,333,893	786,288
Assets										
Segment assets	2,954,009	1,166,289	57,411,878	56,004,744	-	-	(21,685,086)	(21,930,435)	38,680,801	35,240,598
Liabilities										
Segment liabilities	(207,924)	(1,977,730)	(26,060,943)	(30,365,833)	-	-	21,685,086	21,930,435	(4,583,781)	(10,413,128)

The principal activity of the continuing Consolidated Entity is the manufacture, marketing and distribution of electric two-wheel vehicles.

Part 19 – Subsequent Events

<p><u>Vesting of Performance Rights</u></p> <p>On 5 February 2016, the Company issued 100,000 fully paid ordinary shares to Mr Yiting Chen and 100,000 fully paid ordinary shares to Mr Oliver Cairns as a result of vesting of Class F incentive performance rights as approved by shareholders on 31 July 2012.</p> <p><u>Issue Tranche 1 Shares to Acquire PowerEagle Trademark</u></p> <p>On 5 February 2016, the Company issued 3,333,333 fully paid ordinary shares at an issue price of \$0.30 per share to PowerEagle as Tranche 1 consideration to acquire 100% of PowerEagle trademark and brand as announced on 23 December 2015.</p> <p>Apart from the above, there were no other significant events subsequent to year ended 31 December 2015 and prior to the date of this report that have not been dealt with elsewhere in this report.</p>

Part 20 – 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 type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input checked="" 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