

Appendix 4D

Half Year Report to the Australian Stock Exchange

Part 1

Name of Entity	Vmoto Limited
ABN	36 098 455 460
Half Year Ended	30 June 2013
Previous Corresponding Reporting Period	Half Year Ended 30 June 2012

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	9,790	87%
Loss from continuing activities after tax attributable to members	(554)	(43)%
Net loss attributable to members	(554)	(43)%

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

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

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

Part 3 – Contents of ASX Appendix 4D

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

Part 4 – Commentary on Results

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

Part 5 – Details Relating to Dividends

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

Part 6 – Net Tangible Assets per Security

	2013	2012
Net tangible asset backing per ordinary security	0.71 cents	0.76 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 entity	Ownership Interest		Contribution to net profit/(loss)	
	2013 %	2012 %	2013 \$A'000	2012 \$A'000
	N/A	N/A	N/A	N/A
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

Part 9 – Audit/Review Status

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

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

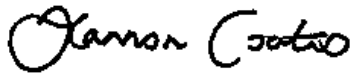
Not applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not applicable

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Half Year Financial Report

Signed By Company Secretary	
	
Shannon Coates	
Date 30 th August 2013	



VMOTO LIMITED
ABN 36 098 455 460

HALF-YEAR FINANCIAL REPORT
for the period ended 30 June 2013



VMOTO LIMITED
ABN 36 098 455 460

DIRECTORS' REPORT

The Directors present their report together with the financial report of Vmoto Limited ("Vmoto" or "the Company") and its controlled entities (the "Consolidated Entity") for the half year ended 30 June 2013 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 Simon Farrell <i>Non-Executive Chairman</i>	Appointed 29 January 2013
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

2. Results

The loss for the Consolidated Entity for the half year ended 30 June 2013 was \$553,785 (six months period ended 30 June 2012: loss of \$962,617) after income tax of nil (six months period ended 30 June 2012: nil).

3. Review of Activities

The half year ended 30 June 2013 delivered consolidated revenue of \$9,789,641, compared to the six months period ended 30 June 2012 revenue of \$5,233,054. The consolidated revenues for the half year ended 30 June 2013 increased by 87% in comparison with the six months ended 30 June 2012.

The increase in revenue is a result of the Company's strategy to enter into electric two wheel vehicle market in China. During the half year ended 30 June 2013, the Company continued ramping up its production of PowerEagle's electric two wheel vehicles. In addition, the Company launched six new models of electric two wheel vehicle products into the Chinese market and opened its first flagship retail store in China during the half year ended 30 June 2013. Post 30 June 2013, Vmoto opened another two retail stores in China.

The Consolidated Entity achieved a gross profit margin of 11.2% for the half year ended 30 June 2013, compared to the six months period ended 30 June 2012 gross profit margin of 20%. This is mainly due to the sale of the electric two wheel vehicles in China having higher volume and lower margins. The Company is confident that the gross profit margin will improve with improved economies of scale, expected to be achieved as the production of units at Vmoto's Manufacturing Facilities in Nanjing (the "Nanjing Facility") increases in anticipation of higher sales in the coming financial years.

The Consolidated Entity recorded a loss for the half year ended 30 June 2013 of \$553,785, being an overall improvement of 42.5% compared to the six months period ended 30 June 2012.



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During the half year ended 30 June 2013, the Consolidated Entity's net assets have decreased by 4.6% to \$9.9 million.

On 15 July 2013, 3,241,527 unlisted options with an expiry date of 14 July 2013 and exercise price of \$0.09 remained unexercised on their expiry date and accordingly have lapsed pursuant to the terms and conditions of the options.

During the half year ended 30 June 2013, Vmoto 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 (and some petrol) two wheel vehicles from its low cost manufacturing facilities in Nanjing, China.

The Company's extensive sales pipeline began delivering rewards as customers such as PowerEagle placed significant orders. The Company also began to focus on the domestic Chinese market, the world's largest electric two wheel vehicle market, with 30 million units produced in 2012 and expected to increase to 40 million units in 2015¹.

EXISTING AND NEW CUSTOMERS

PowerEagle: During the half year ended 30 June 2013, the Company delivered approximately 22,100 units of PowerEagle electric scooters to the customer. Production continued to be efficient and the Company remains on track to produce PowerEagle's forecast production of 42,000 units for the year ending 31 December 2013.

E-Tropolis: The Company commenced the production of E-Tropolis electric scooters during the period. By 30 June 2013, the Company had delivered 192 units to the customer.

Netherlands: The Company secured B.V Nimag as its new exclusive distributor in the Netherlands. 38 units were shipped to the Netherlands during the period.

USA: The Company delivered its first order of 75 units to KLD Energy in the USA where KLD will install their own Samsung lithium battery packs and drive systems into the Vmoto "120" model. KLD's engineers are performing further tests on the drive system and visited Vmoto's Nanjing Facility at the end of July 2013 for the required system update.

Denmark: The Company received an order of 72 units from its Denmark distributor and expects to receive the deposit in August 2013.

Brazil: As announced on 24 April 2013, the Company signed a joint venture ("JV") agreement with Riba Motors Industria e Comercio Ltda ("Riba"), providing Vmoto access to Riba's assembly facility with direct distribution to Latin America, the world's second fastest growing electric scooter market².

The JV with Riba as local partner offers significant cost savings for the Company and the opportunity for Vmoto to leverage Riba's expertise in the Latin America market.

Due to the unprecedented social turmoil and unrest in Brazil and the significant interest received in the domestic Chinese market by Vmoto, the Company opted to defer its marketing efforts in Brazil and focus on the world's biggest market, China, which the Company anticipates will generate better returns in the short to medium term.

Others: Containers were shipped to distributors in South Africa, USA, Australia, South Korea and Egypt whilst European orders slowed due to inclement weather and a poor economic climate.

¹ Source: China Electric Two Wheel Vehicle Industry Research Report, 13 November 2012

² Source: Pike Research



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DIRECTORS' REPORT

LAUNCH OF NEW MODELS/VERSIONS IN CHINA

In June 2013, Vmoto launched the first batch of six new models of electric two wheel vehicles in China. These new models are updated versions of Vmoto's E-Max classic 80S and 120S electric scooters and newly developed electric two wheel vehicle models. The new models have been developed specifically to target the Chinese market, the design being modern and fashionable and at a reasonable price point.

VMOTO'S FLAGSHIP CHINESE RETAIL STORE

In June 2013, Vmoto opened its first Chinese flagship retail store in Lishui District, Nanjing. The store covers 260m² and occupies a prime location in proximity to the busiest shopping street in Lishui District, Nanjing. As at the end of 2012, Nanjing had a residential population of over 8 million.

The opening of the new flagship retail store in China is a key milestone for the Company and is considering further expansion in China, including opening more retail stores (one is currently being fitted out) and additional co-operation agreements with existing manufacturers and enterprises.

Post the end of the period, the Company opened two more retail stores in China. A second retail store has been opened in Jurong City, Jiangsu Province, which covers an area of 100m², occupies a corner location and is located approximately 60 kilometres from Vmoto's Nanjing Facility which, as at the end of 2012, had a residential population of over 620,000.

Vmoto also opened a third retail store in the Lishui District, Nanjing, which covers 80m², occupies a corner location and is approximately 10 kilometres from Vmoto's Nanjing Facilities.

EXHIBITIONS

Vmoto participated in the European Postal Services exhibition held in Madrid, Spain from 12 to 14 March 2013.

Vmoto also presented at an investor forum, Stars in 2013 Series, in Sydney, Australia on 13 February 2013, which was well attended by over 150 attendees including high net worth investors, professional investors, stockbroking firms and analysts.

The Company, with its parts supplier, Taizhou Quanshun Motor Co, Ltd, co-exhibited 3 new electric two wheel vehicle models in Henan Province in May 2013, China to promote Vmoto and its products.

Vmoto received significant interest from many Chinese distributors and dealers at the exhibition. Although Vmoto is a relatively new player in the electric two wheel market in China, many Chinese distributors and dealers have already placed sample and initial orders with the Company. Many distributors and dealers are also visiting Vmoto's Nanjing Facility, China to discuss further cooperation with the Company.

CORPORATE

On 29 January 2013, the Company announced the appointment of Mr Simon Farrell and Mr Ivan Teo as Non-Executive Chairman and Finance Director respectively.

Following shareholder approval at the Company's Annual General Meeting held on 17 May 2013, 5,000,000 Class E Options (each Option having an exercise price of \$0.04 and expiry date of 23 May 2018) and 5,000,000 Class F Options (each Option having an exercise price of \$0.08 and expiry date of 23 May 2018) were issued to Mr Simon Farrell.



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Vmoto's Australian registered office relocated to Suite 1, Ground Floor, 83 Havelock Street, West Perth, Western Australia in March 2013 and Vmoto's European after sales service, marketing and distribution centre moved from Barcelona, Spain to Bremen, Germany in February 2013 in order to provide a more efficient after sales service to the Company's distributors and customers in Europe.

OUTLOOK

The Company continues to deliver on its existing OEM contract with PowerEagle and planning to develop additional models of electric two wheel vehicle products to launch into the Chinese market and to open more retail stores in China to expand its distribution network in China.

The Company has also been approached by a number of parties operating in the electric vehicles sector for collaborations or joint ventures. Discussions with these parties are continuing and the Company is looking forward to progressing these to see if any agreements can be secured to add long term value to the Company.

The Company is very excited about the opportunities in China and continues executing a number of strategies to gain a stronger foothold in China and further consolidating its strategic advantages to access Chinese market, the largest market for electric two wheel vehicles in the world, with 30 million units produced in 2012 and expected to increase to 40 million units in 2015.

The Company is also in discussions with a range of potential new customers across the globe, in particular India and Indonesia, and is anticipating a full year profit for the year ending 31 December 2013.



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DIRECTORS' REPORT

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

The Auditor's Declaration is set out on page 18 and forms part of the Directors' Report for the half year ended 30 June 2013.

Dated at Perth, Western Australia, this 30th day of August 2013

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Charles Chen'.

Charles Chen
Managing Director



VMOTO LIMITED
ABN 36 098 455 460

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		Consolidated	
	Note	30 June 2013	31 December 2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		899,964	1,834,894
Trade and other receivables		2,170,584	1,802,176
Inventories		5,111,628	3,150,650
Other assets		320,979	593,700
Total Current Assets		<u>8,503,155</u>	<u>7,381,420</u>
NON CURRENT ASSETS			
Property, plant and equipment		5,635,893	5,614,796
Intangible assets		3,589,352	3,588,532
Total Non Current Assets		<u>9,225,245</u>	<u>9,203,328</u>
TOTAL ASSETS		<u>17,728,400</u>	<u>16,584,748</u>
CURRENT LIABILITIES			
Trade and other payables		2,560,214	2,027,334
Loans and borrowings	5	5,246,442	4,158,486
Total Current Liabilities		<u>7,806,656</u>	<u>6,185,820</u>
TOTAL LIABILITIES		<u>7,806,656</u>	<u>6,185,820</u>
NET ASSETS		<u>9,921,744</u>	<u>10,398,928</u>
EQUITY			
Issued capital	3	51,020,430	51,060,622
Reserves		(2,682,154)	(2,798,947)
Accumulated losses		(38,416,532)	(37,862,747)
Equity attributable to owners of the Company		<u>9,921,744</u>	<u>10,398,928</u>
TOTAL EQUITY		<u>9,921,744</u>	<u>10,398,928</u>

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



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2013

		Consolidated	
	Note	30 June 2013	30 June 2012
		\$	\$
Revenue		9,789,641	5,233,054
Cost of sales		(8,697,501)	(4,191,702)
Gross Profit		1,092,140	1,041,352
Other income		264,617	12,236
Operational expenses		(672,256)	(820,066)
Marketing and distribution expenses		(352,631)	(101,232)
Corporate and administrative expenses		(617,888)	(773,302)
Occupancy expenses		(26,213)	(88,936)
Other expenses		(75,999)	(92,203)
Finance costs		(165,555)	(140,466)
Loss from continuing operations before tax		(553,785)	(962,617)
Income tax		-	-
Loss for the period	2	(553,785)	(962,617)
Other comprehensive income/(loss) - items that may be reclassified to the profit or loss			
Foreign currency translation differences		72,519	(160,071)
Other comprehensive income/(loss) for the period, net of tax		72,519	(160,071)
Total comprehensive income/(loss) for the period		(481,267)	(1,122,688)



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 30 JUNE 2013

	Consolidated	
Note	30 June 2013	30 June 2012
	\$	\$
Loss attributable to:		
Members of the Company	(553,785)	(962,617)
Non-controlling interest	-	-
	<u>(553,785)</u>	<u>(962,617)</u>
Loss for the period		
	<u>(553,785)</u>	<u>(962,617)</u>
Total comprehensive income attributable to:		
Members of the Company	(481,267)	(1,122,688)
Non-controlling interest	-	-
	<u>(481,267)</u>	<u>(1,122,688)</u>
Total comprehensive income for the period		
	<u>(481,267)</u>	<u>(1,122,688)</u>
Loss per share		
Basic and Diluted Loss per Share	(0.06 cents)	(0.17 cents)

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



VMOTO LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2013

		Consolidated	
	Note	30 June 2013	30 June 2012
		\$	\$
Cash flows used in operating activities			
Receipts from customers		11,303,464	4,853,934
Payments to suppliers and employees		(12,311,343)	(4,619,227)
Interest received		535	1,919
Interest paid		(165,932)	(140,749)
Other cash receipts		30,955	29,441
		<u>11,303,464</u>	<u>4,853,934</u>
Net cash (used in)/generated from operating activities		(1,142,321)	125,318
		<u>(1,142,321)</u>	<u>125,318</u>
Cash flows used in investing activities			
Payments for property, plant & equipment		(214,963)	(404,852)
Proceeds from sale of property, plant & equipment		-	4,455
Payments for intangible assets		-	(8,260)
		<u>(214,963)</u>	<u>(408,657)</u>
Net cash used in investing activities		(214,963)	(408,657)
		<u>(214,963)</u>	<u>(408,657)</u>
Cash flows from financing activities			
Proceeds from issue of equity shares		-	1,027,198
Payments for share issue costs		(221,072)	(3,080)
Proceeds from borrowings		6,527,727	2,756,817
Repayment of borrowings		(6,043,162)	(3,252,856)
		<u>263,493</u>	<u>528,079</u>
Net cash provided by financing activities		263,493	528,079
		<u>263,493</u>	<u>528,079</u>
Net increase / (decrease) in cash and cash equivalents		(1,093,791)	244,740
Cash and cash equivalents at beginning of period		1,834,894	1,012,912
Effect of exchange rate fluctuations on cash and cash equivalents held		158,861	(26,394)
		<u>158,861</u>	<u>(26,394)</u>
Cash and cash equivalents at end of period	11	899,964	1,231,258
		<u>899,964</u>	<u>1,231,258</u>

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



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2013

Consolidated	Issued Capital	Reserves	Accumulated Losses	Attributable to owners of parent	Total
	\$	\$	\$	\$	\$
Balance as at 1 January 2012	47,579,525	(1,170,063)	(36,549,840)	9,859,622	9,859,622
Loss for the period	-	-	(962,617)	(962,617)	(962,617)
Other comprehensive income	-	(160,071)	-	(160,071)	(160,071)
Total comprehensive income for the period	-	(160,071)	(962,617)	(1,122,688)	(1,122,688)
Issue of ordinary shares	1,024,118	-	-	1,024,118	1,024,118
Issue of options and performance rights	-	39,667	-	39,667	39,667
Balance as at 30 June 2012	48,603,643	(1,290,467)	(37,512,457)	9,800,719	9,800,719
Balance as at 1 January 2013	51,060,622	(2,798,947)	(37,862,747)	10,398,928	10,398,928
Loss for the period	-	-	(553,785)	(553,785)	(553,785)
Other comprehensive income	-	72,519	-	72,519	72,519
Total comprehensive income for the period	-	72,519	(553,785)	(481,267)	(481,267)
Issue of ordinary shares	-	-	-	-	-
Share issue costs	(40,192)	-	-	(40,192)	(40,192)
Issue of options	-	44,274	-	44,274	44,274
Balance as at 30 June 2013	51,020,430	(2,682,154)	(38,416,532)	9,921,744	9,921,744

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



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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 six months period ended 31 December 2012.

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 2013 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 long term supply agreements 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 has entered into a Strategic Co-operation Agreement in China, which it anticipates will increase its sales significantly;
- the Consolidated Entity has signed a significant OEM agreement in Germany, which it anticipates will increase its sales significantly;
- the Consolidated Entity's loss after tax has continuously decreased and it will further reduce corporate and other non-sales resources without materially affecting revenue activities;
- 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, RMB4.1 million (approximately AUD720,000) of the operating facility is still available for draw down if required. Moreover, the Consolidated Entity is able to draw down the facility at renewed repayment dates when the current loans are repaid;
- On 26 August 2013, the Company announced that it has received firm commitments from sophisticated investors to raise \$1.5 million (before cost) at an issue price of \$0.02 per share. At the date of this report, deposit payments of \$1.5 million have been received;
- the Directors have prepared cash flow forecasts that indicate the Consolidated Entity will be cash flow positive for the year ending 31 December 2014 and 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.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 six months period ended 31 December 2012, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2013, as described below.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Group has adopted the following new and revised Australian Accounting Standards from 1 January 2013 together with consequential amendments to other Standards:

- AASB 10: *Consolidated Financial Statements*;
- AASB 127: *Separate Financial Statements* (August 2011);
- AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*; and
- AASB 2012-10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*.

These Standards are mandatorily applicable from 1 January 2013 and thus, became applicable to the Group for the first time in the current half-year reporting period. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current half-year reporting period are as follows:

- *Consolidated financial statements:*

AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations*) from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 January 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 January 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(c).



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

AASB 2012-2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*. These Standards make changes to presentation and disclosure requirements, but did not affect the Group’s accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011). These Standards did not affect the Group’s accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

(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.



VMOTO LIMITED
ABN 36 098 455 460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. LOSS FOR THE PERIOD

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

	Consolidated	
	30 June 2013	30 June 2012
	\$	\$
(i) Other income		
Interest income	539	4,236
Contributions from customers	243,131	-
Government subsidies	12,927	-
Other income	8,020	8,000
	264,617	12,236
(ii) Expenses		
Depreciation	243,724	251,903
Employee benefits	677,748	865,782
(iii) Other Expenses		
Net foreign exchange loss	4,658	73,201
Doubtful debts expenses	71,341	19,002
	75,999	92,203

	30 June 2013	31 December 2012
	\$	\$
3. ISSUED CAPITAL		
<i>Ordinary shares</i>		
896,087,712 (December 2012: 896,087,712) ordinary shares, fully paid	51,020,430	51,060,622
	Number of	Issued Capital
	Ordinary Fully	\$
	Paid Shares	
<i>Movements in ordinary shares on issue</i>		
Balance 1 January 2013	896,087,712	51,060,622
Share issue costs	-	(40,192)
Balance 30 June 2013	896,087,712	51,020,430

Options

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

- 3,241,527 options exercisable at 9.0 cents each on or before 14 July 2013.
- 8,500,000 options exercisable at 2.5 cents each on or before 1 September 2014.
- 145,392,230 options exercisable at 4.0 cents each on or before 31 December 2014.
- 11,500,000 options exercisable at 3.0 cents each on or before 23 November 2015.

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



VMOTO LIMITED
ABN 36 098 455 460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT REPORTING

The continuing operations of the Consolidated Entity are predominantly in the two wheel vehicle including electric and petrol two wheel vehicles manufacture and distribution industry. In prior years, reported segments were based on the geographical segments of the Consolidated Entity, being Australia, Spain and China. The assessment of identifiable segments has changed in the current period due to relocation of Vmoto's after sales service and marketing centre for Europe from Spain to Germany. 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 two wheel vehicles segment is managed on a worldwide basis, but operates in three principal geographical areas: Australia, China and Germany. In China, manufacturing facilities are operated in Nanjing. In Germany, the after sales service and marketing centre are operated in Bremen, Germany. The following table presents revenue and loss in relation to geographical segments for the half year periods ended 30 June 2013 and 31 December 2012:

Half year ended 30 June 2013

	<i>Continuing Operations</i>			<i>Total Operations</i>
	<i>Australia</i>	<i>China</i>	<i>Germany</i>	
	\$	\$	\$	\$
Revenue				
Sales to external customers	-	9,789,183	458	9,789,641
Other revenues	3,805	260,812	-	264,617
Total segment revenue	3,805	10,049,995	458	10,054,258
Total income	3,805	10,049,995	458	10,054,258
Finance costs	757	164,798	-	165,555
Result				
Segment loss	(351,823)	(202,070)	108	(553,785)

Half year ended 30 June 2012

	<i>Continuing Operations</i>			<i>Total Operations</i>
	<i>Australia</i>	<i>China</i>	<i>Spain</i>	
	\$	\$	\$	\$
Revenue				
Sales to external customers	105,798	4,925,210	202,046	5,233,054
Other revenues	11,423	813	-	12,236
Total segment revenue	117,221	4,926,023	202,046	5,245,290
Total income	117,221	4,926,023	202,046	5,245,290
Finance costs	-	140,466	-	140,466
Result				
Segment loss	(595,069)	(236,807)	(130,741)	(962,617)

There has not been any material change in the total assets as compared to that in the last annual financial report for the 6 months ended 31 December 2012.



VMOTO LIMITED
ABN 36 098 455 460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LOANS AND BORROWINGS

The following loans and borrowings (current) were issued and repaid during the half year ended 30 June 2013:

<i>Movements in Loans and Borrowings</i>	Carrying Amount
	\$
Balance at 1 January 2013	4,158,486
New Issues:	
Drawn down from bank operating facility	4,751,141
Loans from non-related parties	1,776,585
Accrued interest	164,798
Effect of movement in foreign exchange rates	603,392
Repayments:	
Loans	(6,043,162)
Interest paid	(164,798)
Balance at 30 June 2013	<u>5,246,442</u>

6. SUBSEQUENT EVENTS

Expiry of Unlisted Options

On 15 July 2013, 3,241,527 unlisted options with an expiry date of 14 July 2013 and exercise price of \$0.09 remained unexercised on their expiry date and accordingly have lapsed pursuant to the terms and conditions of the options.

Vmoto Raises \$1.5 million

On 26 August 2013, the Company announced that it has received firm commitments from sophisticated investors to raise \$1.5 million (before costs) at an issue price of \$0.02 per share.



VMOTO LIMITED
ABN 36 098 455 460

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 2013 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 2013

On behalf of the directors

A handwritten signature in black ink, appearing to read "Charles Chen".

Charles Chen
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF VMOTO LIMITED

I declare that, to the best of my knowledge and belief during the half year ended 30 June 2013 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck Audit (WA) Pty Ltd.

William Buck Audit (WA) Pty Ltd
Authorised Audit Company No: 339150
ABN 67 125 012 124

Stephen K. Breihl.

Stephen K. Breihl
Director

Dated this *30th* day of August, 2013

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VMOTO LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vmoto Limited, which comprises the consolidated statement of financial position as at 30 June 2013, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 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 company's financial position as at 30 June 2013 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 Vmoto Limited, 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Sydney
Melbourne
Brisbane
Perth
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The logo for Praxity, featuring the word "Praxity" in a stylized font with a circular graphic of dots to the right, and the text "ASSOCIATE" and "GLOBAL ALLIANCE OF INDEPENDENT FIRMS" below it.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VMOTO LIMITED AND CONTROLLED ENTITIES (CONT)

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 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 2013 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of Vmoto Limited for the half year ended 30 June 2013 included on Vmoto Limited's web site. The company's directors are responsible for the integrity of Vmoto Limited's web site. We have not been engaged to report on the integrity of Vmoto Limited's web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

William Buck Audit (WA) Pty Ltd.

William Buck Audit (WA) Pty Ltd
Authorised Audit Company No: 339150
ABN 67 125 012 124

Stephen K. Breihl.

Stephen K. Breihl
Director

Dated this *30th* day of August, 2013