

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	31 December 2010
Previous Corresponding Reporting Period	Half Year Ended 31 December 2009

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	4,172	(36)%
Loss from continuing activities after tax attributable to members	(2,621)	88%
Net loss attributable to members	(2,621)	88%

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 Director's 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 Director's 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

	2010	2009
Net tangible asset backing per ordinary security	1.55 cents	2.42 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

	Ownership Interest		Contribution to net profit/(loss)	
	2010 %	2009 %	2010 \$A'000	2009 \$A'000
	N/A	N/A	N/A	N/A
Name of entity				
Associates				
Joint Venture Entities				

Aggregate Share of Losses				
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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		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

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:

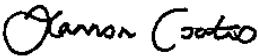
Not applicable

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 28 th February 2011	



VMOTO LIMITED
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HALF-YEAR FINANCIAL REPORT
for the period ended 31 December 2010



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

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

The Directors of Vmoto Limited ("Vmoto" or "the Company") present their report together with the condensed financial report for the half-year ended 31 December 2010 and the auditor's review report 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 Patrick Davin <i>Managing Director</i>	Resigned 26 November 2010
Mr Trevor Beazley <i>Non-Executive Director</i>	Appointed 26 October 2006
Mr Yi Ting (Charles) Chen <i>Executive Director</i>	Appointed 8 January 2007
Mr Russell Goodman <i>Non-Executive Director</i>	Resigned 23 February 2011
Mr Jack Perskowski <i>Non-Executive Director</i>	Appointed 23 February 2011

2. Results

The loss of the consolidated entity ("Group") for the half-year was \$2,621,211 (2009: \$1,394,123) after income tax of nil (2009: nil).

3. Review of Activities

The half year ended 31 December 2010 delivered consolidated revenues of \$4,171,509, compared to the half year ended 31 December 2009 revenues of \$6,565,934.

The decrease in revenue is in line with the Company's policy of reducing the low margin trading business and focusing on the Company's own manufactured product, particularly electric scooters, from its fully owned manufacturing facility in Nanjing, China ("Nanjing Facility"). The Company has achieved a gross profit margin of 17.5% for the half year ended 31 December 2010, compared to the half year ended 31 December 2009 gross profit margin of 6.9%. The Company is confident that the gross profit margin will improve further with improved economies of scale, expected to be achieved as production of units at the Nanjing Facility increases in anticipation of higher sales.

The Group recorded a loss for the period of \$2,621,211, being an overall increment of 88% compared to the previous reported period. There were a number of "one off" expenses during the period, including the write off of intangible development costs for the Scartt Utility Terrain Vehicle, the write off of construction works to previous facilities in Europe due to the relocation to premises more suitable to electric scooter testing and fine-tuning, provision for stock obsolescence in relation to certain parts acquired from E-Max as part of the acquisition of the E-Max business during the half year, provision for doubtful debts for receivables which resulted from the acquisition and consolidation of E-Max and a separation payment in relation to the resignation of Mr Patrick Davin. These "one off" expenses totalled approximately \$925,335.

The Company issued 4,166,668 shares at an issue price of 12 cents per share on 15 October 2010 to raise \$500,000. The funds raised were applied towards general working capital purposes.



V M O T O L I M I T E D

A B N 3 6 0 9 8 4 5 5 4 6 0

DIRECTORS' REPORT

On 20 December 2010, Vmoto completed a share placement to raise \$4.2 million. The Company issued 70,216,667 shares at an issue price of 6 cents per share. The funds raised were and will be applied towards increasing the manufacturing capacity and capability of Stage 1 of the Nanjing Facility, completion of Stage 2 of the Nanjing Facility, and for general working capital purposes.

From 30 June 2010, the Group's net assets have increased by 2% to \$17 million.

Sales and Customer Orders

Despite the loss recorded for the period, the Company is in a strong position to fulfill its customer orders.

With increasing demand for the Company's electric scooter products and the efforts of the management team, the Company has transformed from a traditional petrol scooter manufacturing business to a comprehensive and sophisticated international motorcycle manufacturing business, offering high-tech electric scooters, petrol scooters with state-of-the-art engine technology and the Scartt, a sporty and popular Utility Terrain Vehicle. A complete operational system from Research & Development to manufacturing to meeting and undertaking customers specific requirements is coming into form.

All electric scooters ordered previously by major customers have now been successfully delivered. This has allowed the customers to introduce and demonstrate the Company's electric scooter products and their capability to customers and the end-users. The Company has also built up stock levels to enable it to go into mass production to meet orders by the customers for the upcoming 6 months.

The major electric scooter customers of the Company include a well-known electric vehicle company in the United States, the Spanish Postal Service and a well known company focusing on zero emission vehicles in the United Kingdom. As a result of successful trial orders manufactures and delivered in the past 6 months, these customers have now committed to increasing their orders.

The major customer of the Company in the United States has recently signed an agreement to increase its order to approximately 1,000 electric scooters, to be delivered in the next few months. A letter of credit for the order has been obtained.

The Spanish Postal Service, Correos, through its exclusive agent Intermurcia SL, has also committed to a second shipment of electric scooters, and a letter of credit for the order has also been obtained.

As a result of the Company's participation in a number of international motorcycle exhibitions including Intermot, which was held in Cologne, Germany in 2010, the Company has successfully showcased its electric scooter products and Scartt to potential customers internationally and has won many new customers. Customers from Germany, France, the United Kingdom, the Netherlands and Italy have committed to purchase the Company's products and have paid deposits for their orders. The Company is currently in the process of manufacturing electric scooters and Scartts to meet these orders.

The Company is also actively pursuing new sales and is in discussions with potential customers from Sweden, Switzerland, South America and South Africa. Discussions with these customers are ongoing as each country and region has specific technical and compliance needs that need to be addressed before formal orders can be placed. However, securing orders from these customers is looking very positive.

The management team is undertaking detailed evaluations of the suitability of all new customers to ensure that the Company partners itself with customers that have the capability to best represent the Vmoto brand and to enhance the Company's long term interests.



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DIRECTORS' REPORT

The Company is delivering petrol scooters on a rolling basis to its major petrol scooter customer, a Vietnamese scooter distributor, although at a rate much slower than the Company had originally anticipated. This is largely due to the time required by the Vietnamese customer to penetrate the Vietnamese market and to improve design in response to market feedback. In addition, the completion of the assembly line for the Vietnamese scooters took longer than expected and training was required for the Vietnamese customer. With valuable information being fed back on market expectation from the Vietnamese customer, the Company and Siemens, the third party designer of the EFI system, are continuously working to modify and improve certain features of the petrol scooters in order to meet specific requirements of the Vietnam market. The Company expects that the orders from the Vietnamese customer will increase in the coming months as these teething issues are resolved.

The Korean customer is continuously fulfilling orders for its committed quantity of petrol scooters following receipt of the first order and completion of local compliance. Deposits for future orders have also now been received from this customer.

During the December 2010 half year, the Scarff has also undergone continuous design improvement following end-user and customers' feedback. The sales trend for the Scarff is encouraging and the Company expects this to continue with increased production being planned for the coming months.

Following the Company's annual business planning meeting held in Nanjing, China in January 2011, the Company has committed to increasing its focus on business to business ("B2B") and original equipment manufacturer ("OEM") sales and is targeting B2B and OEM customers worldwide, including prestigious automobile brands. Vmoto believes that this business will be its major focus and most critical to the Company in the coming years, with its capacity to provide stable sales revenue and, more importantly, create synergies between the Company and customers which will allow both parties to share resources including technology, design and market information, and fast track the Company and its products to next level.

The Company believes that the foundations it has built to date have the potential to position Vmoto as a market leader in environmentally friendly and Green products. With reports indicating that the growth of the electric scooter market in Europe itself is approximately 10 times more in comparison with the year of 2010, the Company is confident of reaching this goal.

Vmoto Nanjing Manufacturing Facility

Construction of Stage 2 of the Nanjing Facility is nearly complete. Upon completion, Stage 2 will provide the Company with an additional 10,000 square metres of manufacturing floor space and workshops, 3,000 square metres of warehouse, 2,000 square metres of office space, a five level staff dormitory and a two level restaurant building. Stage 2 will increase the manufacturing capacity of the Company substantially to meet increasing future orders. The fit-out for the warehouse and restaurant building will be completed on an as required basis over time.

The completion of Stage 2 will also enable the Company to further manufacture and process items that have previously been outsourced, thus further reducing the cost and improving the gross profit margin for the Company. One example is to set up its own painting facility, rather than relying on external part suppliers for this process..

The Company will also be able to use Stage 2 as security to increase its existing bank operating facility if required as a result of the increase in value of the improved property.

Corporate Activity

The half year ended 31 December 2010 was a very busy period for the Company at the corporate level.

Mr Patrick Davin, the founder and Managing Director of Vmoto Limited, resigned from his position, as announced on 26 November 2010.

Ms Alicia Atkinson was appointed as Chief Operating Officer of Vmoto Limited, as announced in December 2010. Ms Atkinson is a qualified accountant with a diverse range of experience and skill-set, having held senior positions in public practice for 13 years and thereafter being engaged in numerous positions with the publicly listed Retail Food Group Limited for 10 years.



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DIRECTORS' REPORT

Mr Russell Goodman, non-executive Director, resigned on 23 February 2011 at which time Mr Jack Perkowski was appointed as non-executive Director. After graduating from Yale and Harvard Business School, Jack spent 18 years on Wall Street, rising to the head of investment banking at American stockbroking and asset management firm, PaineWebber. In 1994, Jack founded ASIMCO Technologies, which has gained a reputation for developing local management and integrating a broad based China operation into the global economy. In 2009, Jack founded JFP Holdings, a merchant banking firm focused on China, where he now serves as Managing Partner. Jack also serves on the Board of Directors of NASDAQ listed Fushi Copperweld, Inc, the world's leading bimetallic company with operations in China, the United States and the United Kingdom, and is on the Board of Advisers of Westlake International, LLC, a company whose extensive China expert network provides "on the ground" industry information to Western institutional investors.

The Company is extremely happy with Mr Perkowski's appointment and is continuing its process of Board renewal and operational review.

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

The Auditor's Declaration is set out on page 20 and forms part of the Directors' Report for the half-year ended 31 December 2010.

Dated at Perth, Western Australia, this 28th day of February 2011

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read "T. Beazley", with a stylized flourish at the end.

Trevor Beazley
Non-Executive Director



VMOTO LIMITED
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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

		Consolidated	
	Note	31 December 2010	30 June 2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		3,596,473	2,589,599
Trade and other receivables		1,156,090	824,230
Inventories		3,952,080	2,463,554
Other assets	5	987,877	1,635,795
Total Current Assets		9,692,520	7,513,178
NON CURRENT ASSETS			
Property, plant and equipment		4,651,827	5,060,368
Intangible Assets	9	7,912,162	7,955,117
Total Non Current Assets		12,563,989	13,015,485
TOTAL ASSETS		22,256,509	20,528,663
CURRENT LIABILITIES			
Trade and other payables		2,964,161	1,972,831
Employee benefits		25,519	34,683
Loans and borrowings	8	2,223,604	1,778,102
Total Current Liabilities		5,213,284	3,785,616
NON CURRENT LIABILITIES			
Trade and other payables		-	-
Total Non Current Liabilities		-	-
TOTAL LIABILITIES		5,213,284	3,785,616
NET ASSETS		17,043,225	16,743,047
EQUITY			
Issued capital	3	46,771,853	41,773,036
Reserves		(1,181,633)	904,237
Accumulated losses		(28,546,995)	(25,925,784)
Equity attributable to owners of the Company		17,043,225	16,751,489
Non-controlling interest		-	(8,442)
TOTAL EQUITY		17,043,225	16,743,047

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



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated	
	Note	31 December 2010 \$	31 December 2009 \$
Continuing Operations			
Revenue	2	4,171,509	6,565,934
Cost of sales		(3,441,668)	(6,110,980)
Gross Profit		729,841	454,954
Other income	2	468,009	291,247
Operational expenses		(1,979,090)	(882,832)
Marketing and distribution expenses		(421,377)	(340,125)
Corporate and administrative expenses		(1,148,606)	(749,980)
Occupancy expenses		(191,984)	(172,121)
Finance costs		(78,004)	(63,352)
Other expenses		-	(15,926)
Loss from continuing operations before tax		(2,621,211)	(1,478,135)
Income tax		-	-
Loss after tax from continuing operations		(2,621,211)	(1,478,135)
Discontinued Operations			
Loss from discontinued operations after income tax	4	-	-
Net loss for the period		(2,621,211)	(1,478,135)
Other comprehensive income			
Foreign currency translation differences		(2,085,870)	(618,885)
Other comprehensive income for the period, net of tax		(2,085,870)	(618,885)
Total comprehensive income for the period		(4,707,081)	(2,097,020)



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CONDENSED STATEMENT OF COMPREHENSIVE
INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated	
	Note	31 December 2010 \$	31 December 2009 \$
Loss attributable to:			
Owners of the Company		(2,621,211)	(1,394,123)
Non-controlling interest		-	(84,012)
Loss for the period		<u>(2,621,211)</u>	<u>(1,478,135)</u>
Total comprehensive income attributable to:			
Owners of the Company		(4,707,081)	(2,013,008)
Non-controlling interest		-	(84,012)
Total comprehensive income for the period		<u>(4,707,081)</u>	<u>(2,097,020)</u>
Loss per share attributable to the ordinary equity holders of the Company			
Basic Loss per Share from Continuing Operations	7	(0.52) cents	(0.33) cents
Basic Loss per Share	7	(0.52) cents	(0.33) cents

Diluted loss per share does not represent an inferior view of the Company's performance and is not disclosed for this reason.

The statement of comprehensive income should be read in conjunction with the accompanying notes.



VMOTO LIMITED
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CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated	
		31 December 2010	31 December 2009
	Note	\$	\$
Cash flows used in operating activities			
Cash receipts from customers		4,490,347	1,555,196
Cash payments to suppliers and employees		(7,806,930)	(2,970,955)
Interest paid		(78,177)	(55,390)
Income tax paid		-	(12,432)
Other		5,205	-
Net cash used in operating activities		(3,389,555)	(1,483,581)
Cash flows used in investing activities			
Proceeds from sale of property, plant & equipment		-	11,317
Proceeds on disposal of business		80,000	100,000
Interest received		7,280	26,521
Payments for intellectual property rights		(3,191)	(386)
Payments for property, plant & equipment		(1,228,902)	(660,950)
Acquisition of non-controlling interest	10	-	(1,201,568)
Loans to other entities		-	(780,366)
Net cash used in investing activities		(1,144,813)	(2,505,432)
Cash flows from financing activities			
Proceeds from issue of shares		4,713,000	11,462,500
Proceeds from borrowings		1,310,601	100,000
Repayment of borrowings		(500,000)	(787,152)
Net cash provided by financing activities		5,523,601	10,775,348
Net increase in cash and cash equivalents		989,233	6,786,335
Cash and cash equivalents at beginning of period		2,589,599	1,289,984
Effect of exchange rate fluctuations on cash and cash equivalents held		17,641	(80,619)
Cash and cash equivalents at end of period	11	3,596,473	7,995,700

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated	Issued Capital	Reserves	Accumulated Losses	Non-controlling Interest	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2010	41,773,036	904,237	(25,925,784)	(8,442)	16,743,047
Loss for the period	-	-	(2,621,211)	-	(2,621,211)
Other comprehensive income	-	(2,085,870)	-	-	(2,085,870)
Total comprehensive income for the period	-	(2,085,870)	(2,621,211)	-	(4,707,081)
Transactions with owners in their capacity as owners:					
Shares issued	7,849,000	-	-	-	7,849,000
Transaction costs on share issue	(88,200)	-	-	-	(88,200)
Acquisition of non-controlling interest	(2,761,983)	-	-	8,442	(2,753,541)
Balance as at 31 December 2010	46,771,853	(1,181,633)	(28,546,995)	-	17,043,225

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

CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated	Issued Capital	Reserves	Accumulated Losses	Non-controlling Interest	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2009	28,804,611	1,033,729	(22,282,584)	331,151	7,886,907
Loss for the period	-	-	(1,394,123)	(84,012)	(1,478,135)
Other comprehensive income	-	(618,885)	-	-	(618,885)
Total comprehensive income for the period	-	(618,885)	(1,394,123)	(84,012)	(2,097,020)
Transactions with owners in their capacity as owners:					
Shares issued	12,769,583	-	-	-	12,769,583
Transaction costs on share issue	(395,000)	-	-	-	(395,000)
Share options issued	-	100,000	-	-	100,000
Share options exercised	50,000	-	-	-	50,000
Share-based payment	630,948	-	-	-	630,948
Acquisition of non-controlling interest	(954,429)	-	-	(247,139)	(1,201,568)
Balance as at 31 December 2009	40,905,713	514,844	(23,676,707)	-	17,743,850

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



V M O T O L I M I T E D
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NOTES TO THE CONDENSED 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 as at 30 June 2010.

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 31 December 2010 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, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Going Concern Basis

The consolidated entity has recorded a loss after tax for the half-year of \$2,621,211 (2009: \$1,394,123). At 31 December 2010, the consolidated entity has working capital of \$4,479,236 (2009: \$8,021,518) and net tangible assets of \$9,131,063 (2009: \$11,851,066). Whilst the consolidated entity has yet to establish profitable operations, 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.

(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 30 June 2010, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2010, as described below.

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

New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods. However, the only amendment that has had a material impact and resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements is the presentation of development costs in the statements of cash flows. AASB 107 Statement of Cash Flows has been amended through AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statements of cash flows.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

2. REVENUE AND EXPENSES

Specific items

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

REVENUE AND EXPENSES OF CONTINUING OPERATIONS	Consolidated 2010 \$	2009 \$
(i) Revenue		
Sale of goods	4,171,509	6,565,934
	4,171,509	6,565,934
(ii) Other income		
Interest income	46,895	26,489
Commissions	15,723	175,477
Foreign exchange gain	11,347	43,475
Other	394,343	45,806
	468,308	291,247
(iii) Expenses		
Depreciation	431,021	143,151
Employee benefits	1,140,724	847,660

3. ISSUED CAPITAL	31 December 2010 \$	30 June 2010 \$
<i>Ordinary shares</i>		
590,788,439 (June 2010: 494,005,104) ordinary shares, fully paid	46,771,853	41,773,036
<i>Movements in ordinary shares on issue</i>	Number of Ordinary Fully Paid Shares	Issued Capital \$
Balance 1 July 2010	494,005,104	41,773,036
Shares issued for acquisition of remaining 40% of E-Max	22,400,000	3,136,000
Shares issued pursuant to share placement at 16.0 cents each	4,166,668	500,000
Shares issued pursuant to share placement at 20.0 cents each	70,216,667	4,213,000
Consideration paid in excess of carrying value of non-controlling interest (refer note 11)	-	(2,716,983)
Cost of share issues	-	(88,200)
Balance 31 December 2010	590,788,439	46,771,853



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Options

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

- 9,000,000 options exercisable at 20.0 cents each on or before 30 September 2012.
- 2,000,000 options exercisable at 15.0 cents each on or before 30 June 2012.
- 3,241,527 options exercisable at 9.0 cents each on or before 14 July 2013.
- 2,000,000 options exercisable at 10.0 cents each on or before 3 July 2012.

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

4. SEGMENT REPORTING

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. In presenting information based on geographical segments, segment revenue is based on the geographical location of the distributor. The continuing operations of the Company are predominantly in the scooter including petrol and electric scooters and ATV, which are deemed as the same business segment.

The following table presents revenue and loss in relation to geographical segments for the half year periods ended 31 December 2010 and 31 December 2009:

Half- year ended 31 December 2010

	<i>Continuing Operations</i>			<i>Total Operations</i>
	<i>Australia</i>	<i>China</i>	<i>Spain</i>	
	\$	\$	\$	\$
Revenue				
Sales to external customers	464,125	6,782,933	596,637	7,843,695
Other revenues	200,620	235,623	20,719	456,962
Inter-segment sales	-	(3,672,186)	-	(3,672,186)
Total segment revenue	664,745	3,346,370	617,356	4,628,471
 Total income	 664,745	 3,346,370	 617,356	 4,628,471
Result				
Segment loss	(889,511)	(968,592)	(763,108)	(2,621,211)



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

4. SEGMENT REPORTING (CONT'D)

Half- year ended 31 December 2009

	Continuing Operations			Total Operations
	Australia \$	China \$	Spain \$	\$
Revenue				
Sales to external customers	167,823	6,175,011	229,655	6,572,489
Other revenues	(2,640)	174,078	5,771	177,210
Inter-segment sales	-	(6,555)	-	(6,555)
Total segment revenue	165,183	6,342,534	235,426	6,743,144
Unallocated income and eliminations	-	70,562	-	70,562
Total income	165,183	6,413,096	235,426	6,813,706
Result				
Segment loss	(1,022,827)	(310,464)	(60,832)	(1,394,123)

Total assets have increased by 8.4% since the last annual report. Segment assets as at 31 December 2010 are as follows:

	Continuing Operations			Total Operations
	Australia \$	China \$	Spain \$	\$
Segment Assets				
Segment operating assets	14,480,772	(130,300)	(6,125)	14,344,347
Intersegment eliminations	(13,431,225)	12,798,337	632,888	-
Intangibles	4,645,742	3,266,420	-	7,912,162
Total assets from continuing operations per balance sheet	5,695,289	15,934,457	626,763	22,256,509

Total assets as at 30 June 2010 had increased by 12.3% since the 31 December 2009 report. Segment assets as at 30 June 2010 are as follows:

	Continuing Operations			Total Operations
	Australia \$	China \$	Spain \$	\$
Segment Assets				
Segment operating assets	11,591,577	289,927	692,042	12,573,546
Intersegment eliminations	(11,029,080)	10,881,410	147,670	-
Intangibles	4,642,551	3,039,810	272,756	7,955,117
Total assets from continuing operations per balance sheet	5,205,048	14,211,147	1,112,468	20,528,663



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

5. OTHER ASSETS

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
Prepayments	919,899	1,462,874
Deposits	67,978	172,921
	<u>987,877</u>	<u>1,635,795</u>

6. COMMITMENTS

The Group leases property under non-cancellable operating leases expiring within 5 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Future operating lease rentals not provided for in the financial statements and payable:

- Not later than one year	172,776
- Later than one year but not later than five years	<u>29,025</u>
	<u>201,801</u>

The construction of the Stage 2 of the Group's Nanjing Facility is currently in progress and it is estimated that it will be completed in March 2011. The construction costs are only payable after completion of each phase to the satisfaction of the management and certain construction costs are only payable one year later after the completion of the construction of Stage 2 of Nanjing Facility for quality assurance purpose. Construction costs not provided for in the financial statements and payable:

- Not later than one year	387,973
- Later than one year but not later than five years	<u>581,959</u>
	<u>969,932</u>

7. LOSS PER SHARE

	Number
Weighted average number of shares used as the denominator	
Ordinary shares	<u>507,268,666</u>



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. LOANS AND BORROWINGS

The following loans and borrowings (current) were issued and repaid during the six months ended 31 December 2010:

<i>Movements in Loans and Borrowings</i>	Carrying Amount \$
Balance 1 July 2010	1,778,102
New Issues:	
Loans from bank operating facility	812,213
Loans from non-related parties (1)	500,000
Accrued interest	78,004
Effect of movement in foreign exchange rates	(362,328)
Repayments:	
Loans	(504,383)
Interest paid	(78,004)
Balance 31 December 2010	<u>2,223,604</u>

- (1) Loans from non-related parties include a \$500,000 unsecured interest bearing short term loan advanced to the Company on 14 December 2010.

9. INTANGIBLES

	Consolidated			
	Goodwill	Licenses and trademark	Development costs	Total
Half-Year ended 31 December 2010				
Balance at 1 July 2010	6,613,421	1,068,940	272,756	7,955,117
Additions	-	382,459	8,518	390,977
Amortisation and impairment	-	-	(281,274)	(281,274)
Reclassification	(573,689)	573,689	-	-
Exchange differences	-	(152,658)	-	(152,658)
Balance at 31 December 2010	<u>6,039,732</u>	<u>1,872,430</u>	<u>-</u>	<u>7,912,162</u>
At 31 December 2010				
Cost	12,149,545	1,872,430	376,192	14,398,167
Accumulated amortisation and impairment	<u>(6,109,813)</u>	<u>-</u>	<u>(376,192)</u>	<u>(6,486,005)</u>
Net carrying amount	<u>6,039,732</u>	<u>1,872,430</u>	<u>-</u>	<u>7,912,162</u>

During the year ended 30 June 2010, the Group provisionally recognised goodwill of \$1,988,640 in relation to the acquisition of 60% of the E-Max business. The Group had provisionally recognised the goodwill using the fair values of the identifiable assets of E-Max based upon the best information available during the period ended 30 June 2010. The Directors have now provisionally assessed the fair values of identifiable assets of E-Max including separately identifiable intangible assets acquired and this has resulted in the reclassification of \$573,689 from goodwill to licenses and trademark.

The capitalised development costs in relation to the development of the Group's product, SCARTT, were fully written off during the year. The development for SCARTT is now complete and mass production for SCARTT is progressing in the Company's Nanjing Facility.



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10. BUSINESS COMBINATION

Effective 21 July 2010, the Company acquired the remaining 40% non-controlling interest of E-Max business, which included Vmoto E-Max International Ltd and Nanjing Vmoto E-Max Electric Vehicles Development Co, Ltd taking the Company's interest to 100% and making them wholly owned subsidiaries.

The consideration of 22.4 million shares (\$3,136,000) in the Company for the acquisition of the 40% non-controlling interest of E-Max business, which included Vmoto E-Max International Ltd and Nanjing Vmoto E-Max Electric Vehicles Development Co, Ltd, were issued to minority shareholders on 21 July 2010.

The difference between the carrying value of the non-controlling interest as at that date and the consideration paid is recognised directly in equity attributable to the Company. Accordingly, a decrease in contributed equity of \$2,761,983 is reflected in the statement of changes in equity.

11. ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Condensed Statement of Cash Flows, cash comprise the following at 31 December 2010:

	Consolidated	
	2010	2009
	\$	\$
Bank balances	3,596,473	7,995,700
Total Cash	3,596,473	7,995,700

12. SUBSEQUENT EVENTS

Repayment of Bank Operating Facility

On 12 January 2011, the Company repaid RMB10 million (A\$1,536,593.99) of bank operating facility. This bank operating facility is provided by China Rural Credit Cooperative and is secured by the Company's Nanjing Facility, including the land and Stage 1 of the factory.

Subsequently, the Company withdrew RMB10 million (A\$1,527,673.81) of bank operating facility on 18 January 2011. The interest rate for the RMB10 million of bank operating facility is 6.972% per annum and the interest is payable quarterly.

The financial effect of these transactions has not been brought to account in the financial statements for the half-year ended 31 December 2010.



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DIRECTORS' DECLARATION

In the opinion of the Directors of Vmoto Limited:

1. the financial statements and notes set out on pages 5 to 18 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows for the financial period ended on that date; and
 - (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia, this 28th day of February 2011

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to be 'T. Beazley', with a stylized flourish at the end.

Trevor Beazley
Non-Executive Director

The Board of Directors
Vmoto Limited
Level 12, 251 Adelaide Terrace
PERTH WA 6000

28 February 2011

Dear Board Members

Vmoto Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Vmoto Limited.

As lead audit partner for the review of the financial statements of Vmoto Limited for the financial half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

C Manifis

Conley Manifis
Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Review Report to the Members of Vmoto Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vmoto Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 19.

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 (including the Australian Accounting Interpretations) 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Vmoto Limited's financial position as at 31 December 2010 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vmoto Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

C. Manif

Conley Manifis
Partner

Chartered Accountants
Perth, 28 February 2011