



**VMOTO LIMITED**  
ABN 36 098 455 460

---

**HALF-YEAR FINANCIAL REPORT**  
for the six month period ended 30 June 2018



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 six months period ended 30 June 2018 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 Phillip Campbell <i>Non-Executive Chairman</i>	Appointed 31 May 2017
Mr Charles Chen <i>Managing Director</i>	Appointed 5 January 2007
Mr Ivan Teo <i>Finance Director</i>	Appointed 29 January 2013
Mr Kaijian Chen <i>Non-Executive Director</i>	Appointed 1 September 2011
Ms Shannon Coates <i>Non-Executive Director</i>	Appointed 23 May 2014

### 2. Results

The net loss after tax for the Consolidated Entity for the six month period ended 30 June 2018 was \$767,402 (net loss for the six month period ended 30 June 2017: \$1,137,523). This represents an overall improvement of 33% compared to the net loss after tax recorded for the six month period ended 30 June 2017.

The net loss before interest, tax, depreciation and amortisation for the Consolidated Entity for the six month period ended 30 June 2018 was \$303,875 (net loss before interest, tax, depreciation and amortisation for the six month period ended 30 June 2017: \$723,269). This represents an overall improvement of 58% compared to the six month period ended 30 June 2017.

The following table provides reconciliation between the net loss after tax and net loss before interest, tax, depreciation and amortisation for the six month period ended 30 June 2018:

Net loss after tax for 1H18	(\$767,402)
Add back:	
Interest income	(\$57,625)
Interest expenses	\$44,036
Tax	-
Depreciation and amortisation	\$477,116
Net loss before interest, tax, depreciation and amortisation for 1H18	(\$303,875)

The consolidated revenue from continuing operations for the six month period ended 30 June 2018 was up 11% to \$8,653,190 (six month period ended 30 June 2017: \$7,809,478).

The Consolidated Entity also achieved positive operating cash flows of \$808,893 for the six month period ended 30 June 2018 due to increasing orders from international customers and distributors.



VMOTO LIMITED  
ABN 36 098 455 460

## DIRECTORS' REPORT

---

### 3. First Half Year Activities

#### 3.1 Review of Operations

During the six month period ended 30 June 2018, Vmoto has continued with its strategy of design, manufacture and distribution of high quality "green" electric powered two-wheel vehicles. The Company remain firmly committed to executing its strategy of selling high value, high performance electric two-wheel vehicles to the international B2B sector, including delivery, sharing and rental customers, and to the international B2C sector.

As a result of this commitment, the Company's gross margin percentage has improved from 12.7% for the six month period ended 30 June 2017 to 15.7% for the six month period ended 30 June 2018.

During the period, the Company distributed a total of 5,021 units. Of these sales, 4,923 units were sold to international customers and distributors. Pleasingly the sales to European customers and distributors represented an upward trend, with 1,891 units sold in Europe in 1H18, up 296% on 1H17.

As at 30 June 2018, the total operating facility drawn down was RMB5 million (approximately A\$1 million) and the total undrawn operating facility was RMB20 million (approximately A\$4.1 million).

As at 30 June 2018, the Company had cash of A\$4.9 million. During the six month period ended 30 June 2018, the Consolidated Entity has achieved positive operating cash flows and has successfully raised funds in order to fast track its expansion into European markets.

At 30 June 2018, the Company held inventories of A\$2.6 million in anticipation of the Company entering its busy period in the second half of 2018.

Over the 6 month period to 30 June 2018, the Consolidated Entity's net assets increased 15.8% to \$15.1 million (31 December 2017: \$13 million).

#### 3.2 Super Soco Relocated to Vmoto's Nanjing Facility

As announced on 27 November 2017, Vmoto signed an agreement with emerging industrial design and innovative technology company, Super Soco that would result in Super Soco relocating its electric vehicle ("EV") manufacturing operations to Vmoto's Nanjing facility. The purpose in doing so being to facilitate cooperation between Vmoto and Super Soco on manufacturing, supply chain management and product development. The agreement also resulted in Vmoto being appointed Super Soco's international sales and marketing partner.

During the period, Super Soco relocated to Vmoto's Nanjing Facility and new state of the art production lines were installed in Vmoto's Nanjing facility and are now operational. Both Vmoto and Super Soco models are now being produced on the same production line.

Since moving to Nanjing, Super Soco has developed a new model of two-wheel EV product, CU, which will be very attractive in international B2C markets as well as in the domestic Chinese market. We expect that this new model will be available for distribution through Vmoto's international distribution network in October 2018.

#### 3.3 Successful Placement and Share Purchase Plan

On 12 January 2018, the Company announced an equity capital raising of up to \$2 million (before costs) comprising of a Placement and Share Purchase Plan ("SPP") to be used towards expansion of the Company's European distribution network, expansion of its European warehouse to accelerate the sales into European markets, expansion of its international B2B leasing business and to meet the costs of the SPP.



VMOTO LIMITED  
ABN 36 098 455 460

## DIRECTORS' REPORT

---

The Company successfully raised \$2.2 million through the Placement and the SPP, which closed heavily oversubscribed for \$962,500, exceeding the original target of \$750,000. To date, the funds have been used to employ a German national as a new Sales & Marketing Manager for Europe; set up a Vmoto warehouse in the Netherlands; allocate sale stocks and spare parts to the Netherlands warehouse to reduce delivery times and improve after-sales support in Europe; secure space for Intermot and EICMA exhibitions to be held in October and November 2018; provide working capital to European sales operations; and provide extended payment terms to an important volume customer, Greenmo Rent, in a one off agreement. The Company will continue to deploy the funds raised to expand its European distribution network and service operations, as well as supporting our B2B rental partners in expanding their businesses. As has happened in the first six months of FY 2018, we expect this continued investment in sales and marketing will have a further positive impact in the market.

### 3.4 New Website and Social Media

In May 2018, the Company launched its new website at [www.vmoto.com](http://www.vmoto.com) and increased its social media presence on Facebook, Instagram and Twitter to target a wider audience to improve Vmoto's brand image, highlight product applications and further market the key features of Vmoto's electric two-wheel vehicle product offering.

The Company also has appointed Proactive Investors Limited, to improve communications to the market and increase its exposure to more long-term retail investors globally.

### 3.5 Markets - Existing and New

During the six month period ended 30 June 2018, the Company signed a number of exclusive international distributor agreements:

France: Vmoto signed an exclusive distribution agreement with Mujoo France ("Mujoo") for Mujoo to warehouse, distribute and market the Super Soco's range, for which Vmoto is exclusive international distributor. Mujoo is one of France's leading motorcycle distributors and offers high-performance motorcycles.

Vmoto also signed an exclusive distribution agreement with U'Mob France to warehouse, distribute and market the Company's E-Max delivery electric scooters in France.

Netherlands: An exclusive distribution agreement was signed with La Souris Scooter BV ("La Souris") ([www.lasourisscooters.nl](http://www.lasourisscooters.nl)), an experienced Netherlands importer and distributor of a wide range of scooter products. The agreement is for La Souris to warehouse, distribute and market the Super Soco range of electric two-wheel vehicle products in the Netherlands. La Souris is one of the largest scooter suppliers in the Netherlands.

Czech Republic: Vmoto signed an exclusive distribution agreement with Eco Gear s.r.o ("Eco Gear") for Eco Gear to warehouse, distribute and market the Super Soco TS and TC electric motorcycle products in the Czech Republic. Eco Gear ([www.mercatus.cz](http://www.mercatus.cz)) was founded in 2006 and specialises in importing and exporting products with higher added value.

Mauritius: An exclusive distribution agreement was signed with Sun Industries Ltd ("Sun Industries") for Sun Industries to warehouse, distribute and market the Super Soco TS, TC and CU-X electric two-wheel vehicle products in Mauritius. Sun Industries is a company based in Port Louis, Mauritius, with a number of stores throughout Mauritius and a strong interest in green technology.

Sweden / Finland / Norway: An exclusive distribution agreement was signed with ATV Sweden AB ("ATV Sweden") for ATV Sweden to warehouse, distribute and market the Super Soco range of electric two-wheel vehicle products in Sweden, Finland and Norway. ATV Sweden ([www.atvsweden.se](http://www.atvsweden.se)) is a full service company focused primarily in quadricycles, moped and motorcycles. ATV Sweden is part of Silverstone Group which has an 11,000m<sup>2</sup> warehouse for both products and spare parts.

Mexico: Vmoto signed an exclusive distribution agreement with Vpro Sapi de CV ("Vpro") for Vpro to warehouse, distribute and market the E-Max and Super Soco range of electric two-wheel vehicle products in Mexico. Vpro is part of a large automobile group in Mexico and has been the largest partner for one of the most prestigious international motorcycle brands in the Mexican market. Vpro also has a comprehensive dealership network and after sales service network covering 7 states in Mexico.



VMOTO LIMITED  
ABN 36 098 455 460

## DIRECTORS' REPORT

---

Netherlands: In July 2018, Rabobank Group made an equity investment in Vmoto's business partner, Greenmo Group B.V. Greenmo Group, which focuses on full-service electric two-wheel vehicles rentals, Greenmo has experienced rapid double digit growth in recent years. With the participation of Rabobank Group in Greenmo Group, Greenmo Group is able to continue its growth organically and via M&A in the Netherlands and neighbouring European countries. This further validates Vmoto's strategy to focus on international B2B markets, which are currently experiencing significant growth.

### 3.6 Exhibitions and Marketing

Vmoto's French distributor exhibited the Super Soco products at the Salon of Lyon trade fair held in France in April 2018 and has successfully appointed 9 additional sales dealers and agents as a result of the trade show.

Vmoto's Austrian distributor also participated in a number of exhibitions and trade shows across Europe promoting the Super Soco product range.

In March 2018, Vmoto's Serbian distributor showcased the Super Soco product range at the Belgrade Fair and received positive feedback and interest.

In April 2018, Super Soco held a launch event for its new model of electric two-wheel vehicle, the CU. The launch was targeting B2C markets and was attended by over 300 international and local distributors, customers and visitors, and over 100 media groups. The launch was accompanied by a pre-release sales campaign whereby participants paid a 100% deposit to receive the first initial CU products. The campaign was successful and received firm commitments for RMB55 million (~A\$11.3 million). The funds committed by participants of the pre-release orders will fund working capital to manufacture and supply the new CU model to participants. The success of the pre-release sales campaign for Super Soco's new CU model is expected to provide flow on benefits to Vmoto when the new, high tech CU model becomes available for distribution through Vmoto's international distribution network. It is expected that the CU model will be available for distribution through Vmoto's international distribution network in October 2018.

The Company's distributors also attended a number of exhibitions including:

- the 2018 Expomoto in Portugal in May 2018;
- the Scooter Moto Festival on 18-20 May 2018 in Greece;
- the 2018 Personal Mobility Show held on 15-18 June 2018 in Busan, Korea;
- the Electric Show held on 16-17 June 2018 in Menton, France
- ENVE exhibition held in Leiria, Portugal in July 2018;
- the Val-dlsere Electric Vehicle Show held on 12-15 July 2018 in France; and
- World Ducati Week on 20-22 July 2018 in Misano, Italy.

### 3.7 Corporate

On 16 January 2018, 22,727,273 fully paid ordinary shares were issued to placement participants, at an issue price of \$0.055 per share.

On 21 February 2018, 17,500,089 fully paid ordinary shares were issued to participants of the share purchase plan, at an issue price of \$0.055 per share.

On 22 May 2018, 681,764 fully paid ordinary shares were issued to Non-Executive Chairman, Mr Phillip Campbell, at deemed issue prices between \$0.056 and \$0.071 per share in lieu of Director fees, as approved by shareholders at the Company's Annual General Meeting on 22 May 2018.

On 22 May 2018, 701,754 fully paid ordinary shares were issued to Non-Executive Director, Mr Kaijian Chen, at a deemed issue price of \$0.057 per share in lieu of Director fees, as approved by shareholders at the Company's Annual General Meeting on 22 May 2018.

On 22 May 2018, 2,272,727 options exercisable at \$0.065 on or before 22 May 2021 and 2,272,727 options exercisable at \$0.085 on or before 22 May 2021 were issued to placement participants on a basis of 1 for every 5 placement shares, as approved by shareholders at the Company's Annual General Meeting on 22 May 2018.



VMOTO LIMITED  
ABN 36 098 455 460

## DIRECTORS' REPORT

---

### 3.8 Outlook

Vmoto continues to execute its strategy of selling high value, high performance electric two-wheel vehicles to the international markets, including delivery, sharing and rental customers and B2C customers. With the number of additional distributors signed up in 1H18 and their respective commitment to future orders, Vmoto's management remains confident that the Company will continue to increase international sales and further consolidate its position as a leading electric two-wheel vehicle manufacturer and provider to the international markets.

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

The Auditor's Independence Declaration is set out on page 18 and forms part of the Directors' Report for the half year ended 30 June 2018.

Dated at Perth, Western Australia, this 24<sup>th</sup> day of August 2018

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

CONDENSED CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018

	Note	30 June 2018 \$	31 December 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,941,770	3,172,792
Trade and other receivables		1,761,325	1,385,118
Inventories		2,622,344	2,780,782
Other assets		2,332,336	3,119,683
Total Current Assets		<u>11,657,775</u>	<u>10,458,375</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	7,985,291	7,814,943
Intangible assets	6	521,091	595,533
Total Non-Current Assets		<u>8,506,382</u>	<u>8,410,476</u>
<b>TOTAL ASSETS</b>		<u>20,164,157</u>	<u>18,868,851</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,043,000	3,867,726
Loans and borrowings	7	1,022,746	1,966,878
Total Current Liabilities		<u>5,065,746</u>	<u>5,834,604</u>
<b>TOTAL LIABILITIES</b>		<u>5,065,746</u>	<u>5,834,604</u>
<b>NET ASSETS</b>		<u>15,098,411</u>	<u>13,034,247</u>
<b>EQUITY</b>			
Issued capital	3	74,753,655	72,431,566
Reserves	3	(679,844)	(1,140,601)
Accumulated losses		(58,975,400)	(58,256,718)
<b>TOTAL EQUITY</b>		<u>15,098,411</u>	<u>13,034,247</u>

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



VMOTO LIMITED  
ABN 36 098 455 460

CONDENSED CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Note	Half-year ended 30 June 2018 \$	Half-year ended 30 June 2017 \$
<b>Continuing Operations</b>			
Revenue from sale of goods		8,653,190	7,809,478
Cost of sales		(7,292,727)	(6,810,406)
<b>Gross Profit</b>		1,360,463	999,072
Other income	2	495,836	502,230
Operational expenses		(1,484,602)	(1,395,173)
Marketing and distribution expenses		(153,915)	(116,713)
Corporate and administrative expenses		(889,987)	(784,310)
Occupancy expenses		(40,723)	(48,815)
Other expenses	2	(10,438)	(22,000)
Finance costs	7	(44,036)	(25,746)
Impairment of other financial assets		-	(117,018)
<b>Loss from continuing operations before tax</b>		(767,402)	(1,008,473)
Income tax revenue		-	-
<b>Loss after tax from continuing operations</b>	2	(767,402)	(1,008,473)
<b>Discontinued Operations</b>			
Loss from discontinued operations	8	-	(129,050)
<b>Loss for the period</b>		(767,402)	(1,137,523)
<b>Other comprehensive income</b>			
Foreign currency translation differences	3	509,477	(435,675)
<b>Other comprehensive income for the period, net of tax</b>		509,477	(435,675)
<b>Total comprehensive income for the period</b>		(257,925)	(1,573,198)



VMOTO LIMITED  
ABN 36 098 455 460

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)  
FOR THE HALF-YEAR ENDED 30 JUNE 2018

---

	Note	Half-year ended 30 June 2018 \$	Half-year ended 30 June 2017 \$
<b>Profit/(Loss) attributable to:</b>			
Owners of the Company		(767,402)	(1,163,678)
Non-controlling interest		-	26,155
<b>Loss for the period</b>		<u>(767,402)</u>	<u>(1,137,523)</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(257,925)	(1,599,353)
Non-controlling interest		-	26,155
<b>Total comprehensive income for the period</b>		<u>(257,925)</u>	<u>(1,573,198)</u>
<b>Loss per share attributable to the ordinary equity holders of the Company</b>			
Basic and Diluted Loss per Share from Continuing and Discontinued Operations		(0.37 cents)	(0.68 cents)
Basic and Diluted Loss per Share from Continuing Operations		(0.37 cents)	(0.59 cents)

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



VMOTO LIMITED  
ABN 36 098 455 460

CONDENSED CONSOLIDATED  
STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Note	Half-year ended 30 June 2018 \$	Half-year ended 30 June 2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers	8	8,761,644	21,672,042
Payments to suppliers and employees		(8,246,124)	(24,110,892)
Interest received		57,623	71,378
Interest paid		(44,036)	(25,745)
Other cash receipts		279,786	-
<b>Net cash generated by operating activities</b>		<b>808,893</b>	<b>(2,393,217)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(270,647)	(352,539)
Payments to acquire financial assets		-	(19,197)
<b>Net cash used in investing activities</b>		<b>(270,647)</b>	<b>(371,736)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,212,500	-
Proceeds from borrowings		-	2,219,756
Repayment of borrowings		(1,043,057)	(982,260)
Other cash payments		(33,873)	-
<b>Net cash generated by financing activities</b>		<b>1,135,570</b>	<b>1,237,496</b>
Net increase/(decrease) in cash and cash equivalents		1,673,816	(1,527,457)
Cash and cash equivalents at beginning of period		3,172,792	4,361,855
Effect of exchange rate fluctuations on cash held		95,162	(124,927)
<b>Cash and cash equivalents at end of period</b>		<b>4,941,770</b>	<b>2,709,471</b>

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



VMOTO LIMITED  
ABN 36 098 455 460

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2018

Consolidated	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non-controlling Interests \$	Total \$
<b>Balance as at 1 January 2017</b>	71,446,718	(844,124)	(50,382,976)	609,043	20,828,661
Profit/(Loss) for the period	-	-	(1,163,678)	26,155	(1,137,523)
Other comprehensive income	-	(435,675)	-	-	(435,675)
Total comprehensive income for the period	-	(435,675)	(1,163,678)	26,155	(1,573,198)
Issue of ordinary shares	922,353	-	-	-	922,353
Transfer expired options reserve to accumulated losses	-	(17,250)	17,250	-	-
Vesting of share based expenses	28,750	-	-	-	28,750
<b>Balance as at 30 June 2017</b>	<b>72,397,821</b>	<b>(1,297,049)</b>	<b>(51,529,404)</b>	<b>635,198</b>	<b>20,206,566</b>
<b>Balance as at 1 January 2018</b>	72,431,566	(1,140,601)	(58,256,718)	-	13,034,247
Profit/(Loss) for the period	-	-	(767,402)	-	(767,402)
Other comprehensive income	-	509,477	-	-	509,477
Total comprehensive income for the period	-	509,477	(767,402)	-	(257,925)
Issue of ordinary shares	2,263,372	-	-	-	2,263,372
Transfer expired options reserve to accumulated losses	-	(48,720)	48,720	-	-
Vest of share based expenses	58,717	-	-	-	58,717
<b>Balance as at 30 June 2018</b>	<b>74,753,655</b>	<b>(679,844)</b>	<b>(58,975,400)</b>	<b>-</b>	<b>15,098,411</b>

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



VMOTO LIMITED  
ABN 36 098 455 460

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

### 1. SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of Vmoto Limited for the year ended 31 December 2017.

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 2018 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### (a) Basis of Preparation

The half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

- the Consolidated Entity has a significant working capital surplus;
- the Consolidated Entity has significant customer base and demand for its electric powered two-wheel vehicle products is increasing. As the units increase, this will further reduce the cost of goods manufactured due to achieving higher levels of economies of scale, which will further improve the gross profit margins;
- the Consolidated Entity's Stage 1 and 2 of the Nanjing Facility have been completed and have been used as security for its existing operating facility. As at the date of this report, RMB20 million (approximately AUD4.1 million) of the operating facility is still available for draw down if required; and
- the Directors have prepared cash flow forecasts that indicate the Consolidated Entity will be cash flow positive for the next 12 months from the date of signing of this half-year financial report and will enable the Consolidated Entity to pay its debts as and when they fall due.

At the date of this report and having considered the above factors, the Directors are confident that the Consolidated Entity and the Company will be able to continue operations into the foreseeable future. The financial report does not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Consolidated Entity and the Company not continue as going concerns.

#### (b) Significant changes in accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2017.

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

The adoption of these amendments and interpretations does not have any material impact on this half year financial report.



VMOTO LIMITED  
ABN 36 098 455 460

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

### **(c) Principles of Consolidation**

The parent entity and its subsidiaries are collectively referred to as the "Group". The parent of this Group is Vmoto Limited. Entities over which the parent (or the Group) directly or indirectly exercises control are called "subsidiaries". The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.



VMOTO LIMITED  
ABN 36 098 455 460

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. PROFIT/(LOSS) FOR THE PERIOD

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

	30 June 2018 \$	30 June 2017 \$
<b>(i) Other income</b>		
Contributions from customers	167,431	352,099
Government subsidies	93,201	47,441
Rent income	143,176	63,126
Interest income	57,625	19,928
Net foreign exchange gain	28,018	8,986
Other income	6,385	10,650
	495,836	502,230
<b>(ii) Expenses</b>		
Depreciation and amortisation	477,116	279,330
Employee benefits	801,006	763,077
<b>(iii) Other Expenses</b>		
Doubtful debts expenses	10,438	22,000
	10,438	22,000

### 3. ISSUED CAPITAL AND RESERVES

	30 June 2018 \$	31 December 2017 \$
<b>Issued Capital</b>		
<i>Ordinary shares</i>		
217,616,020 (December 2017: 176,005,140) ordinary shares, fully paid	74,753,655	72,431,566

	Number of Ordinary Fully Paid Shares	Issued Capital \$
<i>Movements in ordinary shares on issue</i>		
Balance 1 January 2018	176,005,140	72,431,566
Issue of Shares at 5.5 cents each	22,727,273	1,250,000
Issue of Shares at 5.5 cents each	17,500,089	962,500
Issue of Shares at 5.7 cents each	701,754	40,000
Issue of Shares at 5.6 cents to 7.1 cents each	681,764	41,667
Vest of share based expenses	-	58,717
Shares issued costs	-	(30,795)
Balance 30 June 2018	217,616,020	74,753,655

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.



VMOTO LIMITED  
ABN 36 098 455 460

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Options

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

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

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

On 22 May 2018, 2,272,727 options exercisable at \$0.065 on or before 22 May 2021 and 2,272,727 options exercisable at \$0.085 on or before 22 May 2021 were issued to placement participants on a basis of 1 for every 5 placement shares, as approved by shareholders at the Company's Annual General Meeting on 22 May 2018.

### Reserves

	30 June 2018 \$	31 December 2017 \$
Reserves at the beginning of the period	(1,140,601)	(844,124)
Transfer expired options reserve to accumulated losses	(48,720)	(183,067)
Movements in foreign currency translation reserve	509,477	(113,410)
Reserves at the end of the period	<u>(679,844)</u>	<u>(1,140,601)</u>
Comprises of:		
Share-based payment reserve	96,419	145,139
Foreign currency translation reserve	<u>(776,263)</u>	<u>(1,285,740)</u>
Reserves at the end of the period	<u>(679,844)</u>	<u>(1,140,601)</u>

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

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

#### 4. SEGMENT REPORTING

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

Reported segments were based on the geographical segments of the Consolidated Entity, being Australia 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 Shanghai operation was discontinued in 2017. The segment information reported does not include any amounts for the discontinued operations, which are described in more detail in Note 8. The following table presents revenue and profit or loss in relation to geographical segments for the six month periods ended 30 June 2018 and 30 June 2017:



VMOTO LIMITED  
ABN 36 098 455 460

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Half year ended 30 June 2018

	Continuing Operations		Intersegment Elimination	Total Operations
	Australia	Nanjing, China		
	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	41,731	8,611,459	-	8,653,190
Other revenues	170	495,666	-	495,836
Total segment revenue	41,901	9,107,125	-	9,149,026
<b>Result</b>				
Segment profit/(loss)	(442,176)	(325,226)	-	(767,402)
<b>Assets at 30 June 2018</b>				
Segment assets	2,332,919	40,753,887	(22,922,649)	20,164,157
<b>Liabilities at 30 June 2018</b>				
Segment liabilities	(65,105)	(27,923,290)	22,922,649	(5,065,746)

### Half year ended 30 June 2017

	Continuing Operations		Intersegment Elimination	Total Operations
	Australia	Nanjing, China		
	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	15,934	7,793,544	-	7,809,478
Other revenues	23,649	478,581	-	502,230
Total segment revenue	39,583	8,272,125	-	8,311,708
<b>Result</b>				
Segment profit/(loss)	(462,710)	(545,763)	-	(1,008,473)
<b>Assets at 31 Dec 2017</b>				
Segment assets	961,135	39,834,569	(21,926,853)	18,868,851
<b>Liabilities at 31 Dec 2017</b>				
Segment liabilities	(172,971)	(27,588,486)	21,926,853	(5,834,604)

The total assets of the Consolidated Entity have increased \$1,295,306 and total liabilities of the Consolidated Entity have decreased \$768,858 as compared to that in the last annual financial report for the year ended 31 December 2017.



VMOTO LIMITED  
ABN 36 098 455 460

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment	Motor vehicles	Land	Building	Total
<b>Half year ended 30 June 2018</b>					
Balance at 1 January 2018	1,902,815	48,473	1,000,603	4,863,052	7,814,943
Additions	28,240	-	-	237,930	266,170
Depreciation for the period	(246,192)	(19,253)	-	(137,230)	(402,675)
Exchange differences	70,552	1,748	39,993	194,560	306,853
Balance at 30 June 2018	1,755,415	30,968	1,040,596	5,158,312	7,985,291
<b>At 30 June 2018</b>					
Cost	3,969,754	165,794	1,040,596	6,576,002	11,752,146
Accumulated depreciation	(2,214,339)	(134,826)	-	(1,417,690)	(3,766,855)
Net carrying amount	1,755,415	30,968	1,040,596	5,158,312	7,985,291

The land and buildings are currently carried at cost on the balance sheet and at 30 June 2018 account for \$6.2 million. During the year ended 31 December 2017, an independent external property valuation company has valued the Company's Nanjing land and Stage 1 & Stage 2 buildings at RMB59.4 million (A\$12.2 million), which represents a valuation increment of A\$6 million.

### 6. INTANGIBLES

	Trademark	Total
<b>Half year ended 30 June 2018</b>		
Balance at 1 January 2018	595,533	595,533
Amortisation	(74,442)	(74,442)
Balance at 30 June 2018	521,091	521,091
<b>At 30 June 2018</b>		
Cost	2,015,687	2,015,687
Accumulated amortisation	(276,011)	(276,011)
Accumulated impairment	(1,218,585)	(1,218,585)
Net carrying amount	521,091	521,091

### 7. LOANS AND BORROWINGS

The following loans and borrowings (current) were issued and repaid during the half year ended 30 June 2018:

<i>Movements in Loans and Borrowings</i>	Carrying Amount
	\$
Balance at 1 January 2018	1,966,878
Accrued interest	44,036
Effect of movement in foreign exchange rates	98,925
Repayments:	
Loan	(1,043,057)
Interest paid	(44,036)
Balance at 30 June 2018	1,022,746

(i) Bank operating facility unutilised at the end of the period \$4,090,983.



VMOTO LIMITED  
ABN 36 098 455 460

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

### 8. DISCONTINUED OPERATIONS

On 27 November 2017, the Company entered into a sale agreement to dispose 51% interest of Shanghai Jiye, which focuses on the Chinese electric two-wheel vehicle market.

The combined results of the discontinued operation (that is Shanghai Jiye operations) included in the comparative loss for the half-year ended 30 June 2017 have been re-presented and set out below.

	<b>Half-year ended 30 Jun 2017 \$</b>
<b>Loss for the year from discontinued operations</b>	
Sales revenue	9,142,283
Cost of goods sold	<u>(7,915,102)</u>
Gross profit	1,227,181
Expenses	<u>(1,383,445)</u>
Profit/(Loss) before tax	(156,264)
Attributable income tax revenue/(expense)	<u>27,214</u>
Profit/(Loss) after tax	<u>(129,050)</u>
Loss from discontinued operations	<u><u>(129,050)</u></u>
<b>Cash flows from discontinued operations</b>	
Net cash inflows/(outflows) from operating activities	(1,949,456)
Net cash inflows/(outflows) from investing activities	(7,010)
Net cash inflows/(outflows) from financing activities	<u>1,249,447</u>
Net cash inflows/(outflows)	<u><u>(707,019)</u></u>

Included in the cash flow from operating activities for the half-year ended 30 June 2017 were \$10.7 million in receipts from customers, which was generated by Shanghai Jiye operations.

### 9. SUBSEQUENT EVENTS

There were no significant events subsequent to the half-year ended 30 June 2018 and prior to the date of this report that have not been dealt with elsewhere in this report.

### 10. FAIR VALUE MEASUREMENT

In accordance with AASB13, Fair Value Measurement, the group is required to disclose for each class of assets and liabilities measured at fair value, the level of the fair value hierarchy within which the fair value method is categorised. The group view that no assets or liabilities are measured at fair value other than cash, trade and other receivables, trade and other payables and borrowings with carrying amounts assumed to approximate their fair value.



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 2018 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 24<sup>th</sup> day of August 2018

On behalf of the Directors

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

**Charles Chen**  
*Managing Director*