

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 2008
Previous Corresponding Reporting Period	Half Year Ended 31 December 2007

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	14,348	(11)%
Loss from continuing activities after tax attributable to members	(1,708)	64%
Net loss attributable to members	(1,708)	64%

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 Part 4 for commentary on the results for the half year.

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

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Part 4 – Commentary on Results

The half year ended 31 December 2008 has delivered consolidated revenues of \$14,348,120, compared to first half 2007 total sales of \$16.1 million. The half year revenue represents an 11% decrease over the previous first half year result.

The Company recorded a loss for the period of \$1,707,929. The loss for the half year period can be largely attributed to the transition and closure process from the rented scooter and engine assembly facilities to the new owned Nanjing manufacturing facility; slower sales and higher import cost on Vmoto branded products, due to the weakened Australian Dollar; and a lower than expected profit contribution from the Shanghai based distribution business. The recently established Vmoto Europe operation entered its first selling season during the half year period, operating in a difficult economic climate, with overall retail sales in Europe down significantly.

The Vmoto global scooter and ATV distribution business, based in Shanghai, delivered a lower than anticipated revenue and contribution in the half year, as a result of a slowdown in the global economy and the ending of an international agency agreement. A new agency agreement became effective in December and is expected to replace the previous revenue stream in the near term.

The Vmoto scooter assembly plant, previously based in Wuxi, generated revenue of \$705,853 with limited production capacity. The production lines were disassembled and migrated to the Nanjing manufacturing facility in October. From the closure of the rental facility, very limited revenue will be recorded until full commissioning of Nanjing.

The engine assembly plant, previously based in Shanghai, recorded half year sales in excess of \$477,080. As with the scooter assembly facility, the engine manufacturing facility was migrated to Nanjing and sales were significantly impacted and restricted during the transition.

Consolidated sales for Vmoto branded products have contributed \$1,057,235 for the half year. After a slow start, the sales have strengthened.

The Board is optimistic that going forward, the business generated through the new manufacturing facilities will underpin the strength and profitability of the Vmoto Group, in what is to be expected as a volatile trading year.

In consideration of the current economic climate and availability of credit, the Board is undertaking a review of the global operations. As a proactive measure, all finance options, company expenditures, capital commitments and manufacturing projects will be evaluated based on the current global landscape.

This exercise is being undertaken to allow the Vmoto Group to be prepared for any contingency in respect to the global finance markets and potential impact on the manufacturing/retail demand.

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

	2008	2007
Net tangible asset backing per ordinary security	1.49 cents	(0.79) 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)	
	2008 %	2007 %	2008 \$A'000	2007 \$A'000
	N/A	N/A	N/A	N/A
Name of entity				
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		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:

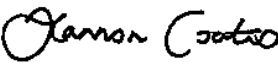
Not applicable

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 27th February 2009	

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VMOTO LIMITED
ABN 36 098 455 460

HALF-YEAR FINANCIAL REPORT
for the period ended 31 December 2008



VMOTO LIMITED
ABN 36 098 455 460

DIRECTORS' REPORT

The Directors present their report together with the condensed financial report for the half-year ended 31 December 2008 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 Blair Sergeant <i>Non-Executive Director</i>	Appointed 29 January 2004
Mr Patrick Davin <i>Managing Director</i>	Appointed 30 June 2006
Mr Trevor Beazley <i>Non-Executive Director</i>	Appointed 26 October 2006
Mr Yiting (Charles) Chen <i>Executive Director</i>	Appointed 8 January 2007
Mr Lee Verios <i>Non-Executive Chairman</i>	Appointed 15 August 2007

2. Results

The loss of the consolidated entity for the half-year was \$1,707,929 (2007: \$1,042,873) after income tax of nil (2007: nil).

3. Review of Activities

The half year ended 31 December 2008 has delivered consolidated revenues of \$14,348,120, compared to first half 2007 total sales of \$16.1 million.

The loss for the half year period can be largely attributed to the transition and closure process from the rented scooter and engine assembly facilities to the Nanjing manufacturing facility; slower sales and higher import cost on Vmoto branded products, due to the weakened Australian Dollar; and a lower than expected profit contribution from the Shanghai based distribution business. The recently established Vmoto Europe operation entered its first selling season during the half year period, operating in a difficult economic climate, with overall retail sales in Europe down significantly.

During the half year reporting period, Vmoto Ltd concluded a share placement raising \$7 million. The placement was fully subscribed and subsequently approved by shareholders at a General Meeting on 14 July 2008. The funds raised were used for investment in the Nanjing manufacturing facility, funding expansion of the global operational platform and the reduction of other debt.

Compared to 30 June 2008, the Group's net assets have increased by 160% to \$9.8 million. Net tangible assets have increased by \$5.9 million, with net tangible asset backing per share improving from (0.44) cents to 1.49 cents per share.

Vmoto International Distribution and Manufacturing Operations

The Vmoto global scooter and ATV distribution business, based in Shanghai, delivered a lower revenue and contribution in the half year, as a result of a slowdown in the global economy and the ending of an international agency agreement. A new agency agreement became effective in December and is expected to replace the previous revenue stream in the near term.



VMOTO LIMITED
ABN 36 098 455 460

DIRECTORS' REPORT

The Vmoto scooter assembly plant, previously based in Wuxi, generated revenue of \$705,853 with limited production capacity. The production lines were disassembled and migrated to the Nanjing manufacturing facility in October. From the closure of the rental facility, very limited revenue will be recorded until full commissioning of Nanjing.

The engine assembly plant, previously based in Shanghai recorded half year sales in excess of \$477,080. As with the scooter assembly facility, the engine manufacturing facility was migrated to Nanjing and sales were significantly impacted and restricted during the transition.

Vmoto Nanjing Manufacturing Facility Goes Live

Following on from the ISO 9001 certification in late October, production commenced in the Vmoto Nanjing Manufacturing Facility.

The first production run of engines for international clients in Vietnam and Korea has been completed in December 2008. Full scooter production is expected to commence shortly, as the final approval known as the China Compliance Certification has recently been achieved and now paves the way for complete ramp up.

The ability to produce engines and complete scooters/motorcycles under one roof immediately provides the Vmoto Group with financial benefits through the elimination of two rented facilities, consolidation of the work force and technical teams, and logistics benefits which will, in time, flow to the bottom line.

New Projects and Initiatives

The SCARTT production and tooling which was migrated from the Barcelona operation is now being installed in Nanjing and prepared for full production.

As previously mentioned, the electric scooter development plan is being implemented. A dedicated production line will be allocated for mass volume production and rapid market entry.

The engine joint development project with a Vietnam client is well underway. In addition to the development of a 125cc fuel injected engine, the customer has also commissioned Vmoto to develop a proprietary scooter. The scooter design will be built around the Vmoto family of engines, providing the client with variations for the local market at competitive price points.

Vmoto Branded Products

Consolidated sales for Vmoto branded products have contributed \$1,057,235 for the half year.

Vmoto Australia

After a slow start, Australian sales have strengthened, following on from the advent of the summer selling season, with significant deliveries arriving in December.

The Australian distributor has been very active in high profile product promotion and as a result has recently signed on new dealerships and gained greater commitments from existing dealers.

Further orders were placed during the period, earmarked for delivery in the next reporting period, in which the sales will be recognised.

Vmoto New Zealand

Sales in New Zealand have remained strong, despite a very difficult retail landscape.

As a method of gaining greater marketing exposure for the brand, Vmoto New Zealand has employed a co-branding strategy with the largest automotive roadside assistance membership group. The shared benefit has gained exposure through print media, website placement and in the membership magazine and associated literature.



VMOTO LIMITED
ABN 36 098 455 460

DIRECTORS' REPORT

Along with the co-brand marketing strategy, Vmoto NZ has also recently signed a distribution agreement with the largest rural industrial retail group in the country, which is anticipated to double the current distribution points over the next year.

Vmoto Europe

Vmoto Europe performed as well as could be expected, considering the European market has seen an unprecedented drop in retail confidence since September.

The primary European scooter/motorcycle markets of Spain and Italy have been hardest hit, with a dramatic drop in motorcycle sales and registrations, compared to the same period 12 months prior.

The Board is optimistic that Vmoto products will be among the first to generate favorable sales, in conjunction with the strengthening consumer sentiment in the region.

It is anticipated that the advantage Vmoto product positioning holds in the European market will be realised through the reliability, value for money and backup offered to a dealer network seeking improved stock turns.

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VMOTO LIMITED
ABN 36 098 455 460

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 31 December 2008.

Dated at Perth, Western Australia, this 27th day of February 2009.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read "Patrick Davin".

Patrick Davin
Managing Director

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VMOTO LIMITED
ABN 36 098 455 460

CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		Consolidated	
	Note	31 December 2008	31 December 2007
		\$	\$
Continuing Operations			
Revenue	2	14,348,120	16,127,155
Cost of sales		<u>(13,117,280)</u>	<u>(14,578,116)</u>
Gross Profit		1,230,840	1,549,039
Other income	2	261,898	34,236
Operational expenses		(1,365,844)	(832,308)
Marketing and distribution expenses		(446,017)	(203,998)
Corporate and administrative expenses		(925,074)	(1,278,852)
Occupancy expenses		(437,694)	(183,929)
Other expenses		87,740	(15,136)
Finance costs		(126,718)	(143,106)
		<u>(1,720,869)</u>	<u>(1,074,054)</u>
Loss from continuing operations before tax			
Income tax		<u>-</u>	<u>-</u>
Loss after tax from continuing operations		<u>(1,720,869)</u>	<u>(1,074,054)</u>
Discontinued Operations			
Loss after tax from discontinued operations	4	-	-
Total loss for the period		<u>(1,720,869)</u>	<u>(1,074,054)</u>
Loss attributable to minority interests		12,940	31,181
		<u>(1,707,929)</u>	<u>(1,042,873)</u>
Loss attributable to members of the parent			
Basic Loss per Share Continuing Operations	8	<u>(0.53) cents</u>	<u>(0.48) cents</u>
Basic Loss per Share Total Operations	8	<u>(0.53) cents</u>	<u>(0.48) cents</u>

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

The income statement is to be read in conjunction with the accompanying notes.



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008

		Consolidated	
	Note	31 December 2008	30 June 2008
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,171,542	1,099,777
Trade and other receivables		1,617,825	1,973,206
Inventories		490,391	402,800
Other assets	5	1,346,252	204,086
Total Current Assets		5,626,010	3,679,869
NON CURRENT ASSETS			
Property, plant and equipment		3,795,597	2,398,584
Intangible Assets		4,920,336	4,842,546
Total Non Current Assets		8,715,933	7,241,130
TOTAL ASSETS		14,341,943	10,920,999
CURRENT LIABILITIES			
Trade and other payables		1,520,393	2,691,056
Employee benefits		43,326	43,702
Loans and borrowings	6	2,258,855	3,478,663
Total Current Liabilities		3,822,574	6,213,421
NON CURRENT LIABILITIES			
Loans and borrowings	6	746,238	947,423
Total Non Current Liabilities		746,238	947,423
TOTAL LIABILITIES		4,568,812	7,160,844
NET ASSETS		9,773,131	3,760,155
EQUITY			
Issued capital	3	27,637,111	21,218,419
Reserves		1,641,789	326,637
Accumulated losses		(20,001,486)	(18,293,557)
Minority interest		495,717	508,656
TOTAL EQUITY		9,773,131	3,760,155

The balance sheet is to be read in conjunction with the accompanying notes.



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	31 December 2008	31 December 2007
	\$	\$
Cash flows used in operating activities		
Cash receipts from customers	5,619,810	15,065,100
Cash payments to suppliers and employees	(7,382,556)	(14,664,821)
Interest received	29,378	3,538
Borrowing costs	(66,741)	(96,012)
Net cash used in operating activities	(1,800,109)	307,805
Cash flows used in investing activities		
Cash acquired on acquisition of subsidiary	-	239,408
Proceeds from sale of plant & equipment	-	22,727
Deposit on intellectual property rights	(1,203,564)	-
Payments for plant & equipment	(1,032,261)	(190,017)
Payments for other non-current assets	(98,167)	-
Loans to other entities	(285,951)	-
Net cash used in investing activities	(2,619,943)	72,118
Cash flows from financing activities		
Proceeds from issue of shares	7,000,000	500,000
Proceeds from borrowings	1,443,418	200,000
Repayment of borrowings	(1,709,248)	(510,819)
Transaction costs from issue of shares	(534,624)	(63,636)
Net cash provided by financing activities	6,199,546	125,545
Net increase/(decrease) in cash and cash equivalents	1,779,494	505,468
Cash at beginning of period	(173,024)	(550,525)
Effect of exchange rate fluctuations on cash held	565,072	(115,321)
Cash at end of period	9 2,171,542	(160,378)

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



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Consolidated	Issued Capital \$	Reserves \$	Retained Earnings \$	Minority Interest \$	Total \$
Balance as at 1 July 2008	21,218,419	326,637	(18,293,557)	508,656	3,760,155
Currency translation differences	-	1,057,207	-	-	1,057,207
Total	21,218,419	1,383,844	(18,293,557)	508,656	4,817,362
Loss for the period	-	-	(1,707,929)	(12,940)	(1,720,869)
Total income/ expense for the period	21,218,419	1,383,844	(20,001,486)	495,717	3,096,494
Shares issued	7,227,062	-	-	-	7,227,062
Transaction costs from issue of shares	(808,370)	-	-	-	(808,370)
Cost of share based options issue	-	257,945	-	-	257,945
Minority interest on acquisition of subsidiary	-	-	-	-	-
Balance as at 31 December 2008	27,637,111	1,641,789	(20,001,486)	495,717	9,773,131
Consolidated					
Balance as at 1 July 2007	18,666,346	(77,283)	(9,650,737)	190,718	9,129,044
Currency translation differences	-	(96,272)	-	-	(96,272)
Total	18,666,346	(173,555)	(9,650,737)	190,718	9,032,772
Loss for the period	-	-	(1,042,873)	(31,181)	(1,074,054)
Total income/ expense for the period	18,666,346	(173,555)	(10,693,610)	159,537	7,958,718
Shares issued	500,000	-	-	-	500,000
Transaction costs from issue of shares	(83,657)	-	-	-	(83,657)
Cost of share based options issue	-	641,021	-	-	641,021
Minority interest on acquisition of subsidiary	-	-	-	79,004	79,004
Balance as at 31 December 2007	19,082,689	467,466	(10,693,610)	238,541	9,095,086

The 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 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 2008.

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 2008 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, land and buildings, 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 \$1,707,929 (2007: \$1,042,873). At 31 December 2008, the consolidated entity has working capital (excluding the deposit on the Nanjing manufacturing license) of \$600,587 (2007: deficiency of \$879,367) and net tangible assets of \$4.9 million (2007: liability of \$1.7 million). 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. The Directors believe this to be appropriate for the following reasons:

- the Company's new Nanjing factory completed in February 2009 has long term supply agreements together with the introduction of new products that will boost sales with considerable profit contribution;
- the Company will further reduce corporate and other non-sales resources without materially affecting revenue activities;
- amounts owed to Directors of the company for loans made and unpaid fees totalling \$649,037 will not be called by the Directors until the Company is in a financial position to repay these amounts;
- the Company is in discussion with several parties and is confident of its ability to raise additional funding if required; and
- the land and building of the Nanjing manufacturing facility is owned unencumbered and is available for use as security against future borrowings if required.

Based on the above, the Directors are confident that the consolidated entity will be able to continue operations into the foreseeable future.



VMOTO LIMITED
ABN 36 098 455 460

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(b) Statement of Compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('IFRS'). Compliance with IFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

(c) Significant changes in accounting policies

The Annual Financial Report of Vmoto Limited as at 30 June 2008 details the significant accounting policies applied in preparing this half-year financial report. There have been no significant changes to the accounting policies applied.

(d) Other changes in accounting policies

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption for financial reporting periods beginning 1 January 2009 but have not been applied in preparing the financial report.

- AASB 101 (revised) *Presentation of Financial Statements*, AASB 2008-8 Amendments to Australian Accounting Standards and Interpretations
- AASB 123 (revised) *Borrowing Costs*, AASB 2008-6 Amendments to Australian Accounting Standards
- AASB 8 *Operating Segments*, AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8
- Interpretation 12 Service Concession Arrangements
- Interpretation 4 Determining whether an Arrangement contains a lease (revised)
- Interpretation 129 Service Concession Arrangements; Disclosure (revised)
- AASB 2008-2 Amendments to Australian Standards arising from AASB interpretation 12
- Interpretation 13 Customer Loyalty Programmes



VMOTO LIMITED
ABN 36 098 455 460

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	
	2008 \$	2007 \$
(i) Revenue		
Sale of goods	14,348,120	16,127,155
	<u>14,348,120</u>	<u>16,127,155</u>
(ii) Other income		
Interest income	29,379	3,538
Commissions	195,833	27,610
Other	36,686	3,088
	<u>261,898</u>	<u>34,236</u>
(iii) Expenses		
Depreciation	128,200	38,541
Employee benefits	1,172,600	781,320
Expense of share based payments	-	621,000
Foreign exchange (gain)/loss	(86,705)	14,081

3. ISSUED CAPITAL	31 December 2008 \$	30 June 2008 \$
<i>Ordinary shares</i>		
325,317,508 (June 2008: 245,348,459) ordinary shares, fully paid	<u>27,637,111</u>	<u>21,218,419</u>
	Number of Ordinary Fully Paid Shares	Issued Capital \$
<i>Movements in ordinary shares on issue</i>		
Balance 1 July 2008	245,348,459	21,218,419
Shares issued on conversion of convertible notes at 11.0 cents each	1,026,445	112,909
Shares issued pursuant to share placement at 9.0 cents each	77,777,778	7,000,000
Shares issued on conversion of convertible notes at 9.8 cents each	1,164,826	114,153
Cost of share issues	-	(808,370)
Balance 31 December 2008	<u>325,317,508</u>	<u>27,637,111</u>

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VMOTO LIMITED
ABN 36 098 455 460

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3. ISSUED CAPITAL (CONT'D)

Options

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

- 383,554 options exercisable at 19.9 cents each on or before 20 July 2010.
- 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.

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.

Geographical Segments

In presenting information based on geographical segments, segment revenue is based on the geographical location of the distributor.

Continuing Operations

	Revenue		Loss	
	December 2008	December 2007	December 2008	December 2007
	\$	\$	\$	\$
Australia	1,057,235	1,500,611	(1,185,009)	(1,744,092)
China	12,018,903	14,626,544	(209,627)	701,219
Spain	1,271,982	-	(313,293)	-

5. OTHER ASSETS

	Consolidated	
	31 December 2008	30 June 2008
	\$	\$
Prepayments	75,425	135,184
Deposits	1,270,827	68,902
	<u>1,346,252</u>	<u>204,086</u>

Deposits include \$1,202,848 (RMB6,000,000) paid for the Chinese manufacturing license required for the Nanjing manufacturing facility to obtain China Compulsory Certification. At 31 December 2008 this amount was held in trust until subsequent issue of the China Compulsory Certification.



VMOTO LIMITED
 ABN 36 098 455 460

NOTES TO THE CONDENSED FINANCIAL
 STATEMENTS

6. LOANS AND BORROWINGS

The following loans and borrowings (current and non-current) were issued and repaid during the six months ended 31 December 2008:

<i>Movements in Loans and Borrowings</i>	Carrying Amount \$
Balance 1 July 2008	4,426,086
New Issues:	
Loans from non-related parties (1)	1,670,895
Accrued interest	53,420
Effect of movement in foreign exchange rates	68,734
Repayments:	
Loans	(1,709,931)
Bank overdraft	(1,272,801)
Finance leases	(4,248)
Conversion of convertible notes	(227,062)
Balance 31 December 2008	3,005,093

(1) Loans from non-related parties include a USD1,000,000 unsecured interest bearing short term loan advanced to the Company on 31 December 2008

7. 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: \$166,764
\$166,764

8. EARNINGS PER SHARE

Weighted average number of shares used as the denominator	Number
Ordinary shares	319,422,447

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ABN 36 098 455 460

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

9. ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Condensed Statement of Cash Flows, cash comprise the following at 31 December 2008:

	Consolidated	
	2008	2007
	\$	\$
Bank balances	2,171,542	1,079,173
Bank overdraft	-	(1,239,551)
Total Cash	<u>2,171,542</u>	<u>(160,378)</u>

Effective from April 2008 the Company entered into agreements which involved the purchase of specific assets to commence the Vmoto Europe operations and the employment of an exclusive trading agency, without the acquisition of their holding entities. Although the income of these operations are included as divisions of the Company, administrative delays in establishing subsidiary entities and bank accounts for these operations precluded their inclusion as cash transactions in the Condensed Statement of Cash Flows.

10. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or state of affairs of the consolidated entity in future financial years.



VMOTO LIMITED
ABN 36 098 455 460

DIRECTORS' DECLARATION

In the opinion of the Directors of Vmoto Limited:

1. the financial statements and notes set out on pages 5 to 14 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 2008 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 27th day of February 2009.

Signed in accordance with a resolution of the Directors:

Patrick Davin
Managing Director

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Chartered Accountants
& Business Advisers

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 balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 31 December 2008 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.

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Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vmoto Limited 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 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



PKF
Chartered Accountants



Conley Manifis
Partner

Dated in Perth, Western Australia this 27th day of February 2009.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Vmoto Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Vmoto Limited and the entities it controlled during the half year.



PKF
Chartered Accountants



Conley Manifis
Partner

Dated in Perth, Western Australia this 27th day of February 2009.

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