VMOTO LIMITED

ABN 36 098 455 460

ANNUAL REPORT

for the year ended 31 December 2015

VMOTO LIMITED

ABN 36 098 455 460

CORPORATE DIRECTORY

Directors

Mr Charles Chen – Managing Director
Mr Ivan Teo – Finance Director
Mr Oliver Cairns – Non-Executive Director
Mr Kaijian Chen – Non-Executive Director
Ms Shannon Coates – Non-Executive Director

Company Secretary

Ms Shannon Coates

Principal and Registered Office

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West Perth, Western Australia 6005
Australia

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Website and Email

Website: www.vmoto.com
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Auditor

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
Perth, Western Australia 6000
Australia

Banker

National Australia Bank
1238 Hay Street
West Perth, Western Australia 6005
Australia

Solicitors

Allion Legal
50 Kings Park Road
West Perth, Western Australia 6005
Australia

Austin Haworth & Lexon Legal
Level 12, 87-89 Liverpool Street
Sydney, New South Wales 2000
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Securities Exchanges

Australian Securities Exchange
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ASX Code: VMT

Vmoto Limited is a public company incorporated in Western Australia and listed on the Australian Securities Exchange.

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MANAGING DIRECTOR'S LETTER

Dear Shareholders,

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

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

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

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

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

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

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

I would like to thank my fellow Directors, the management team and our staff for their contributions during the 2015 financial year as well as the continuous support from all our shareholders. We look forward to a prosperous year in 2016.

Yours faithfully

Charles Chen
Managing Director

OVERVIEW

Vmoto Limited (ASX: VMT), the global electric vehicle manufacturing and distribution group specialising in "green" electric powered two-wheel vehicles, provides the following operations review for the year ended 31 December 2015.

The 2015 financial year was a successful one for Vmoto and saw the Company continue to generate growth in revenue and underlying profitability, with revenue up 11% to $47.6 million (FY14: $42.9 million).

Vmoto has continued with its strategy of design, manufacture and distribution of high quality "green" electric powered two wheel vehicles and a range of western designed electric two wheel vehicles from its wholly owned Nanjing Facility. The Company increased its distribution footprint in China, which as at 31 December 2015 comprised a total of 45 outlets through a combination of its own retail outlets and third party distributors across China.

The Company's increasing revenues are a clear demonstration of the growing traction Vmoto brands are achieving in both the Chinese and international markets. International sales are continuing to increase as the Company is now recognised for its premium electric scooters and is delivering on its strategy off the back of this reputation.

Over the 12 month period ended 31 December 2015, the Consolidated Entity's net assets increased by 37% to $34.1 million (31 December 2014: $24.8 million).

As at 31 December 2015, the total operating facility drawn down was RMB10 million (approximately $2.1 million) and the total undrawn operating facility was RMB24 million (approximately $5.1 million).

As at 31 December 2015, the Company had cash of $6.7 million.

EXISTING MARKETS

During the period, the Company achieved total unit sales of 88,450 units across the Group, up 15% from FY14 (FY14: 76,652) as it continued ramping up production across its domestic and international sales channel, which comprised 36 countries at year end.

During the year ended 31 December 2015, the Company sold approximately 25,045 units of electric two-wheel vehicles across China through its sales network of 45 outlets of its retail stores and external distributors. The Company also delivered 51,799 units of electric two-wheel vehicles to PowerEagle, pursuant to the Strategic Cooperation Agreement.

Internationally, the Company continued its strong relationships with its B2B and B2C customers, with many placing orders that will flow through in future quarters.

NEW MARKETS

During the period, the Company signed an exclusive distribution agreement with a UK company to distribute, stock and market the Company's Vmoto and E-Max range of electric scooter products for the UK and Ireland markets. The new distributor is very proactive in the UK and Ireland markets and has significant contacts within UK government departments. The Company also appointed a new exclusive distributor for Israel market during the period.

As announced on 28 September 2015, the Company entered into a new international supply agreement with Saturna Green Systems Inc, a North American telematics high-tech company, focused on developing state-of-the-art wireless shared transportation and communication systems for electric two and three-wheel vehicles. Following initial trials, testing and financing, Saturna intends to purchase a minimum of 32,000 units of Vmoto's E-Max electric scooters fitted with Saturna's technology, platform and software over 5 years for use in Saturna's Electric Scooter Sharing Project in North America and Europe.

During the period, the Company also secured an order to initially supply 300 units of Vmoto's electric two-wheel vehicle products to a significant European supermarket group with approximately 300 stores in Europe and expects more orders to be received in 2016.

The Company is also in advanced discussions with a New Zealand based company to manufacture electric two-wheel vehicle products wholly designed by the customer on an Original Equipment Manufacturer ("OEM") basis.

In addition to the above, Vmoto received significant interest in our electric two-wheel vehicle products from significant post office groups in Europe, courier and delivery companies, rental companies and government departments.

ONLINE SALES PLATFORM

The Company launched its new online sales platform at www.vmotoonline.com during the year, offering state of the art electric two-wheel vehicle products in Australia. Vmoto's new light, foldable and portable electric bicycle, the Vmoto Traveller, was initially launched for distribution in Western Australia and is expected to be followed by the roll-out to other Australian states in 2016.

COLLABORATIONS, TENDERS AND JOINT VENTURES

As announced on 23 December 2015, Vmoto entered into a joint venture agreement to secure the business of its long standing OEM customer, PowerEagle ("JV"), in which Vmoto holds a 51% interest. Vmoto's JV partner, PowerEagle, is one of the oldest and most recognised two wheel electric vehicle names in and around the Shanghai region. The JV not only secures significant future production of PowerEagle models but also opens up a vast network of over 200 distributorships to Vmoto for the Company to sell its own branded and higher margin electric scooters. The JV is now operational at a new facility being leased in Shanghai and is targeting production of 100,000 units in 2016.

During the year, the Company reduced its investment interest in the 3/4 wheel JV investment to 15%. The Company also made a strategic decision to exit the Nanjing Haiyong controller business, resulting in one off impairments and loss of $4.1 million in FY15.

Vmoto continues to receive significant interest for potential collaborations from new customers and partners. Discussions with these and other parties for potential orders or collaboration are ongoing and further developments will be announced as and when they occur.

CORPORATE

During the year ended 31 December 2015, the Company completed a 1 for 10 share consolidation. The Company issued a total of 6,725,669 shares pre-consolidation, comprising 1,175,669 shares to consultants of the Company in consideration for services provided, 2,000,000 shares to Directors following the vesting of performance rights and 3,550,000 shares to employees on the exercise of ESOP options exercisable at $0.03 each on or before 23 November 2015.

Post the share consolidation, which was completed on 4 June 2015, the Company issued a further 21,736,848 shares, comprising 19,780,000 shares at $0.45 per Share to professional and sophisticated investors to raise $8.9 million (before costs), 1,374,891 shares to employees and consultants in recognition of services provided, 35,000 Shares following the exercise of ESOP options exercisable at $0.30 each on or before 23 November 2015, 466,668 shares to two Directors following the vesting of performance rights and a total of 80,289 shares to a Director in lieu of Director fees, as approved by Shareholders.

The Company de-listed from AIM on 19 November 2015 following a strategic review of the benefits versus costs of being on AIM. The de-listing was deemed to be in the best interests of all shareholders.

OUTLOOK

The year ended 31 December 2015 was another productive period for Vmoto as sales increased across the domestic and international sales channels.

The Company expects to see further growth in FY16 as Vmoto continues to grow in line with management expectations as more orders are received and new domestic and international distributors and customers continue to visit the factory to discuss and finalise orders and agreements.

The Directors present their report together with the consolidated financial statements of Vmoto Limited ("Vmoto" or the "Company") and its controlled entities (the "Consolidated Entity") for the financial period 1 January 2015 to 31 December 2015.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name	Experience and responsibilities
Charles Chen **Managing Director**	Mr Chen was appointed as Executive Director on 5 January 2007 and Managing Director of the Company on 1 September 2011. Mr Chen founded Freedomotor Corporation Limited in 2004, through a management buyout of key assets, which were subsequently acquired by Vmoto. He holds a Bachelor of Automobile Engineering from Wuhan University of Automobile Technology (China) and a postgraduate Diploma of Business Administration from South Wales University (UK). From 1993 to 2002, Mr Chen held senior executive roles with Hainan Sundiro Motorcycle Company Limited, the largest publicly listed industrial company in Hainan Province. Hainan Sundiro was acquired by Honda Japan in 2001. Mr Chen is based in Nanjing, China, and oversees all of the Company's operations and activities.
Ivan Teo **Finance Director**	Mr Teo was appointed as Finance Director of the Company on 29 January 2013. Prior to this appointment, Mr Teo was employed as the Company's Chief Financial Officer from 17 June 2009. Mr Teo is a qualified Chartered Accountant and has over 14 years' experience in accounting, audit, corporate finance and international business serving private and public companies in a diverse range of industries including automobile, manufacturing, mining and retail. Mr Teo holds a BCom degree from the University of Adelaide and is based in Nanjing, China.
Oliver Cairns **Independent Non-Executive Director**	Mr Cairns was appointed as Non-Executive Director of the Company on 1 September 2011. Mr Cairns has over 16 years' experience in the small to mid cap corporate and capital markets space. A corporate financier, he was a Nominated Advisor for AIM companies in London for over eight years before relocating to Perth in 2007 where he established Pursuit Capital, a corporate and strategic advisory firm. His wide experience covers international capital raisings, M&A, IPOs, regulatory advice, investor relations and corporate governance. Mr Cairns graduated with a degree in Classics from the University of Exeter and is a member of the Securities Institute (UK).

Kaijian Chen

Independent Non-Executive Director

Mr Chen was appointed as Non-Executive Director of the Company on 1 September 2011.

Mr Chen has extensive experience in the motorcycle manufacturing industry in China. He was formerly vice president of Hainan Sundiro Motorcycle Co, Ltd, which was the second largest motorcycle manufacturer in China at the time, and which was subsequently acquired by Honda in 2001.

Mr Chen also served as vice president for Jiangsu Xinri E-Vehicle Co, Ltd, which is one of the largest electric vehicle manufacturers in China at present. The annual production of Xinri in 2010 was over 2 million units of electric two-wheel vehicles for the Chinese domestic market. Mr Chen is currently serving as vice president of Changzhou Supaiqi E-Vehicle Co, Ltd.

Mr Chen holds a degree from the Beijing Institute of Technology and is based in Changzhou, China.

Mr Chen will be retiring and seeking re-election by shareholders at the Company's 2016 Annual General Meeting.

Shannon Coates

Non-Executive Director

Ms Coates was appointed as Non-Executive Director of the Company on 23 May 2014.

Ms Coates completed a Bachelor of Laws through Murdoch University in 1993 and has since gained over 20 years in-house experience in corporate law and compliance for public companies. She is a Chartered Secretary and an Associate Member of both the Institute of Chartered Secretaries & Administrators and Chartered Secretaries Australia.

Ms Coates is with a director of Evolution Corporate Services Pty Ltd, a company providing corporate advisory services and is also company secretary to a number of listed companies.

Company Secretary

Shannon Coates

Ms Coates was appointed as Company Secretary on 10 May 2007.

A summary of Ms Coates' qualifications and experience appears above.

Directorships in other listed entities

Directorships in other listed entities held by Directors of the Company during the last 3 years immediately before 31 December 2015 are as follows:

Director	Company	Period of directorship From	To
Mr Charles Chen	-	-	-
Mr Ivan Teo	-	-	-
Mr Oliver Cairns	Zeta Petroleum Plc	2013	Current
Mr Kaijian Chen	-	-	-
Ms Shannon Coates	Artemis Resources Limited	2011	2014
	Lemur Resources Limited	2014	2016
	Metallum Limited	2011	2012
	Metallum Limited	2015	Current

Directors' Meetings

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the year ended 31 December 2015 are:

Director	Board Meetings Held while Director	Attended
Mr Charles Chen	9	9
Mr Ivan Teo	9	9
Mr Oliver Cairns	9	9
Mr Kaijian Chen	9	2
Ms Shannon Coates	9	9

There is presently no separate Audit, Nomination or Remuneration Committee, with all committee functions being addressed by the full Board.

Principal Activity

The principal activity of the Consolidated Entity during the year ended 31 December 2015 was the development and manufacture, and international marketing and distribution of electric powered two-wheel vehicles, petrol two-wheel vehicles and all-terrain vehicles.

Operating and Financial Review

Review of Operations

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

Total consolidated sales of $47.6 million were recorded for the Consolidated Entity for the year ended 31 December 2015. The revenue of the Consolidated Entity has increased by 11% as compared to the year ended 31 December 2014, largely as a result of the growing sales in China and internationally. During the year ended 31 December 2015, the Consolidated Entity recorded a net loss of $753,313 after income tax, which included one-off non-cash costs of $0.6 million of share based expenses, $2.8 million of impairment of Haiyong goodwill, $1.8 million of reversal of provision for the second tranche of shares in relation to acquisition of Haiyong, $1.3 million of impairment of Haiyong intangibles, $1.7 million of loss from disposal of Haiyong subsidiary, $0.6 million of tax expense adjustments related to carry forward tax losses being utilised in FY15 and $0.3 million of tax expense adjustments related to impairment of Haiyong intangibles in FY15. The underlying net profit for the year ended 31 December 2015 adding back these one-off non-cash expenses was $4,142,813.

The following table provides a reconciliation between the statutory net loss after tax and underlying NPAT for the year ended 31 December 2015:

Statutory net loss after tax for FY15	($753,313)
Add back non- cash and one off expenses:	
Share based expenses	$593,503
Impairment of Haiyong goodwill	$2,792,156
Reversal of provision for the second tranche of shares in relation to acquisition of Haiyong	($1,835,773)
Impairment of Haiyong intangibles	$1,310,760
Loss from disposal of Haiyong subsidiary	$1,736,328
Tax expense adjustments related to carry forward tax losses being utilised in FY15 for which deferred tax assets were previously recognised in FY14	$626,842
Tax expense adjustments related to impairment of Haiyong intangibles in FY15 for which deferred tax liabilities were previously recognised in FY14	($327,690)
Underlying NPAT for FY15	$4,142,813

Directors believe this information is useful to provide investors with transparency on the underlying performance of the Company.

A more detailed review of operations for the year ended 31 December 2015 is set out in the Operations Review preceding the Directors' Report.

Review of Financial Position

The Consolidated Entity's net assets have increased by approximately $9.3 million during the year ended 31 December 2015.

Cash balances increased by $2.8 million during the year ended 31 December 2015 primarily as a result of $8.9 million capital raising completed in June 2015, the increase in working capital requirements and repayment of the Company's operating facilities.

Trade and other receivables have increased by $4.3 million mainly due to higher receivable from customers.

Inventories have decreased by $1.4 million and prepayments have decreased by $0.5 million mainly due to lower stock level and prepayments as a result of disposal of Haiyong subsidiary.

Property, plant and equipment increased by $0.2 million mainly due to additions of fixed assets for the newly developed electric two-wheel vehicle models.

Trade and other payables decreased by $1.6 million during the period mainly due to more efficient payments to suppliers in preparation to negotiate better payment terms and deeper cooperation with the suppliers.

Loans and borrowings have decreased by $2.6 million mainly due to the additional repayment of operating facilities during the year to save interest costs.

Issued capital has increased by $9.0 million during the year ended 31 December 2015 primarily due to shares issued to investors for $8.9 million capital raising completed in June 2015, shares issued to key management and conversion of ESOP and listed options to shares during the year ended 31 December 2015.

No dividend has been declared or paid by the Company to the date of this Report in respect of the year ended 31 December 2015.

Business Strategies and Prospects for Future Financial Years

The Chinese market is the world's largest electric two-wheel vehicle market, with 30 million units produced in 2012 and expected to increase to 40 million units in 2015[1]. The Company has begun to focus on the huge domestic Chinese market and expects to continue its expansion into China and to increase its presence in China. We have a number of strategies to achieve this, including:

- Developing more distribution network and OEM customers in China; and
- Collaborations and co-operations with parties operating in the electric vehicles sector.

The Company also expects to increase its global sales by targeting business to business ("B2B") customers especially in the delivery and fast food sectors, and appointing more international distributors. The Company is in discussions and progressing with a number of interested parties in countries including Canada, Denmark, Finland, Malta, Netherlands, Portugal, United Kingdom and the US. We are also continually considering ways of reducing the Company's cost of manufacturing and operating costs by improving efficiency.

The Chinese government has become increasingly focused on environmental protection to reduce pollution through new-energy and clean technology. This was highlighted in the 2015 Chinese Government Work Report from the Chinese People's Political Consultative Conference annual session concluded on 15 March 2015.

Chinese Government policies providing subsidies to purchasers of new-energy vehicles, accelerating the construction of public electric charging stations and poles, and encouraging greater investment in electric vehicle technology are reflective of the Government's greater focus in this sector. While a number of the new policies are centred on China's electric car market, Vmoto is monitoring developments closely as the Company expects to benefit from new Government policies and initiatives that encourage the use of new-energy 4 wheel and 2 wheel electric vehicles.

The material business risks faced by the Company are likely to have an effect on the financial prospects of the Company. The potential material business risks and how the Company manages these risks includes:

- technological obsolescence – given the Company operates in industry involving green and electric vehicles technology, any technological obsolescence could have impact on our financial results. We address this risk through investment in research and development, patent appropriate and necessary research and development results, recruit competent technicians and constantly monitoring the market. We see this risk as minimal as the Company is constantly developing new technology and functions in its electric two-wheel vehicle products and have the protection of trademarks and patents.
- reduction in demand from China - given our reliance on the Chinese economy, reduction in demand from China market for our electric scooter products could have impact on our financial results. Based on the views of prominent economic commentators, we do not anticipate any significant slowdown in the Chinese economy for the next few years. The Company also distributes its products in Europe and is expanding sales in the Asian and North America regions. In addition, the Company is investigating the option of expanding sales into other emerging economies such as India and Indonesia to diversify its sales channel and reduce reliance on the Chinese market.

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

Impact of legislation and other external requirements

The Consolidated Entity's operations are not subject to any significant environmental regulations. The Board believes that the Consolidated Entity has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the Consolidated Entity.

Clean Energy Legislative Package

The Clean Energy Legislative Package, which included the Clean Energy Act 2011, was passed by the Australian Government in November 2011. It sets out the way that the government will introduce a carbon price to reduce Australia's carbon pollution and move to a clean energy future.

The Consolidated Entity's manufacturing activities are primarily carried out in China and the Directors believe that the Group will not be significantly affected by this legislation passed. The Consolidated Entity has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2015.

The Directors' view is that there were no changes in environmental or other legislative requirements during the year that have significantly affected the results or operations of the Consolidated Entity.

Events Subsequent to Balance Date

Vesting of Performance Rights

On 5 February 2016, the Company issued 100,000 fully paid ordinary shares to Mr Yiting Chen and 100,000 fully paid ordinary shares to Mr Oliver Cairns as a result of the vesting of Class F incentive performance rights, as approved by shareholders on 31 July 2012.

Issue Tranche 1 Shares to Acquire PowerEagle Trademark

On 5 February 2016, the Company issued 3,333,333 fully paid ordinary shares at an issue price of $0.30 per share to PowerEagle as Tranche 1 consideration to acquire 100% of the PowerEagle trademark and brand, as announced on 23 December 2015.

Other than the above and as noted elsewhere in the financial statements, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely Developments

Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years are discussed in the Operations Review.

Directors' Interests

The relevant interests of each Director in the shares, options and Performance Rights issued by the Company at the date of this report are as follows:

Director	Ordinary shares	Options	Performance Rights
Mr Charles Chen[1]	5,721,474	-	633,334
Mr Ivan Teo[2]	720,873	-	500,000
Mr Oliver Cairns [3]	2,588,284	400,000	633,334
Mr Kaijian Chen [4]	730,794	-	500,000
Ms Shannon Coates [5]	75,000	-	-

1. 1,698,064 shares are held indirectly by Pershing Australia Nominees Pty Ltd <Argonaut Account> on behalf of Mr Charles Chen. 533,334 shares and 633,334 Performance Rights are held directly by Mr Charles Chen. 3,490,076 shares are held indirectly by Mr Chen's spouse, Ms Jierong Zhou.

2. 720,873 shares and 500,000 Performance Rights are held directly by Mr Ivan Teo.

3. 148,889 shares are held directly by Mr Oliver Cairns. 2,303,031 shares, 100,000 options exercisable at $0.50 on or before 21 May 2019, 100,000 options exercisable at $0.75 on or before 21 May 2019, 200,000 options exercisable at $1.00 on or before 21 May 2019 and 633,334 Performance Rights are held indirectly by Silverlight Holdings Pty Ltd as trustee for Cairns Investment trust. Mr Cairns is a beneficiary of the Cairns Investment trust. 136,364 shares are held indirectly by Mr OW and CH Cairns as trustee for OCCM Fund. Mr Cairns is a beneficiary of the OCCM Fund.

4. 730,794 shares and 500,000 Performance Rights are held directly by Mr Kaijian Chen.

5. 75,000 shares are held indirectly by Ms Coates' spouse, Mr Simon Kimberley Coates as trustee for the Kooyong Trust. Ms Coates is a beneficiary of the Kooyong Trust.

Options

On 2 October 2015, 719,981 unlisted options (exercisable at $0.75 on or before 31 December 2017) were issued to brokers as part consideration for capital raising services as announced on 12 June 2015.

On 24 November 2015, 350,000 unlisted options (exercisable at $0.30 on or before 23 November 2015) remained unexercised on their expiry date and lapsed pursuant to the terms and conditions of the options.

At the date of this report, options over unissued ordinary shares of the Company are:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number
23 May 2013	23 May 2014	23 May 2018	40 cents	500,000
23 May 2013	23 May 2014	23 May 2018	80 cents	500,000
23 May 2014	23 May 2014	21 May 2019	50 cents	100,000
23 May 2014	23 May 2014	21 May 2019	75 cents	100,000
23 May 2014	23 May 2014	21 May 2019	$1.00	200,000
2 October 2015	2 October 2015	31 December 2017	75 cents	719,981

These options do not confer the right to participate in any share issue or interest issue of the Company or any other entity.

Performance Rights

On 15 April 2015, the Company issued 1,000,000 shares (on a pre-consolidation basis) to Mr Charles Chen and 1,000,000 shares to Mr Oliver Cairns as a result of vesting of 2,000,000 Class E incentive Performance Rights as approved by shareholders on 31 July 2012.

On 18 June 2015, the Company issued 133,334 shares to Mr Charles Chen and 133,334 shares to Mr Oliver Cairns as a result of vesting of 266,668 Class H incentive Performance Rights as approved by shareholders on 31 July 2012.

On 17 December 2015, the Company issued 100,000 shares to Mr Charles Chen and 100,000 shares to Mr Oliver Cairns as a result of vesting of 200,000 Class C incentive Performance Rights as approved by shareholders on 31 July 2012.

On 5 February 2016, the Company issued 100,000 shares to Mr Charles Chen and 100,000 shares to Mr Oliver Cairns as a result of vesting of 200,000 Class F incentive Performance Rights as approved by shareholders on 31 July 2012.

All performance rights convert to fully paid ordinary shares for nil cash consideration, subject to performance based vesting conditions. At the date of this report, Performance Rights over unissued ordinary shares of the Company are:

Class	Number
Class I	266,668
Class J	1,000,000
Class K	1,000,000
Total	2,266,668

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify the current Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Company will meet, to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

The Company has not agreed to indemnify their current auditors, Bentleys Audit & Corporate (WA) Pty Ltd.

Insurance Premiums

As at the date of this report, a Directors and Officers insurance policy has been secured. The insurance premium for this policy during the year ended 31 December 2015 was A$20,806.

Contingent Liabilities

The Company is currently a defendant in a proceeding brought against the Company by a former employee in relation to the employee's past employment. Having considered legal advice, the Directors believe that the claim can be successfully defended, without any losses (including for costs) being incurred by the Company.

Non-audit services

During the year, Bentleys Audit & Corporate (WA) Pty Ltd, the Company's auditor, did not perform any non-audit services in addition to their statutory duties.

Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 68 and forms part of the Directors' Report for the year ended 31 December 2015.

This remuneration report outlines the Director and executive remuneration arrangements of the Company and the Consolidated Entity.

The Board as a whole is responsible for considering remuneration policies and packages applicable both to Directors and executives of the Company and the Consolidated Entity.

Key Management Personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including Directors of the Company and other executives. Key Management Personnel comprise the Directors of the Company, and executives for the Company and the Consolidated Entity including the Key Management Personnel.

Director and Key Management Personnel details

The following persons acted as Directors of the Company during or since the end of the financial year:

- Mr Charles Chen
- Mr Ivan Teo
- Mr Oliver Cairns
- Mr Kaijian Chen
- Ms Shannon Coates

The term 'Key Management Personnel' is used in this remuneration report to refer to the Directors and the following persons. Except as noted, the named persons held their position during or since the end of the financial year:

- Mr Patrick Davin (President of Strategic Business Development, resigned 31 July 2015)
- Mr Shuguang Han (General Manager)
- Mr Zhengjie Wu (Vice General Manager)
- Mr Kuo Lung Tseng (Vice General Manager, appointed 8 October 2014, resigned 28 February 2015)
- Mr Fei Wu (Sales Manager)

Overview of remuneration policies

Broadly, remuneration levels for Key Management Personnel of the Company and Key Management Personnel of the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced Directors and executives and reward the achievement of strategic objectives. The Board may seek independent advice on the appropriateness of remuneration packages of both the Company and the Consolidated Entity given trends in comparative companies both locally and internationally, and the objectives of the Company's remuneration strategy.

Remuneration packages consist of fixed remuneration including base salary, employer contributions to superannuation funds and non-cash benefits.

The Company has established a variable remuneration package for Directors, which is known as the Performance Rights Plan. This plan allows Directors to convert Performance Rights to fully paid ordinary shares for nil cash consideration, subject to performance based vesting conditions.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicle), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the Consolidated Entity. The Board has regard to remuneration levels external to the Consolidated Entity to ensure the Directors' and executives' remuneration is competitive in the market place.

Executive Directors are employed full time and receive fixed remuneration in the form of salary and statutory superannuation or consultancy fees, commensurate with their required level of services.

Non-Executive Directors receive a fixed monthly fee for their services. Where Non-Executive Directors provide services materially outside their usual Board duties, they are remunerated on an agreed retainer or daily rate basis.

Service agreements

It is the Consolidated Entity's policy that service agreements for Key Management Personnel are unlimited in term but capable of termination on 3 months' notice and that the Consolidated Entity retains the right to terminate the service agreements immediately, by making payment equal to 3 months' pay in lieu of notice.

The service agreement outlines the components of compensation paid to Key Management Personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed annually on a date as close as possible to 31 December of each year to take into account Key Management Personnel's performance.

Certain Key Management Personnel will be entitled to bonuses as the Board may decide in its absolute discretion from time to time, to a maximum of 50% of the Key Management Personnel's annual base salary per annum.

Non-Executive Directors

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed A$300,000 per annum and has been set at a level to enable the Company to attract and retain suitably qualified Directors. The Company does not have any scheme relating to retirement benefits for Non-Executive Directors.

Relationship between the remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based rights subject to performance based vesting conditions, and the second being the issue of options or shares to Key Management Personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy was effective in increasing shareholder wealth.

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the last five reporting periods:

In AUD	31 Dec 2015 12 months $'000	30 Jun 2015 6 months $'000	31 Dec 2014 12 months $'000	30 June 2014 6 months $'000	31 Dec 2013 12 months $'000
Revenue	47,613	24,891	42,941	15,862	25,175
Net profit / (loss) before tax	(213)	1,451	257	211	404
Net profit / (loss) after tax	(755)	1,011	884	211	404

In AUD	31 Dec 2015 12 months	30 Jun 2015 6 months	31 Dec 2014 12 months	30 June 2014 6 months	31 Dec 2013 12 months
Share price at start of period	$0.04	$0.04	$0.03	$0.03	$0.02
Share price at end of period	$0.33*	$0.40*	$0.04	$0.04	$0.03
Dividend	-	-	-	-	-
Basic and diluted earnings / (loss) per share	(0.52 cents)*	0.79 cents*	0.07 cents	0.02 cents	0.04 cents

* The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The share price and EPS post 4 June 2015 are disclosed on a post Share Consolidation basis.

Directors' and executive officers' remuneration

Details of the nature and amount of each major element of the remuneration of each Director of the Company and the named officers of the Company and the Consolidated Entity for the years ended 31 December 2014 and 31 December 2015 are:

		SHORT-TERM	POST-EMPLOYMENT	SHARE BASED PAYMENTS			
In AUD		Salary & fees $	Superannuation benefits $	Options / Performance Rights $	Total $	Value of options/rights as proportion of remuneration %	% of remuneration based on performance
Executive Directors							
Mr Charles Chen	12 months to Dec 2015	259,319	9,975	-	269,294	-	-
	12 months to Dec 2014	221,251	-	86,250	307,501	28.0%	28.0%
Mr Ivan Teo	12 months to Dec 2015	151,794	-	-	151,794	-	-
	12 months to Dec 2014	122,112	-	86,250	208,362	41.4%	41.4%
Non-Executive Directors							
Mr Simon Farrell	12 months to Dec 2015	-	-	-	-	-	-
(resigned 20 May 2014)	12 months to Dec 2014	9,944	-	20,300	30,244	67.1%	-
Mr Oliver Cairns	12 months to Dec 2015	80,000	-	-	80,000	-	-
	12 months to Dec 2014	80,000	-	182,669	262,669	69.5%	32.8%
Mr Kaijian Chen	12 months to Dec 2015	40,000	-	-	40,000	-	-
	12 months to Dec 2014	40,000	-	86,250	126,250	68.3%	68.3%
Ms Shannon Coates [1]	12 months to Dec 2015	40,000	-	-	40,000	-	-
	12 months to Dec 2014	23,333	-	-	23,333	-	-
Total, all Directors	12 months to Dec 2015	571,113	9,975	-	581,088	-	-
	12 months to Dec 2014	496,640	-	461,719	958,359	48.2%	37.2%

REMUNERATION REPORT (cont'd)

1. Ms Coates was appointed as Non-Executive Director on 23 May 2014. Ms Coates was appointed Company Secretary to the Company in 2007 and, via an associated company Evolution Corporate Services Pty Ltd, provides company secretarial, corporate advisory and Australian registered office services to Vmoto for a monthly retainer. For the 2015 financial year, the Company paid Evolution Corporate Services Pty Ltd $66,000 for these services.

		SHORT-TERM	POST-EMPLOYMENT	SHARE BASED PAYMENTS			
In AUD		Salary & fees $	Superannuation benefits $	Shares $	Total $	Value of options / rights as proportion of remuneration %	% of remuneration based on performance
Executives							
Mr Patrick Davin (President of Strategic Business Development, resigned 31 July 2015)	12 months to Dec 2015	18,017	-	24,800	42,817	57.9%	-
	12 months to Dec 2014	22,288	-	38,000	60,288	63.0%	-
Mr George Hou (General Manager, resigned 30 April 2014)	12 months to Dec 2015	-	-	-	-	-	-
	12 months to Dec 2014	25,041	-	-	25,041	-	-
Mr Shuguang Han (General Manager)	12 months to Dec 2015	63,968	-	31,000	94,968	32.6%	-
	12 months to Dec 2014	48,122	-	76,000	124,122	61.2%	-
Mr Zhengjie Wu (Vice General Manager)	12 months to Dec 2015	30,704	-	62,000	92,704	66.9%	-
	12 months to Dec 2014	27,080	-	38,000	65,080	58.4%	-
Mr Kuo Lung Tseng (Vice General Manager, resigned 28 February 2015)	12 months to Dec 2015	25,291	-	-	25,291	-	-
	12 months to Dec 2014	13,942	-	-	13,942	-	-
Mr Fei Wu (Sales Manager)	12 months to Dec 2015	42,139	-	9,300	51,439	18.1%	-
	12 months to Dec 2014	22,338	-	11,400	33,738	33.8%	-
Total, all Executives	12 months to Dec 2015	180,119	-	127,100	307,219	41.4%	-
	12 months to Dec 2014	158,811	-	163,400	322,211	49.3%	-

Share-based payment arrangements

Options

The Company operates an Employee Share Option Plan ("ESOP") for executives and senior employees of the Consolidated Entity. In accordance with the provisions of the plan, executives and senior employees may be granted options to purchase ordinary shares at an exercise price to be determined by the Board with regard to the market value of the shares when it resolves to offer the options. The options may only be granted to eligible persons after the Board considers the person's seniority, position, length of service, record of employment, potential contribution and any other matters which the Board considers relevant.

Each employee share option converts into one ordinary share of Vmoto Limited on exercise. No amounts are paid or payable to the Company by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is determined by the Board.

To date, options granted under the ESOP expire within thirty six months of their issue, or immediately on the resignation of the executive or senior employee, whichever is the earlier.

During the year ended 31 December 2015, the following share based payment options arrangements were in existence:

Options series	Number	Grant date	Grant date fair value	Expiry date	Exercise Price	Vesting date
ESOP	740,000	23/11/2012	A$0.11	23/11/2015	A$0.30	23/11/2013
Class E	500,000	23/05/2013	A$0.14	23/05/2018	A$0.40	23/05/2014
Class F	500,000	23/05/2013	A$0.13	23/05/2018	A$0.80	23/05/2014
Class G	100,000	23/05/2014	A$0.37	21/05/2019	A$0.50	23/05/2014
Class H	100,000	23/05/2014	A$0.35	21/05/2019	A$0.75	23/05/2014
Class I	200,000	23/05/2014	A$0.33	21/05/2019	A$1.00	23/05/2014
Class J	719,981	02/10/2015	A$0.16	31/12/2017	A$0.75	02/10/2015
Total	2,859,981					

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The share based payment options arrangements above are disclosed on a post Share Consolidation basis.

There is no further service or performance criteria that need to be met in relation to ESOP options granted before the beneficial interest vests in the recipient.

During the year ended 31 December 2015, no options were granted to Key Management Personnel under the ESOP.

During the year ended 31 December 2015, the following Key Management Personnel exercised their options that were granted to them as part of their compensation. Each option converts into one ordinary share of Vmoto Limited.

Name	No. of options exercised	No. of ordinary shares of Vmoto Limited issued	Amount paid	Amount unpaid
Ivan Teo	1,000,000	1,000,000	A$30,000	-

The following table summarises the value of options to Key Management Personnel granted, exercised or lapsed during the year ended 31 December 2015:

Name	Value of options granted at the grant date [1] $	Value of options exercised at the exercise date $	Value of option lapsed at the date of lapse [2] $
Ivan Teo	n/a	A$11,000	n/a

1. The value of options granted during the year is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.
2. The value of options lapsed during the year due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied using a binomial pricing model.

Performance Rights

On 6 August 2012, following shareholder approval at the Company's general meeting held on 31 July 2012, the Company granted a total of 32,000,000 Performance Rights to Directors Charles Chen, Oliver Cairns and former Director Blair Sergeant.

The Performance Rights comprised:

a) 2,000,000 Performance Rights issued to Blair Sergeant pursuant to his Non-Executive Director Appointment Agreement; and
b) 30,000,000 Performance Rights issued under the Company's Performance Rights Plan (10,000,000 each to Charles Chen, Blair Sergeant and Oliver Cairns), subject to the following performance conditions:

Number of Performance Rights per Director	Class	Performance Conditions	Time of vesting
1,000,000	A	- The volume weighted average price of the Shares for 10 consecutive trading days on ASX (**VWAP**) exceeds 3 cents at any time on or before 31 December 2013; and - the Participating Director remains a Director at the time of vesting.	The date the VWAP first exceeds 3 cents
1,000,000	B	- The VWAP exceeds 3 cents at any time on or before 31 December 2013; and - the Participating Director remains a Director at the time of vesting.	The date 12 months after the date the VWAP first exceeds 3 cents
1,000,000	C	- The VWAP exceeds 3 cents at any time on or before 31 December 2013; and - the Participating Director remains a Director at the time of vesting.	The date 24 months after the date the VWAP first exceeds 3 cents
1,000,000	D	- The VWAP exceeds 4 cents at any time on or before 31 December 2014; and - the Participating Director remains a Director at the time of vesting.	The date the VWAP first exceeds 4 cents
1,000,000	E	- The VWAP exceeds 4 cents at any time on or before 31 December 2014; and - the Participating Director remains a Director at the time of vesting.	The date 12 months after the date the VWAP first exceeds 4 cents
1,000,000	F	- The VWAP exceeds 4 cents at any time on or before 31 December 2014; and - the Participating Director remains a Director at the time of vesting.	The date 24 months after the date the VWAP first exceeds 4 cents

1,333,333	G	- The VWAP exceeds 5 cents at any time on or before 31 December 2015; and - the Participating Director remains a Director at the time of vesting.	The date the VWAP first exceeds 5 cents
1,333,333	H	- The VWAP exceeds 5 cents at any time on or before 31 December 2015; and - the Participating Director remains a Director at the time of vesting.	The date 12 months after the date the VWAP first exceeds 5 cents
1,333,334	I	- The VWAP exceeds 5 cents at any time on or before 31 December 2015; and - the Participating Director remains a Director at the time of vesting.	The date 24 months after the date the VWAP first exceeds 5 cents

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The Performance Rights above are disclosed on a pre Share Consolidation basis.

On 23 May 2014, following shareholder approval at the Company's Annual General Meeting held on 20 May 2014, the Company granted a total of 20,000,000 additional Performance Rights to Directors Charles Chen, Oliver Cairns, Ivan Teo and Kaijian Chen.

Number of Performance Rights per Director	**Class**	**Performance Conditions**	**Time of vesting**
2,500,000	J	- The volume weighted average price of the Shares for 10 consecutive trading days on ASX (**VWAP**) exceeds 6.5 cents at any time on or before 31 December 2016; and - the Participating Director remains a Director at the time of vesting.	The date the VWAP first exceeds 6.5 cents
2,500,000	K	- The VWAP exceeds 8.5 cents at any time on or before 31 December 2017; and - the Participating Director remains a Director at the time of vesting.	The date the VWAP first exceeds 8.5 cents

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The Performance Rights above are disclosed on a pre Share Consolidation basis.

During the year ended 31 December 2015, the following Performance Rights arrangements were in existence:

Performance Rights series	**Number**	**Grant date**	**Grant date fair value**
Class C	200,000	06/08/2012	A$0.04
Class E	2,000,000	06/08/2012	A$0.0015
Class F	200,000	06/08/2012	A$0.015
Class H	266,668	06/08/2012	A$0.005
Class I	266,668	06/08/2012	A$0.005
Class J	1,000,000	23/05/2014	A$0.276
Class K	1,000,000	23/05/2014	A$0.069

All Performance Rights convert to fully-paid ordinary shares for nil cash consideration, subject to the above performance based vesting conditions. During the year ended 31 December 2015, Class C, E and H Performance Rights vested and were converted to shares.

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The Class E Performance Rights arrangement above are disclosed on a pre-Share Consolidation basis as Class E Performance Rights vested and converted to shares prior to Share Consolidation. All other Performance Rights arrangements were disclosed on a post Share Consolidation basis.

The following Performance Rights to Key Management Personnel vested and were converted to Shares in the year ended 31 December 2015:

Name	Performance Rights series	During the year ended 31 Dec 2015			
		No. granted	No. vested	% of grant vested	% of grant forfeited
Charles Chen	Class E	-	1,000,000	100%	n/a
	Class H	-	133,334	100%	n/a
	Class C	-	100,000	100%	n/a
Oliver Cairns	Class E	-	1,000,000	100%	n/a
	Class H	-	133,334	100%	n/a
	Class C	-	100,000	100%	n/a

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The Class E Performance Rights arrangement above are disclosed on a pre-Share Consolidation basis as Class E Performance Rights vested and converted to shares prior to Share Consolidation. All other Performance Rights arrangements were disclosed on a post Share Consolidation basis.

Share holdings and transactions of Key Management Personnel

The movement during the year ended 31 December 2015 in the number of ordinary shares held, directly, indirectly or beneficially by each key management person, including their personally-related entities, is as follows:

	Held at 1 Jan 2015	Held at date of appointment	Net change[1]	Granted as remuneration	Received on vest of performance rights	Share consolidation	Held at date of resignation	Held at 31 Dec 2015
Directors								
Mr C Chen	52,881,402	N/A	-	-	1,233,334	(48,493,262)	N/A	5,621,474
Mr I Teo	6,208,728	N/A	1,000,000	-	-	(6,487,855)	N/A	720,873
Mr O Cairns	21,549,495	N/A	-	-	1,233,334	(20,294,545)	N/A	2,488,284
Mr K Chen	6,505,050	N/A	-	80,289	-	(5,854,545)	N/A	730,794
Ms S Coates	750,000	N/A	-	-	-	(675,000)	N/A	75,000
Executives								
Mr P Davin	6,320,893	N/A	(1,810,000)	80,000	-	(4,158,803)	432,090	N/A
Mr S Han	2,000,000	N/A	-	100,000	-	(1,800,000)	N/A	300,000
Mr Z Wu	1,000,000	N/A	-	200,000	-	(900,000)	N/A	300,000
Mr K Tseng	-	N/A	-	-		-	-	N/A
Mr F Wu	500,000	N/A	-	30,000	-	(450,000)	N/A	80,000

1. Net change represents the acquisition and disposal of shares on market and exercise of options by the Key Management Personnel.

Option holdings of Key Management Personnel

The movement during the year ended 31 December 2015 in the number of options over ordinary shares held, directly, indirectly or beneficially by each key management person, including their personally-related entities, is as follows:

	Held at 1 Jan 2015	Held at date of appointment	Additions	Granted as remuneration	Exercised/ Expired	Share consolidation	Held at date of resignation	Held at 31 Dec 2015
Directors								
Mr C Chen	-	N/A	-	-	-	-	N/A	-
Mr I Teo	1,000,000	N/A	-	-	(1,000,000)	-	N/A	-
Mr O Cairns	4,000,000	N/A	-	-	-	(3,600,000)	N/A	400,000
Mr K Chen	-	N/A	-	-	-	-	N/A	-
Ms S Coates	-	N/A	-	-	-	-	N/A	-
Executives								
Mr P Davin	500,000	N/A	-	-	-	(450,000)	50,000	N/A
Mr S Han	-	N/A	-	-	-	-	N/A	-
Mr Z Wu	-	N/A	-	-	-	-	N/A	-
Mr K Tseng	-	N/A	-	-	-	-	-	N/A
Mr F Wu	-	N/A	-	-	-	-	N/A	-

All options are vested and exercisable.

Performance right holdings of Key Management Personnel

The movement during the year ended 31 December 2015 in the number of Performance Rights held, directly, indirectly or beneficially by each key management person, including their personally-related entities, is as follows:

	Held at 1 Jan 2015	Held at date of appointment	Granted as remuneration	Vested as Shares	Forfeited	Share consolidation	Held at date of resignation	Held at 31 Dec 2015
Directors								
Mr C Chen	10,666,667	N/A	-	(1,233,334)	-	(8,699,999)	N/A	733,334
Mr I Teo	5,000,000	N/A	-	-	-	(4,500,000)	N/A	500,000
Mr O Cairns	10,666,667	N/A	-	(1,233,334)	-	(8,699,999)	N/A	733,334
Mr K Chen	5,000,000	N/A	-	-	-	(4,500,000)	N/A	500,000
Ms S Coates	-	N/A	-	-	-	-	N/A	-
Executives								
Mr P Davin	-	N/A	-	-	-	-	-	N/A
Mr S Han	-	N/A	-	-	-	-	N/A	-
Mr Z Wu	-	N/A	-	-	-	-	N/A	-
Mr K Tseng	-	N/A	-	-	-	-	-	N/A
Mr F Wu	-	N/A	-	-	-	-	N/A	-

Other Key Management Personnel Transactions

During the year ended 31 December 2015, Evolution Corporate Services Pty Ltd, an entity associated with Ms Shannon Coates, provided company secretarial, administration and registered office services to the Group pursuant to consultancy agreement and received total fees of A$66,000 for the year ended 31 December 2015.

Other than the above, there have been no related party transactions involving any of the Key Management Personnel identified in the table above during the year or the previous year.

This report is made with a resolution of the Directors pursuant to s298(2) of the Corporations Act 2001:

Charles Chen
Managing Director

Dated at Nanjing China, this 31st day of March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Continuing Operations			
Revenue from sale of goods		47,613,013	42,940,835
Cost of sales		(39,660,519)	(36,639,329)
Gross Profit		**7,952,494**	**6,301,506**
Other income	2	295,501	161,604
Share of losses of associates		(141,908)	-
Gain recognised on disposal of interest in former associate	11	143,443	-
Operational expenses		(1,576,793)	(1,451,180)
Marketing and distribution expenses		(491,926)	(475,521)
Corporate and administrative expenses		(1,929,631)	(2,008,206)
Occupancy expenses		(103,486)	(59,085)
Other expenses	2	-	(486,094)
Finance costs		(270,812)	(275,507)
Impairment of inventories		-	(1,548,071)
Profit/(Loss) from continuing operations before tax		3,876,882	159,446
Income tax revenue/(expense)	4	(869,144)	626,842
Profit /(Loss) after tax from continuing operations		**3,007,738**	**786,288**
Discontinued Operations			
Profit/(Loss) from discontinued operations	26	(3,761,051)	97,699
PROFIT/(LOSS) FOR THE YEAR		**(753,313)**	**883,987**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Other comprehensive income			
Foreign currency translation differences		1,004,201	2,154,350
Other comprehensive income for the year, net of income tax		1,004,201	2,154,350
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**250,888**	**3,038,337**
Profit/(Loss) for the year attributable to:			
Owners of the Company		(753,313)	883,987
		(753,313)	883,987
Total comprehensive income for the year attributable to:			
Owners of the Company		250,888	3,038,337
		250,888	3,038,337
Earnings per share	22		
From continuing and discontinued operations:			
Basic earnings/(loss) per share		(0.52 cents)	0.71 cents
From continuing operations:			
Basic earnings per share		2.09 cents	0.63 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 December 2015 $	31 December 2014 $
CURRENT ASSETS			
Cash and cash equivalents	5	6,657,529	3,850,142
Trade and other receivables	6	9,413,278	5,090,871
Inventories	7	4,548,057	5,945,188
Other assets	8	3,044,107	3,519,032
Total Current Assets		23,662,971	18,405,233
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,846,195	7,606,188
Intangible Assets	10	5,801,541	8,536,781
Investments in associates	11	-	393,244
Other financial assets	12	1,370,094	-
Deferred tax assets	4	-	299,152
Total Non-Current Assets		15,017,830	16,835,365
TOTAL ASSETS		38,680,801	35,240,598
CURRENT LIABILITIES			
Trade and other payables	13	2,233,642	3,858,426
Loans and borrowings	14	2,107,837	4,718,929
Current tax liabilities	4	242,302	-
Other liabilities	15	-	1,835,773
Total Current Liabilities		4,583,781	10,413,128
TOTAL LIABILITIES		4,583,781	10,413,128
NET ASSETS		**34,097,020**	**24,827,470**
EQUITY			
Issued capital	16	70,276,494	61,293,967
Reserves	16	872,866	(140,519)
Accumulated losses	18	(37,052,340)	(36,325,978)
TOTAL EQUITY		**34,097,020**	**24,827,470**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Cash flows from operating activities			
Receipts from customers		50,062,921	46,458,103
Payments to suppliers and employees		(49,819,966)	(45,631,141)
Interest received		41,971	44,739
Interest paid		(270,811)	(273,499)
Other cash receipts		1,768	27,762
Net cash used in operating activities	28	15,883	625,964
Cash flows from investing activities			
Payments for property, plant & equipment		(858,044)	(1,101,351)
Proceeds from disposal of plant & equipment		16,613	-
Payments for research and developments		(1,504,908)	-
Payments for intangible assets		(12,960)	-
Loan to other entity		(1,043,275)	-
Payments for equity investments		-	(393,244)
Proceeds from disposal of equity investments	11	106,494	-
Net cash inflow on disposal of subsidiary	27	425,193	-
Net cash used in investing activities		(2,870,887)	(1,494,595)
Cash flows from financing activities			
Proceeds from issue of equity shares		9,018,000	1,247,290
Payments for share issue costs		(592,333)	(22,480)
Proceeds from borrowings		4,898,724	4,297,144
Repayment of borrowings		(7,880,556)	(5,400,250)
Net cash generated by financing activities		5,443,835	121,704
Net (decrease)/increase in cash and cash equivalents		2,588,831	(746,927)
Cash and cash equivalents at the beginning of the year		3,850,142	4,426,994
Effect of exchange rate fluctuations on cash held		218,556	170,075
Cash and cash equivalents at the end of the year		**6,657,529**	**3,850,142**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARD ENDED 31 DECEMBER 2015

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance as at 1 January 2014	57,725,955	(2,654,011)	(37,340,542)	17,731,402
Profit for the year	-	-	883,987	883,987
Other comprehensive income for the year	-	2,154,350	-	2,154,350
Total comprehensive income for the year	-	2,154,350	883,987	3,038,337
Issue of ordinary shares	3,597,654	-	-	3,597,654
Share issue costs	(29,642)	-	-	(29,642)
Issue of options and Performance Rights	-	489,719	-	489,719
Transfer expired options reserve to accumulated losses	-	(130,577)	130,577	-
Balance as at 31 December 2014	**61,293,967**	**(140,519)**	**(36,325,978)**	**24,827,470**
Balance as at 1 January 2015	61,293,967	(140,519)	(36,325,978)	24,827,470
Loss for the year	-	-	(753,313)	(753,313)
Other comprehensive income for the year	-	1,004,201	-	1,004,201
Total comprehensive income for the year	-	1,004,201	(753,313)	250,888
Issue of ordinary shares	9,529,572	-	-	9,529,572
Share issue costs	(624,978)	-	-	(624,978)
Issue of options		114,068	-	114,068
Transfer expired options reserve to accumulated losses	-	(26,951)	26,951	-
Transfer exercised options and vested performance rights reserves to capital	77,933	(77,933)	-	-
Balance as at 31 December 2015	**70,276,494**	**872,866**	**(37,052,340)**	**34,097,020**

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Vmoto Limited ("Vmoto" or "the Company") is a limited company incorporated in Australia. The consolidated financial report of the Company as at and for the year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

(a) Basis of preparation

(i) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 31 March 2016.

(ii) Basis of measurement

The consolidated financial statements of the Consolidated Entity are prepared on an accruals basis and are based on historical costs except where otherwise stated.

(iii) Functional and presentation currency

The consolidated financial statements of the Consolidated Entity are presented in Australian dollars, which is different from its functional currency, determined to be Renminbi. A different presentation currency has been adopted as the Board of Directors believe that financial statements presented in Australian dollar (which is the functional currency of parent company) are more useful to the users and shareholders of the Company who are predominantly in Australia.

(iv) Standards and interpretations affecting amounts reported in current period (and/or prior periods)

During the year ended 31 December 2015, the Consolidated Entity adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not significantly impacted the recognition, measurement and disclosure of the transactions of the Consolidated Entity and its consolidated financial statements for the year ended 31 December 2015.

New and revised Standards and amendments thereof and Interpretations effective for the year end that are relevant to the Group include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'
- AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australia Groups with a Foreign Parent'

The adoption of the above standards have not had a material impact on this annual financial report.

(v) Going concern basis

The Consolidated Entity has recorded a loss after tax for the year ended 31 December 2015 of $753,313 (profit after tax for the year ended 31 December 2014: $883,987). At 31 December 2015, the Consolidated Entity had a working capital surplus of $19,079,190 (31 December 2014: $7,992,105).

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 long term supply agreements and demand for its electric powered scooter 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 will further reduce corporate and other non-sales resources without materially affecting revenue activities;
- the Consolidated Entity's Stage 1 and 2 of the Nanjing Facility have been completed and have been used as security for its existing operating facility. As at the date of this report, RMB15 million (approximately $3.2 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 year ending 31 December 2016 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 accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently by all entities in the Consolidated Entity.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Consolidated Entity.

Non-controlling interests in equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

In Note 23, investments in subsidiaries are carried at cost and recoverable amount. Refer to Note (o).

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between subsidiaries are eliminated in full on consolidation.

(c) Foreign currency translation

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All differences in the consolidated financial report are taken to the profit & loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit & loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Vmoto at the rate of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period where this rate approximates the rate at the date of the transaction.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit & loss.

(d) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchange of goods or services of the same nature without any cash consideration are not recognised as revenue.

Sale of goods

Revenue from the sale of goods is recognised upon delivery of goods to customers as this corresponds to the transfer of significant risks and benefits of ownership of the goods and the cessation of all involvement in those goods.

Interest income

Interest income is recognised using the effective interest method.

(e) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(f) Acquisition of assets

All assets acquired including plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(g) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(h) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(i) Property, Plant and Equipment

- *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of assets may include the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

- *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit & loss as incurred.

- *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Consolidated Entity will obtain ownership by the end of the lease term. Land is not depreciated. Assets will be depreciated once the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives for the current and comparative periods are as follows:

Plant and equipment	3 – 10 years
Motor vehicles	10 years
Office furniture & equipment	5 years
Building	20 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

- *Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at the nominal amount when the Consolidated Entity becomes obliged to make future payments as a result of a purchase of assets or receipt of services.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax office are classified as operating cash flows.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(n) Operating Leases

Operating leases and the leased assets are not recognised on the Consolidated Entity's statement of financial position. Payments made under operating leases are recognised as an expense in the profit and loss.

(o) Recoverable amount of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(p) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the profit & loss when the liabilities are derecognised as well as through the amortisation process.

(q) Share-based payment transactions

The Consolidated Entity provides benefits to employees (including Directors) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company operates an incentive scheme to provide these benefits, known as the Vmoto Employee Share Option Plan (the "ESOP").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black Scholes Option Valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Vmoto Limited ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding weighted average number of options as at the reporting date is considered not material and accordingly the basic loss per share is the same as the diluted loss per share.

(r) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(s) Available-for-sale financial assets

The Group has investments in unlisted shares that are not traded on an active market but that are classified as available-for-sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note aa. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(t) Employee benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration, wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(u) Income tax

Income tax expense recognised in the statement of profit or loss and other comprehensive income relates to current tax and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

i. the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on a different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its subsidiaries have unused tax losses as at the reporting date. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

(v) Intangibles

Trademarks, licenses and production rights

Trademarks, licenses and production rights are recognised at cost of acquisition. They have an indefinite life and are carried at cost less any accumulated impairment losses.

Patents

Patents acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, patents acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as patents that are acquired separately. The patents acquired in a business combination are deemed to have useful lives of 5 years.

(w) Development Costs

Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

The estimated useful lives of development costs for the current and comparative periods are 3 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date.

(x) Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(y) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with maturities of 3 months or less.

(z) Comparative figures

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

(aa) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(ab) Critical judgements in applying accounting policies and key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Contingent liabilities

The Company is currently a defendant in one proceeding brought against it by a former employee in relation to the employee's past employment. Having considered legal advice, the Directors believe that the claims can be successfully defended, without any losses (including for costs) being incurred by the Company.

Impairment of goodwill and other indefinite intangible assets

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 December 2015 was A$1,414,951 (31 December 2014: A$4,207,107).

Useful lives of property, plant and equipment and patents

The Group reviews the estimated useful lives of property, plant and equipment and patents at the end of each reporting period. During the current year, the directors determined that the useful lives of property, plant and equipment and patents are deemed to be no changed.

Fair value measurements and valuation processes in relation to business combination acquisition

As part of business combination, assets and liabilities are measured at fair value for reporting purposes. The Directors have determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the patents, plant and equipments, the Group uses Level 3 inputs to perform the valuation.

Fair value measurements and valuation processes in relation to investments available-for-sale

In estimating the fair value of the available-for-sale investments, the Group uses Level 2 fair value hierarchy to perform the valuation.

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
2. REVENUES AND EXPENSES		
(a) Other income		
Interest income	41,847	45,245
Contributions from customers	79,560	45,401
Government subsidies	5,602	25,582
Gain from disposal of fixed assets	16,613	-
Net foreign exchange gain	143,922	9,668
Other income	7,957	35,708
	295,501	161,604
(b) Other expenses		
Doubtful debts	-	486,094
	-	486,094
(c) Employee benefits expense		
Wages and salaries costs	1,624,331	2,289,326
	1,624,331	2,289,326
(d) Depreciation and amortisation		
Depreciation of property, plant and equipment	702,835	457,634
Amortisation of intangibles	63,118	-
	765,953	457,634

3. AUDITOR'S REMUNERATION

Audit services:		
- audit of financial reports by Bentleys Audit & Corporate (WA) Pty Ltd	84,000	74,000
	84,000	74,000

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
4. INCOME TAX		
(a) Income tax credit / (expense)		
Current tax	(242,302)	-
Deferred tax	(626,842)	626,842
	(869,144)	626,842
(b) Numerical reconciliation between tax benefit/(expense) and pre-tax net profit/(loss)		
Profit/(Loss) before income tax benefit	3,876,882	159,446
Income tax expense calculated at 30%	(1,163,065)	(47,834)
Effect on amounts which are not tax deductible:		
Deductible amount from sale of subsidiary	421,567	-
Losses of foreign subsidiaries/operations not regarded as deductible	-	(32,659)
Non-deductible items	(10,486)	(11,976)
Recognition of tax losses of China operations previously not recognised	-	626,842
Effect of different tax rates of subsidiaries operating in other jurisdictions	456,428	92,469
Deferred tax not brought to account	(573,588)	-
Income tax credit / (expense)	(869,144)	626,842
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable)		
Potential at 30% (31 December 2014: 30%)	6,355,688	5,836,614
All tax losses relate to Australian based entities.		
(d) Unrecognised temporary differences		
Temporary differences for which deferred tax assets have not been recognised:		
Provision for doubtful receivables	88,329	88,330
Capital raising costs	-	8,892
Accrued expenses	16,500	13,800
Unrecognised deferred tax assets relating to the above temporary differences	104,829	111,022

(e) Current tax liabilities

	31 December 2015 $	31 December 2014 $
Income tax payable	242,302	-

(f) Deferred tax balances

Deferred tax balances are presented in the consolidated statement of financial position as follows:

Deferred tax assets	-	626,842
Deferred tax liabilities	-	327,690
	-	299,152

(g) Tax Rates

The potential tax benefit at 31 December 2015 in respect of tax losses not brought into account has been calculated at 30% for Australian entities. This same rate applied for the year ended 31 December 2014. The tax benefit and expense at 31 December 2015 in respect of tax effect brought into account in relation to China operations has been calculated at 25% for China entities.

	31 December 2015 $	31 December 2014 $
5. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,657,529	3,850,142

6. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	9,142,030	4,094,936
Less: Provision for impairment loss	-	(62,061)
	9,142,030	4,032,875
Other receivables	562,581	1,482,029
Less: Provision for impairment loss	(291,333)	(424,033)
	9,413,278	5,090,871

Impaired Trade Receivables

Trade receivables are non-interest bearing and are generally on 30-60 days terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

Movements in the provision for impairment of trade and other receivables were as follows:

	31 December 2015 $	31 December 2014 $
At beginning of the period	294,633	46,300
Provision for impairment during the period	-	486,094
Write off	(3,300)	(237,761)
At end of the period	291,333	294,633

At 31 December 2015, the ageing analysis of trade and other receivables is as follows:

0 – 30 Days	4,232,557	2,684,903
31 – 60 Days	3,968,221	1,032,887
61 – 90 Days past due not impaired	412,418	668,787
+90 Days past due not impaired	800,082	704,294
+90 Days considered impaired	291,333	486,094
	9,704,611	5,576,965

As of 31 December 2015, trade and other receivables of $1,212,500 (31 December 2014: $1,373,081) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The past due not impaired balance also includes VAT refundable from the China operations, which can be claimed/used to offset against future VAT payables.

7. INVENTORIES

Raw materials	1,836,545	3,620,928
Semi-finished goods	674,906	574,247
Finished goods	2,036,606	1,750,013
	4,548,057	5,945,188

8. OTHER ASSETS

Prepayments	3,044,107	3,519,032
	3,044,107	3,519,032

The prepayments are payments in advance to suppliers for the supply of electric two-wheel vehicle inventories for the Consolidated Entity's electric two-wheel vehicle operations.

9. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment	Motor vehicles	Office furniture & equipment	Land	Building	Leasehold improvement	Total
Year ended 31 December 2014							
At 1 January 2014, net of accumulated depreciation	812,992	27,694	-	782,235	3,850,263	-	5,473,184
Additions	954,535	118,300	-	-	93,022	-	1,165,857
Depreciation for the period	(290,422)	(12,399)	-	-	(154,813)	-	(457,634)
Exchange differences	123,897	6,404	-	218,034	1,076,446	-	1,424,781
At 31 December 2014, net of accumulated depreciation	1,601,002	139,999	-	1,000,269	4,864,918	-	7,606,188
At 31 December 2014							
Cost	3,339,440	166,283	82,886	1,000,269	5,330,549	278,041	10,197,468
Accumulated depreciation	(1,738,438)	(26,284)	(82,886)	-	(465,631)	(278,041)	(2,591,280)
Net carrying amount	1,601,002	139,999	-	1,000,269	4,864,918	-	7,606,188
Year ended 31 December 2015							
At 1 January 2015, net of accumulated depreciation	1,601,002	139,999	-	1,000,269	4,864,918	-	7,606,188
Additions	870,279	-	-	-	394,995	-	1,265,274
Disposals	(881,226)	(1,346)	-	-	-	-	(882,572)
Depreciation for the period	(402,084)	(33,587)	-	-	(267,164)	-	(702,835)
Exchange differences	130,998	8,026	-	72,043	349,073	-	560,140
At 31 December 2015, net of accumulated depreciation	1,318,969	113,092	-	1,072,312	5,341,822	-	7,846,195
At 31 December 2015							
Cost	2,697,863	150,078	82,886	1,072,312	6,105,388	278,041	10,386,568
Accumulated depreciation	(1,378,894)	(36,986)	(82,886)	-	(763,566)	(278,041)	(2,540,373)
Net carrying amount	1,318,969	113,092	-	1,072,312	5,341,822	-	7,846,195

An impairment test has been performed in conjunction with intangible assets and the details of assumptions used are in Note 10.

Assets pledged as security

Land and buildings with a carrying amount of approximately $6.4 million have been pledged to secure borrowings of the Group (see Note 14). The freehold land and buildings have been pledged as security for the bank operating facility under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

10. INTANGIBLES

	Note	Goodwill	Licences, trademarks and production rights	Patents	Development costs	Total
Year ended 31 December 2014						
Balance at 1 January 2014		1,414,951	2,178,032	-	-	3,592,983
Additions		-	1,707	-	-	1,707
Additions from internal development		-	-	-	869,508	869,508
Acquisitions through business combinations		2,792,156	-	1,310,760	-	4,102,916
Amortisation for the period		-	-	-	-	-
Impairment for the period		-	-	-	-	-
Exchange differences		-	(30,333)	-	-	(30,333)
Balance at 31 December 2014		4,207,107	2,149,406	1,310,760	869,508	8,536,781
At 31 December 2014						
Cost		14,941,701	2,149,406	1,310,760	1,245,700	19,647,567
Accumulated amortisation and impairment		(10,734,594)	-	-	(376,192)	(11,110,786)
Net carrying amount		4,207,107	2,149,406	1,310,760	869,508	8,536,781
Year ended 31 December 2015						
Balance at 1 January 2015		4,207,107	2,149,406	1,310,760	869,508	8,536,781
Additions		-	13,146	-	-	13,146
Additions from internal development		-	-	-	1,537,226	1,537,226
Disposals		(2,792,156)	-	(1,310,760)	(204,548)	(4,307,464)
Amortisation for the period		-	(33,963)	-	(29,155)	(63,118)
Exchange differences		-	84,970	-	-	84,970
Balance at 31 December 2015		1,414,951	2,213,559	-	2,173,031	5,801,541
At 31 December 2015						
Cost		1,414,951	2,247,522	-	2,578,377	6,240,850
Accumulated amortisation and impairment		-	(33,963)	-	(405,346)	(439,309)
Net carrying amount		1,414,951	2,213,559	-	2,173,031	5,801,541

The goodwill and patents on the acquisition of Haiyong in 2014 was impaired in FY2015 as the Board has taken the strategic decision to exit the Haiyong business as the Haiyong business did not deliver the returns expected and the sale of Haiyong business allows the Consolidated Entity to focus on its core business. This charge has been included in the loss from discontinued operations in the profit and loss statement.

The goodwill on acquiring E-Max in January 2010 and licenses, trademarks, patents and production rights are allocated to one cash generating unit being manufacture of two-wheel vehicle within the Chinese geographical location segment as the Company's manufacturing facility and main operations are located in China. The recoverable amount of these intangible assets have been determined using value in use method based on the net present value of projected earnings before interest, tax and depreciation using cash flow projections based on financial budgets approved by senior management covering a three-year period and extrapolated to five years. The cash flow projections were prepared based on past experience and contracts that are in place.

The pre-tax discount rate applied to cash flow projections is 15% (31 December 2014: 15%) and an average growth rate used to extrapolate managements cash flow forecasts beyond three years is 3%. The calculated recoverable amount exceeds the carrying amount of the goodwill of E-Max such that no impairment of the goodwill on acquisition of E-Max has occurred. Sensitivity analysis was performed by varying the discount rate applied to the cash flow projections by 5%. The calculated recoverable amount still exceeds the carrying amount of these assets. Management believe that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the goodwill on acquisition of E-Max to materially exceed its recoverable amount.

	31 December 2015 $	31 December 2014 $

11. INVESTMENTS IN ASSOCIATES

Investments in associates	-	393,244
	-	393,244

In the prior year, the Consolidated Entity held a 20% interest in Jiangsu Kaiyang New Energy Vehicle Co, Ltd ("Jiangsu Kaiyang") and accounted for the investment as an associate. In October 2015, the Consolidated Entity disposed of a 5% interest in Jiangsu Kaiyang to a third party for proceeds of $106,494 (received in October 2015). The Consolidated Entity has accounted for the remaining 15% interest as an available-for-sale investment whose fair value at the date of disposal was $333,333, which was determined using recent transaction of the disposal (Level 2 Fair Value Hierarchy). This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

Proceeds of disposal	106,494
Plus: Fair value of investment retained (15%)	333,333
Less: Carrying amount of investment on the date of loss of significant influence	296,384
Gain recognised	143,443

The gain recognised in the current year comprises a realised profit of $32,397 (being the proceeds of $106,494 less $74,096 carrying amount of the interest disposed of) and an unrealised profit of $111,046 (being the fair value less the carrying amount of the 15% interest retained).

12. OTHER FINANCIAL ASSETS

Available-for-sale investments carried at fair value		
Unquoted shares (i)	316,176	-
	316,176	-
Loans carried at amortised cost		
Loans to related parties (ii)	1,053,918	-
	1,053,918	-
Total other financial assets	1,370,094	-

(i) The Consolidated Entity holds 15% of the ordinary share capital of Jiangsu Kaiyang, a company focused on designing, manufacturing and distributing three-wheel and four-wheel electric vehicles. The Directors of the Company do not consider that the Consolidated Entity is able to exercise significant influence over Jiangsu Kaiyang as the other 85% of the ordinary share capital is held by other shareholders, who also manage the day-to-day operations of that company.

(ii) During the year ended 31 December 2015, the Consolidated Entity provided loans of RMB5 million ($1,053,918) to Jiangsu Kaiyang. The loans to Jiangsu Kaiyang are interest free and repayable in two years.

13. TRADE AND OTHER PAYABLES

Current – unsecured		
Trade creditors	1,179,346	2,372,842
Other creditors and accruals	1,054,296	1,485,584
	2,233,642	3,858,426

14. INTEREST BEARING LOANS AND BORROWINGS

Current		
Secured – Interest bearing		
Bank operating facility	2,107,837	4,718,929
	2,107,837	4,718,929
The carrying amounts of non-current assets pledged as security are:		
Land and buildings	6,414,134	5,865,187
	6,414,134	5,865,187

Financing arrangements

The Consolidated Entity has access to the following facilities:

Total facilities available:		
Bank operating facility	7,166,646	6,685,149
	7,166,646	6,685,149
Facilities utilised at end of the period:		
Bank operating facility	2,107,837	4,718,929
	2,107,837	4,718,929
Facilities not utilised at end of the period:		
Bank operating facility	5,058,809	1,966,220
	5,058,809	1,966,220

Bank operating facility

The Company secured a bank operating facility of RMB34 million (approximately $7.2 million) with China Rural Credit Cooperative in May 2011. The bank operating facility is secured by the Company's Nanjing Facility, including the land, Stage 1 and Stage 2 of the manufacturing facility. This bank operating facility is a revolving line of credit facility and the undrawn facility is available for draw down throughout the period.

The average interest rate for the bank operating facility is 5.95% per annum, payable quarterly.

15. OTHER LIABILITIES

	31 December 2015 $	31 December 2014 $
Other (Contingent Consideration)	-	1,835,773
	-	1,835,773

The other liabilities of $1,835,773 represented the contingent consideration recognised as part of the Company's acquisition of the business of Nanjing Haiyong Electronic Technology Co, Ltd. As the Consolidated Entity has taken the strategic decision to exit the business of Nanjing Haiyong, this contingent consideration will not be required to be issued.

16. ISSUED CAPITAL AND RESERVES

	31 December 2015 $	31 December 2014 $
Issued capital		
154,562,518 (31 December 2014: 1,321,527,860 (pre-consolidation)) fully paid ordinary shares	70,276,494	61,293,967

The following movements in issued capital occurred during the period:

		Number of Shares 31 Dec 2015	Number of Shares 31 Dec 2014	Year ended 31 Dec 2015 $	Year ended 3 Dec 2014 $
Balance at beginning of period		1,321,527,860	1,221,196,804	61,293,967	57,725,955
Issue of Shares at nil consideration	a)	-	2,000,000	-	-
Issue of Shares at 4.0 cents each	b)	-	40,400	-	1,616
Issue of Shares at 4.0 cents each	c)	-	132,500	-	5,300
Issue of Shares at 2.5 cents each	d)	-	800,000	-	20,000
Issue of Shares at 5.0 cents each	e)	-	487,805	-	24,390
Issue of Shares at 2.5 cents each	f)	-	3,250,000	-	81,250
Issue of Shares at 2.5 cents each	g)	-	1,750,000	-	43,750
Issue of Shares at 3.0 cents each	h)	-	2,100,000	-	63,000
Issue of Shares at 4.0 cents each	i)	-	2,500	-	100
Issue of Shares at nil consideration	j)	-	2,666,666	-	-
Issue of Shares at 3.0 cents each	k)	-	1,000,000	-	30,000
Issue of Shares at 3.0 cents each	l)	-	1,000,000	-	30,000
Issue of Shares at 4.0 cents each	m)	-	12,750	-	510
Issue of Shares at 4.0 cents each	n)	-	813,750	-	32,550
Issue of Shares at 4.0 cents each	o)	-	45,894,329	-	1,835,773
Issue of Shares at 3.8 cents each	p)	-	12,900,000	-	490,200
Issue of Shares at 4.0 cents each	q)	-	662,735	-	26,510
Issue of Shares at 4.0 cents each	r)	-	22,817,621	-	912,705
Issue of Shares at nil consideration	s)	-	2,000,000	-	-
Issue of Shares at 3.5 cents each	t)	86,114	-	3,014	-
Issue of Shares at 4.6 cents each	u)	1,089,555	-	50,120	-
Issue of Shares at 3.0 cents each	v)	1,000,000	-	30,000	-
Issue of Shares at nil consideration	w)	2,000,000	-	-	-
Issue of Shares at 3.0 cents each	x)	2,550,000	-	76,500	-
10 for 1 share consolidation	y)	(1,195,427,859)	-	-	-
Issue of Shares at 30 cents each	z)	35,000	-	10,500	-
Issue of Shares at 45 cents each	aa)	19,780,000	-	8,901,000	-
Issue of Shares at nil consideration	ab)	266,668	-	-	-
Issue of Shares at 35 cents each	ac)	38,095	-	13,333	-
Issue of Shares at 36 cents each	ad)	42,633	-	15,438	-
Issue of Shares at 39.5 cents each	ae)	42,194	-	16,667	-
Issue of Shares at 31 cents each	af)	32,258	-	10,000	-
Issue of Shares at 31 cents each	ag)	1,300,000	-	403,000	-
Issue of Shares at nil consideration	ah)	200,000	-	-	-
Transfer options reserve to issued capital		-	-	77,933	-
Share issue costs		-	-	(624,978)	(29,642)
Balance at end of period		154,562,518	1,321,527,860	70,276,494	61,293,967

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.

16. ISSUED CAPITAL AND RESERVES (cont'd)

a) 21 January 2014 - Issue 2,000,000 shares at nil consideration on vesting of 2,000,000 Performance Rights.
b) 13 February 2014 - Issue 40,400 shares at $0.04 each on exercise of listed options.
c) 29 April 2014 - Issue 132,500 shares at $0.04 each on exercise of listed options.
d) 29 April 2014 - Issue 800,000 shares at $0.025 each on exercise of ESOP options.
e) 29 April 2014 - Issue 487,805 shares at $0.05 each for marketing and public relations expenses.
f) 9 May 2014 - Issue 3,250,000 shares at $0.025 each on exercise of ESOP options.
g) 23 May 2014 - Issue 1,750,000 shares at $0.025 each on exercise of ESOP options.
h) 23 May 2014 - Issue 2,100,000 shares at $0.03 each on exercise of ESOP options.
i) 23 May 2014 - Issue 2,500 shares at $0.04 each on exercise of listed options.
j) 23 May 2014 - Issue 2,666,666 shares at nil consideration on vesting of 2,666,666 Performance Rights.
k) 2 June 2014 - Issue 1,000,000 shares at $0.03 each on exercise of ESOP options.
l) 25 September 2014 - Issue 1,000,000 shares at $0.03 each on exercise of ESOP options.
m) 15 October 2014 - Issue 12,750 shares at $0.04 each on exercise of listed options.
n) 7 November 2014 - Issue 813,750 shares at $0.04 each on exercise of listed options.
o) 7 November 2014 - Issue 45,894,329 shares at deemed issue price of $0.04 as consideration for Nanjing Haiyong Electronic Technology.
p) 11 November 2014 - Issue 12,900,000 shares at a deemed price of $0.038 each to employees of the Company in recognition of their efforts and contribution to the Company.
q) 17 December 2014 - Issue 662,735 shares at $0.04 each on exercise of listed options.
r) 31 December 2014 – Issue 22,817,621 shares at $0.04 each on exercise of listed options.
s) 31 December 2014 – Issue 2,000,000 shares at nil consideration on vesting of 2,000,000 Performance Rights.
t) 26 February 2015 – Issue 86,114 shares at $0.035 for corporate advisory services provided to the Company.
u) 15 April 2015 – Issue 1,089,555 shares at $0.046 for investor relation services provided to the Company.
v) 15 April 2015 - Issue 1,000,000 shares at $0.03 each on exercise of ESOP options.
w) 15 April 2015 - Issue 2,000,000 shares at nil consideration on vesting of 2,000,000 Performance Rights.
x) 11 May 2015 - Issue 2,550,000 shares at $0.03 each on exercise of ESOP options.
y) 4 June 2015 - The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation")
z) 17 June 2015 – Issue 35,000 shares at $0.30 each on exercise of ESOP options.
aa) 17 June 2015 – Issue 19,780,000 shares at $0.45 each as a result of completion of $8.9 million capital raising.
ab) 17 June 2015 – Issue 266,668 shares at nil consideration on vesting of 266,668 Performance Rights.
ac) 17 June 2015 – Issue 38,095 shares to a director in lieu of unpaid director fees.
ad) 10 July 2015 – Issue 42,633 shares at $0.036 for corporate advisory services provided to the Company.
ae) 2 October 2015 – Issue 42,194 shares to a director in lieu of unpaid director fees.
af) 2 October 2015 – Issue 32,258 shares at $0.31 for investor relation services provided to the Company.
ag) 2 October 2015 – Issue 1,300,000 shares at a deemed price of $0.031 each to employees of the Company in recognition of their efforts and contribution to the Company.
ah) 17 December 2015 – Issue 200,000 shares at nil consideration on vesting of 200,000 Performance Rights.

Options

The movements of options over unissued ordinary shares of the Company for the year ended 31 December 2015 were:

	Expiry Date	Exercise Price	Balance at 1 Jan 2015	Granted/ Issued	Exercised/ Forfeited	Consolidated	Held at 31 Dec 2015
ESOP options	23 November 2015	30 cents	7,400,000	-	(3,935,000)	(3,465,000)	-
Class E options	23 May 2018	40 cents	5,000,000	-	-	(4,500,000)	500,000
Class F options	23 May 2018	80 cents	5,000,000	-	-	(4,500,000)	500,000
Class G options	21 May 2019	50 cents	1,000,000	-	-	(900,000)	100,000
Class H options	21 May 2019	75 cents	1,000,000	-	-	(900,000)	100,000
Class I options	21 May 2019	$1.00	2,000,000	-	-	(1,800,000)	200,000
Class J options	31 December 2017	75 cents	N/A	719,981	-	-	719,981
Total			21,400,000	719,981	(3,935,000)	(16,065,000)	2,119,981

16. ISSUED CAPITAL AND RESERVES (cont'd)

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015.

On 2 October 2015, 719,981 unlisted options (exercisable at $0.75 and expiring on 31 December 2017) were issued to brokers as part consideration for capital raising services provided to the Company.

The fair value of the options granted to brokers is deemed to represent the value of the services provided to the Company in accordance with their terms of engagement.

The weighted average fair value of options granted to brokers during the year was $114,067. These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$0.75
Weighted average life of the option:	25 months
Expected share price volatility:	128%
Risk-free interest rate:	1.87%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

On 3 November 2015, 350,000 ESOP options remained unexercised on their expiry date and lapsed pursuant to the terms and conditions of the options.

Performance Rights

All Performance Rights convert to fully paid ordinary shares for nil cash consideration, subject to performance based vesting conditions.

The movements of Performance Rights over unissued ordinary shares of the Company for the year ended 31 December 2015 were:

Performance Rights series	Balance at 1 Jan 2015	Granted	Vested	Consolidated	Held at 31 Dec 2015
Class C	2,000,000	-	(200,000)	(1,800,000)	-
Class E	2,000,000	-	(2,000,000)	-	-
Class F	2,000,000	-	-	(1,800,000)	200,000
Class H	2,666,666	-	(266,668)	(2,399,998)	-
Class I	2,666,668	-	-	(2,400,000)	266,668
Class J	10,000,000	-	-	(9,000,000)	1,000,000
Class K	10,000,000	-	-	(9,000,000)	1,000,000
Total	31,333,334	-	(2,466,668)	(26,399,998)	2,466,668

The above Performance Rights issued under the Company's Performance Rights Plan were subject to the following performance conditions:

Number of Performance Rights per Director	Class	Performance Conditions	Time of vesting
100,000	C	- The VWAP exceeds 30 cents at any time on or before 31 December 2013; and - the Participating Director remains a Director at the time of vesting.	The date 24 months after the date the VWAP first exceeds 30 cents
100,000	E	- The VWAP exceeds 40 cents at any time on or before 31 December 2014; and - the Participating Director remains a Director at the time of vesting.	The date 12 months after the date the VWAP first exceeds 40 cents

16. ISSUED CAPITAL AND RESERVES (cont'd)

100,000	F	- The VWAP exceeds 40 cents at any time on or before 31 December 2014; and - the Participating Director remains a Director at the time of vesting.	The date 24 months after the date the VWAP first exceeds 40 cents
133,334	H	- The VWAP exceeds 50 cents at any time on or before 31 December 2015; and - the Participating Director remains a Director at the time of vesting.	The date 12 months after the date the VWAP first exceeds 50 cents
133,334	I	- The VWAP exceeds 50 cents at any time on or before 31 December 2015; and - the Participating Director remains a Director at the time of vesting.	The date 24 months after the date the VWAP first exceeds 50 cents
250,000	J	- The volume weighted average price of the Shares for 10 consecutive trading days on ASX (**VWAP**) exceeds 65 cents at any time on or before 31 December 2016; and - the Participating Director remains a Director at the time of vesting.	The date the VWAP first exceeds 65 cents
250,000	K	- The VWAP exceeds 85 cents at any time on or before 31 December 2017; and - the Participating Director remains a Director at the time of vesting.	The date the VWAP first exceeds 85 cents

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The terms of the performance rights above have been changed from last year due to the Share Consolidation.

	31 December 2015 $	31 December 2014 $
Reserves		
Reserves at the beginning of the period	(140,519)	(2,654,011)
Movements in share-based payment reserve	114,068	489,719
Transfer expired options reserve to accumulated losses	(26,951)	(130,577)
Transfer exercised options and vested performance rights reserves to issued capital	(77,933)	-
Movements in foreign currency translation reserve	1,004,201	2,154,350
Reserves at the end of the period	872,866	(140,519)
Comprises of:		
Share-based payment reserve	606,373	597,189
Foreign currency translation reserve	266,493	(737,708)
Reserves at the end of the period	872,866	(140,519)

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

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations.

The investment revaluation reserve is used to recognise the cumulative gains and losses arising on the revaluation of financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

17. CAPITAL RISK MANAGEMENT

The Consolidated Entity manages its capital to ensure their ability to continue as a going concern and to achieve returns to the shareholders and benefits for other stakeholders through the optimisation of debt and equity balance. The capital structure of the Consolidated Entity is adjusted to achieve its goals whilst ensuring the lowest cost of the capital.

Management monitors capital on the basis of the gearing ratio (debt/total capital). During the year ended 31 December 2015, the Consolidated Entity's strategy is to utilise lowest cost of the capital from the capital markets and continuously negotiating lower interest cost with provider of its operating facility to achieve its expansion program. The gearing ratios at 31 December 2015 and 31 December 2014 were as follows:

	31 December 2015 $	31 December 2014 $
Total borrowings	2,107,837	4,718,929
Total equity	34,097,020	24,827,470
Total capital	36,204,857	29,546,399
Gearing ratio	5.8%	16.1%

The gearing ratio of the Company has decreased from 16.1% to 5.8% during the year ended 31 December 2015.

18. ACCUMULATED LOSSES

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Accumulated losses at the beginning of the period	(36,325,978)	(37,340,542)
Profit/(Loss) for the period	(753,313)	883,987
Transfer from share-based payment reserve	26,951	130,577
Accumulated losses at the end of the period	(37,052,340)	(36,325,978)

19. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

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 vehicle segments are managed on a worldwide basis, but operate in two principal geographical areas: Australia and China. In China, manufacturing facilities are operated in Nanjing. The following table presents revenue, profit or loss, assets and liabilities in relation to geographical segments for the year ended 31 December 2015 and 31 December 2014:

19. SEGMENT REPORTING (cont'd)

Continuing Operations	Australia $A		China $A		Spain $A		Intersegment elimination $A		Consolidated $A	
	Year ended 31/12/2015	Year ended 31/12/2014	Year ended 31/12/2015	Year ended 31/12/2014	Year ended 31/12/2015	Year ended 31/12/2014	Year ended 31/12/2015	Year ended 31/12/2014	Year ended 31/12/2015	Year ended 31/12/2014
Revenue										
Segment revenue	27,483	-	47,585,530	42,940,835	-	-	-	-	47,613,013	42,940,835
Result										
Segment profit/(loss)	(1,948,919)	(2,190,599)	4,956,657	3,085,752	-	(108,865)	-	-	3,007,738	786,288
Assets										
Segment assets	2,954,009	1,166,289	57,411,878	56,004,744	-	-	(21,685,086)	(21,930,435)	38,680,801	35,240,598
Liabilities										
Segment liabilities	(207,924)	(1,977,730)	(26,060,943)	(30,365,833)	-	-	21,685,086	21,930,435	(4,583,781)	(10,413,128)
Depreciation/impairment of fixed assets	(4,867)	(4,442)	(697,968)	(453,192)	-	-	-	-	(702,835)	(457,634)
Amortisation of intangible assets	-	-	(63,118)	-	-	-	-	-	(63,118)	-

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

Information about major customers

Included in revenues arising from the sales of goods of $47,613,013 (2014: $42,940,835) are revenues of approximately $24,606,826 (2014: $21,920,083) which arose from sales to the Consolidated Entity's largest customer. No other single customer contributed 10% or more to the Consolidated Entity's revenue for 2015 and 2014.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Consolidated Entity's principal financial instruments comprise bank and other loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Consolidated Entity's operations.

The Consolidated Entity has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Consolidated Entity's policy that no trading in derivative instruments shall be undertaken.

Fair values

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The following table details the fair value of financial assets and liabilities of the Consolidated Entity:

	31 December 2015		31 December 2014	
	Carrying amount $	**Fair Value $**	**Carrying amount $**	**Fair Value $**
Financial assets				
Cash and cash equivalents	6,657,529	6,657,529	3,850,142	3,850,142
Trade and other receivables	9,413,278	9,413,278	5,090,871	5,090,871
Investments in associates	-	-	393,244	393,244
Other financial assets	1,370,094	1,370,094	-	-
Total financial assets	17,440,901	17,440,901	9,334,257	9,334,257
Financial liabilities				
Trade and other payables	2,233,642	2,233,642	3,858,426	3,858,426
Borrowings	2,107,837	2,107,837	4,718,929	4,718,929
Current tax liabilities	242,302	242,302	-	-
Other liabilities	-	-	1,835,773	1,835,773
Total financial liabilities	4,583,781	4,583,781	10,413,128	10,413,128
Net financial assets / (liabilities)	12,857,120	12,857,120	(1,078,871)	(1,078,871)

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Sensitivity analysis

In managing interest rate and currency risks, the Company endeavours to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates will have an impact on consolidated earnings, although the extent of that impact will depend on the level of cash resources held by the Consolidated Entity. A general increase of one percentage point in interest rates would not be expected to materially impact earnings.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Interest rate risk

The Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Consolidated Entity's short term debt obligations.

Cash includes funds held in term deposits and cheque accounts during the year, which earned interest at rates ranging between 0% and 2.45%, depending on account balances.

The following annual interest rates apply to the Consolidated Entity's credit facilities:

Bank operating facility	5.95% variable

All other financial assets and liabilities are non-interest bearing.

At balance date, the Consolidated Entity had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	31 December 2015 $	31 December 2014 $
Financial assets		
Cash and cash equivalents	6,657,529	3,850,142
Financial liabilities		
Bank operating facility	(2,107,837)	(4,718,929)
Net exposure	4,549,692	(868,787)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 31 December, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax profit and equity would have been affected as follows:

Judgements of reasonable possible movements:	31 December 2015 $	31 December 2014 $
+1% (100 basis points)		
Pre-tax profit increase/(decrease)	45,497	(8,688)
Equity increase/(decrease)	45,497	(8,688)
-1% (100 basis points)		
Pre-tax profit increase/(decrease)	(45,497)	8,688
Equity increase/(decrease)	(45,497)	8,688

Foreign currency risk

The Consolidated Entity is exposed to foreign currency on sales, purchases and borrowings that are denominated in a currency other than Australian Dollars. The currency giving rise to this risk is primarily Euro dollars, US dollars and Chinese RMB.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

At balance date, the Consolidated Entity had the following exposure to Euro dollars, US dollars, UK pounds and Chinese RMB foreign currency that is not designated in cash flow hedges:

	31 December 2015 $AUD	31 December 2014 $AUD
Financial assets		
Cash and cash equivalents (EUR)	-	145,760
Cash and cash equivalents (USD)	1,823,031	2,185,815
Cash and cash equivalents (GBP)	-	4,659
Cash and cash equivalents (RMB)	2,304,103	779,805
	4,127,134	3,116,039
Trade and other receivables (EUR)	-	68,537
Trade and other receivables (USD)	283,975	92,991
Trade and other receivables (RMB)	10,322,112	4,843,938
	10,606,087	5,005,466
Financial liabilities		
Trade and other payables (EUR)	-	(367,610)
Trade and other payables (USD)	(554,023)	(1,653,616)
Trade and other payables (GBP)	(16,143)	(24,628)
Trade and other payables (RMB)	(1,713,997)	(1,700,560)
	(2,284,163)	(3,746,414)
Borrowings (RMB)	(2,107,837)	(4,718,929)
Net exposure	10,341,221	(343,838)

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date.

At 31 December, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, equity would have been affected as follows:

Judgements of reasonable possible movements:	31 December 2015 $	31 December 2014 $
AUD/USD, AUD/EUR, AUD/GBP and AUD/RMB +20%		
Equity increase/(decrease)	(1,723,537)	57,307
AUD/USD, AUD/EUR, AUD/GBP and AUD/RMB -20%		
Equity increase/(decrease)	2,068,244	(68,768)

At this stage, the Consolidated Entity does not seek to hedge this exposure.

Credit risk

The credit risk on financial assets of the Consolidated Entity which have been recognised on the statement of financial position is generally the carrying amount, net of any provision for impairment losses.

The Consolidated Entity continuously monitors credit risks arising from its trade receivables which are principally with significant and reputable companies. It is the Consolidated Entity's policy that credit verification procedures, including assessment of credit ratings, financial position, past experience and industry reputation, are performed on new customers that request credit terms. Risk limits are set for each customer and regularly monitored. Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The total credit risk exposure of the Consolidated Entity could be considered to include the difference between the carrying amount of the receivable and the realisable amount. At balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Details with respect to credit risk of trade and other receivables are provided in Note 6.

Liquidity risk

Liquidity risk arises from the possibility that the Consolidated Entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Consolidated Entity manages this risk through the following mechanisms:

1. preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
2. monitoring undrawn credit facilities;
3. obtaining funding from a variety of sources;
4. maintaining a reputable credit profile; and
5. managing credit risk related to financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Consolidated Group	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial liabilities due for payment								
Bank operating facility and loans	2,108	4,719	-	-	-	-	2,108	4,719
Trade and other payables	2,234	3,858	-	-	-	-	2,234	3,858
Current tax liabilities	242	-	-	-	-	-	242	-
Other liabilities	-	1,836	-	-	-	-	-	1,836
Total contractual outflows	**4,584**	**10,413**	**-**	**-**	**-**	**-**	**4,584**	**10,413**
Total expected outflows	**4,584**	**10,413**	**-**	**-**	**-**	**-**	**4,584**	**10,413**
Financial assets – cash flows realisable								
Cash and cash equivalents	6,658	3,850	-	-	-	-	6,656	3,850
Trade and other receivables	9,413	5,091	-	-	-	-	9,413	5,091
Total anticipated inflows	**16,071**	**8,941**	**-**	**-**		**-**	**16,071**	**8,941**
Net (outflow)/ inflow on financial instruments	**11,487**	**(1,472)**		**-**	**-**	**-**	**11,487**	**(1,472)**

Financial assets pledged as collateral

There are no financial assets that have been pledged as security for debt and their realisation into cash is not restricted.

21. COMMITMENTS AND CONTINGENT LIABILITES

	31 December 2015 $	31 December 2014 $
Operating lease commitments		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	-	24,009
Later than one year but not later than five years	-	-
	-	24,009
Other commitments		
Other commitment not provided for in the financial statements and payable:		
Not later than one year	1,438,430	-
Later than one year but not later than five years	1,000,000	-
	2,438,430	-

Other commitments

The Company

As announced on 23 December 2015, Vmoto entered into a joint venture agreement to secure the business of its long standing OEM customer, PowerEagle ("JV"), in which Vmoto holds a 51% interest and to acquire 100% of PowerEagle trademark and brand. The $2 million considerations to acquire 100% of PowerEagle trademark and brand are payable by fully paid ordinary shares of the Company and the $438,430 consideration to commence the JV are payable by cash.

Contingent liabilities

The Company is currently a defendant in a proceeding brought against the Company by a former employee in relation to the employee's past employment. Having considered legal advice, the Directors believe that the claim can be successfully defended, without any losses (including for costs) being incurred by the Company.

22. EARNINGS PER SHARE

	Year ended 31 Dec 2015 Cents per share	Year ended 31 Dec 2014 Cents per share
Basic earnings per share		
From continuing operations	2.09	0.63
From discontinued operations	(2.61)	0.08
Total earnings/(loss) per share	(0.52)	0.71

The Company's potential ordinary shares are not considered dilutive and accordingly the basic loss per share is the same as the diluted loss per share.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $
Profit/(Loss) for the year attributable to owners of the Consolidated Entity	(753,313)	883,987
Earnings used in the calculation of basic earnings per share	(753,313)	883,987
(Profit)/Loss for the year from discontinued operations used in the calculation of basic earnings/loss per share from discontinued operations	3,761,051	(97,699)
Earnings used in the calculation of basic earnings/loss per share from continuing operations	3,007,738	786,288
Weighted average number of ordinary shares for the purposes of basic earnings/loss per share	143,902,299	123,996,789

The Company completed the consolidation of its share capital through the conversion of every ten shares in the capital of the Company into one share ("Share Consolidation") on 4 June 2015. The weighted average number of ordinary shares for the purposes of basic earnings per share are disclosed on a post Share Consolidation basis.

23. CONTROLLED ENTITIES

	Country of Incorporation	Entity interest 31 December 2015	Entity interest 31 December 2014
Parent entity			
Vmoto Limited	Australia		
Controlled entities			
Vmoto Australia Pty Ltd	Australia	100%	100%
Vmoto International Limited	Hong Kong	100%	100%
Vmoto E-Max International Limited[1]	Hong Kong	-	100%
Nanjing Vmoto Co, Ltd	China	100%	100%
Nanjing Vmoto Manufacturing Co, Ltd	China	100%	100%
Nanjing Vmoto E-Max Electric Vehicles Development Co, Ltd	China	100%	100%
Nanjing Haiyong Electric Driving System Technology Co, Ltd[2]	China	-	100%

1. De-registered on 22 May 2015.
2. Disposed on 12 September 2015.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel

(i) Directors

Mr Charles Chen	Managing Director (Executive) – appointed Executive Director 5 January 2007 and Managing Director 1 September 2011
Mr Ivan Teo	Finance Director (Executive) – appointed Chief Financial Officer 17 June 2009 and Finance Director 29 January 2013
Mr Oliver Cairns	Director (Non-Executive) – appointed 1 September 2011
Mr Kaijian Chen	Director (Non-Executive) – appointed 1 September 2011
Ms Shannon Coates	Director (Non-Executive) – appointed 23 May 2014

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

Details of Key Management Personnel

(ii) Executives

Mr Patrick Davin	President of Strategic Business Development – appointed 1 July 2012, resigned 31 July 2015
Mr Shuguang Han	General Manager - appointed 1 May 2014
Mr Zhengjie Wu	Vice General Manager - appointed 5 October 2009
Mr Kuo Lung Tseng	Vice General Manager - appointed 1 October 2014, resigned 28 February 2015
Mr Fei Wu	Sales Manager - appointed 1 May 2014

The totals of remuneration paid to Key Management Personnel of the Company and the Consolidated Entity during the period ended 31 December 2015 are as follows:

	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $
Short-term employee benefits	761,207	655,451
Share-based payments	127,100	625,119
Total KMP compensation	888,307	1,280,570

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's Key Management Personnel for the year ended 31 December 2015.

25. BUSINESS COMBINATIONS

Subsidiary acquired

	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration
2014				
Nanjing Haiyong Electronic Technology Co, Ltd	Manufacture and distribute EV controllers	22 September 2014	100%	$3,868,168
				$3,868,168

Nanjing Haiyong Electronic Technology Co, Ltd ("Haiyong") was acquired so as to expand the Group's electric technology capabilities and to fast-track the Group's development in electric driving system for electric vehicle products. The Group established a new company, Nanjing Haiyong Electric Driving System Technology Co, Ltd ("Vmoto Haiyong") and all key assets of Haiyong including plant and equipment, trademark and patents are transferred to Vmoto Haiyong.

Consideration

	Haiyong
Shares issued (tranche 1)	$1,835,773
Contingent consideration arrangement (tranche 2) (a)	$1,835,773
Debt forgiveness (b)	$196,622
	$3,868,168

25. BUSINESS COMBINATIONS (cont'd)

a) Under the contingent consideration arrangement, the Group is required to pay the vendors an additional amount by shares if Vmoto Haiyong's profit after tax for the 12 months period after the acquisition date exceed Haiyong's 2013 profit after tax. If Vmoto Haiyong's profit after tax exceeds Haiyong's 2013 profit after tax, the Group is required to pay the vendors an additional amount by shares (tranche 2) calculated by five times of the Vmoto Haiyong profit after tax for the 12 months period after the acquisition less the shares consideration issued under Tranche 1. If Vmoto Haiyong's profit after tax for the 12 months period after the acquisition date does not exceed Haiyong's profit after tax for 2013, the Group will not be required to pay additional amount to the vendors. The directors consider it is probable that this payment will be required.
b) Prior to the acquisition of Haiyong, Haiyong has a debt of $196,622 payable to the Group. As part of the acquisition, this debt has been forgiven.

Assets acquired and liabilities assumed at the date of acquisition

	Haiyong
Non-current assets	
Plant and equipment	$92,942
Trademark and patents	$1,310,760
Deferred tax liabilities	($327,690)
	$1,076,012

The fair value of plant and equipment acquired is determined based on vendors' best estimate of the likely fair value. The fair value of trademark & patents acquired are calculated based on five year cash flow projections using the pre-tax, risk free discount rate of 15%.

Goodwill arising on acquisition

	Haiyong
Consideration	$3,868,168
Less: Fair value of identifiable net assets acquired	($1,076,012)
Goodwill arising on acquisition	$2,792,156

Goodwill arose in the acquisition of Haiyong because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and advanced technology in EV related products. The benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash outflow on acquisition of subsidiary

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Consideration paid in cash	-	-
Less: Cash and cash equivalents balances acquired	-	-
Net cash consideration paid in cash	-	-

Impact of acquisitions on the results of the Group

Included in the profit for the year ended 31 December 2014 is $97,699 attributable to the additional business generated by Vmoto Haiyong. Revenue for year ended 31 December 2014 includes $2.2 million in respect of Vmoto Haiyong.

26. DISCONTINUED OPERATIONS

On 12 September 2015, the Company entered into a sale agreement to dispose of Nanjing Haiyong Electric Driving System Technology Co, Ltd, which carried out all of the Group's electric vehicle controller operations. The proceeds of sale was less than the carrying amount of the related net assets and accordingly, impairment losses were recognised on the reclassification of these operations as discontinued operations. The disposal of the electric vehicle controller operations is in line with the Company's strict investment return criteria. While the strategic rationale for the original acquisition was sound, the electric vehicle controller operations did not deliver the return expected. The disposal was completed on 29 September 2015, on which date control of the electric vehicle controller operations passed to acquirer. Details of assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 25.

The combined results of the discontinued operation (that is electric vehicle controller operations) included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $
Loss for the year from discontinued operations		
Sales revenue	3,512,605	2,157,218
Cost of goods sold	(2,776,432)	(1,866,631)
Gross profit	736,173	290,587
Expenses	(821,443)	(160,322)
Profit/(Loss) before tax	(85,270)	130,265
Attributable income tax expense	-	(32,566)
Profit/(Loss) after tax	(85,270)	97,699
Loss on disposal of operation (see note 27)	(5,511,554)	-
Reversal of contingent consideration in relation to acquisition of operation	1,835,773	-
Loss for the year from discontinued operations (attributable to owners of the Company)	(3,761,051)	97,699
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	4,797	(1,037,154)
Net cash inflows/(outflows) from investing activities	(59,624)	(775,151)
Net cash inflows/(outflows) from financing activities	-	1,867,909
Net cash inflows/(outflows)	(54,827)	55,604

27. DISPOSAL OF SUBSIDIARY

On 29 September 2015, the Company disposed of Nanjing Haiyong Electric Driving System Technology Co, Ltd, which carried out all of the Group's electric vehicle controller operations.

	Year ended 31 Dec 2015 $
Consideration received	
Consideration received in cash and cash equivalents	425,978
Total consideration received	425,978

Analysis of assets and liabilities over which control was lost:

Current assets	
Cash and cash equivalents	785
Trade and other receivables	1,687,215
Inventories	459,998
Other assets	13,746
Non-current assets	
Property, plant and equipment	818,976
Development costs	480,056
Goodwill	2,792,156
Trademark and patents	1,310,760
Current liabilities	
Trade and other payables	(1,298,470)
Deferred tax liabilities	(327,690)
Net assets disposed of	5,937,532

Loss on disposal of subsidiary

Consideration received	425,978
Net assets disposed of	(5,937,532)
Loss on disposal	(5,511,554)

The loss on disposal is included in the loss for the year from discontinued operations (see note 26).

Net cash inflow on disposal of subsidiary

Consideration received in cash and cash equivalents	425,978
Less: Cash and cash equivalent balances disposed of	(785)
	425,193

28. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Cash flows from operating activities		
Profit/(Loss) for the year	(753,313)	883,987
Adjustments for:		
- Depreciation and amortisation	765,953	457,634
- Impairments and discontinued operations	3,577,493	2,034,165
- Share based payment expenses	593,503	899,447
- Income tax benefit	299,152	(626,842)
Operating loss before changes in working capital and provisions		
(Increase)/decrease in receivables	(4,322,407)	(1,451,113)
(Increase)/decrease in inventories	1,397,131	(764,380)
(Increase)/decrease in other assets	474,925	(1,069,353)
(Decrease)/ increase in payables	(2,016,554)	1,131,927
Net cash (used in) operating activities	15,883	1,495,472

29. NON-DIRECTOR RELATED PARTIES

Non-director related parties are the Company's controlled entities. Details of the Company's interest in controlled entities are set out in Note 23. Details of dealings with these entities are set out below.

Transactions
The loans to controlled entities are unsecured, interest-free and of no fixed term. The loans are provided primarily for capital purchases and working capital purposes.

Receivables
Aggregate amounts receivable from non-director related parties:

	Company	
	Year ended 31 Dec 2015 $	**Year ended 31 Dec 2014 $**
Non-current		
Unsecured loans to controlled entities	26,601,046	21,084,729
Provision for non-recovery	(26,601,046)	(21,084,729)
	-	-

30. SUBSEQUENT EVENTS

Vesting of Performance Rights

On 5 February 2016, the Company issued 100,000 fully paid ordinary shares to Mr Yiting Chen and 100,000 fully paid ordinary shares to Mr Oliver Cairns as a result of vesting of Class F incentive performance rights as approved by shareholders on 31 July 2012.

Issue Tranche 1 Shares to Acquire PowerEagle Trademark

On 5 February 2016, the Company issued 3,333,333 fully paid ordinary shares at an issue price of $0.30 per share to PowerEagle as Tranche 1 consideration to acquire 100% of PowerEagle trademark and brand as announced on 23 December 2015.

Other than the above and as noted elsewhere in the financial statements, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

31. PARENT ENTITY DISCLOSURES

Financial position	31 Dec 2015 $	31 Dec 2014 $
Assets		
Current assets	2,628,201	1,088,371
Non-current assets	14,503,848	10,398,034
Total assets	17,132,049	11,486,405
Liabilities		
Current liabilities	143,322	1,365,460
Non-current liabilities	-	-
Total Liabilities	143,322	1,365,460
Net assets	**16,988,727**	**10,120,945**
Equity		
Issued capital	70,276,494	61,293,967
Accumulated losses	(53,894,138)	(51,770,211)
Reserves		
Share based payment premium reserve	606,373	597,189
Total equity	16,988,727	10,120,945

Financial performance	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $
Loss for the period	2,123,927	2,190,599
Other comprehensive income	-	-
Total comprehensive income	2,123,927	2,190,599

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has not entered into any guarantees in relation to the debts of its subsidiaries during the year ended 31 December 2015.

Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity has no commitments for any acquisition of property, plant and equipment.

32. FAIR VALUE MEASUREMENT

In accordance with AASB 13, 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. Refer Note 11, for details of fair value measurement on investments.

DIRECTORS' DECLARATION

In the opinion of the Directors of Vmoto Limited:

(a) the financial statements and notes, set out on pages 23 to 66, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 and their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the attached financial statements also comply with International Financial Reporting Standards, as stated in Note 1 to the financial statements; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and the Finance Director for the year ended 31 December 2015.

Signed in accordance with a resolution of the Directors:

Yiting (Charles) Chen
Managing Director

Dated at Nanjing, China this 31st day of March 2016.

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Vmoto Limited for the financial year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of March 2016

Bentleys
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Independent Auditor's Report

To the Members of Vmoto Limited

We have audited the accompanying financial report of Vmoto Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

a. The financial report of Vmoto Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Vmoto Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of March 2016

ADDITIONAL SHAREHOLDER INFORMATION

The following information is current as at 14 March 2016:

Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options and Performance Rights do not carry any voting rights.

Substantial Shareholders

The number of shares and options held by substantial shareholders and their associates who have provided the Company with substantial shareholder notices are set out below:

Name of Substantial Shareholder	*Date Notice provided to the Company*	*Number of Shares*
Mr Yiting (Charles) Chen	20 August 2012	6,049,372

On-Market Buy Back

There is no current on-market buy back.

Distribution Schedules

Distribution schedules for each class of security as at 14 March 2016 are set out below. Where a person holds 20% or more of the securities in an unquoted class, the name of that holder and number of securities is also provided.

Fully paid ordinary shares

Range			**Holders**	**Units**	**%**
1	-	1,000	399	247,211	0.16
1,001	-	5,000	1,796	5,127,157	3.24
5,001	-	10,000	796	6,600,568	4.17
10,001	-	100,000	1,339	43,532,922	27.54
100,001	-	Over	181	102,587,993	64.89
Total			4,511	158,095,851	100.00

Class E unlisted options exercisable at $0.40 each, expiring 23 May 2018

Range			**Holders**	**Units**	**%**
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1[1]	500,000	100.00
Total			1	500,000	100.00

[1] Newcove International Inc holds 500,000 options comprising 100.0% of this class.

Class F unlisted options exercisable at $0.80 each, expiring 23 May 2018

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1[1]	500,000	100.00
Total			1	500,000	100.00

[1] Newcove International Inc holds 500,000 options comprising 100.0% of this class.

Class G unlisted options exercisable at $0.50 each, expiring 21 May 2019

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1[1]	100,000	100.00
Total			1	100,000	100.00

[1] Silverlight Holdings Pty Ltd <Cairns Investment A/C> holds 100,000 options comprising 100.0% of this class.

Class H unlisted options exercisable at $0.75 each, expiring 21 May 2019

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1[1]	100,000	100.00
Total			1	100,000	100.00

[1] Silverlight Holdings Pty Ltd <Cairns Investment A/C> holds 100,000 options comprising 100.0% of this class.

Class I unlisted options exercisable at $1.00 each, expiring 21 May 2019

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1[1]	200,000	100.00
Total			1	200,000	100.00

[1] Silverlight Holdings Pty Ltd <Cairns Investment A/C> holds 200,000 options comprising 100.0% of this class.

Class J unlisted options exercisable at $0.75 each, expiring 31 December 2017

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	2	88,888	12.35
100,001	-	Over	1[1]	631,093	87.65
Total			3	719,981	100.00

[1] Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C> holds 613,093 options comprising 87.65% of this class.

Class I Incentive Performance Rights, subject to vesting criteria

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	2	266,668	100.00
Total			2	266,668	100.00

[1] 133,334 Performance Rights held by each of Silverlight Holdings Pty Ltd <Cairns Investment A/C> and Mr Yiting (Charles) Chen, comprising 50.00% each.

Class J Incentive Performance Rights, subject to vesting criteria

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	4	1.000,000	100.00
Total			4	1,000,000	100.00

[1] 250,000 Performance Rights held by each of Silverlight Holdings Pty Ltd <Cairns Investment A/C> and Mr Yiting (Charles) Chen, Mr Yin How (Ivan) Teo and Kaijian (Jacky) Chen comprising 25.00% each.

Class K Incentive Performance Rights, subject to vesting criteria

Range			Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	4	1,000,000	100.00
Total			4	1,000,000	100.00

[1] 250,000 Performance Rights held by each of Silverlight Holdings Pty Ltd <Cairns Investment A/C> and Mr Yiting (Charles) Chen, Mr Yin How (Ivan) Teo and Mr Kaijian (Jacky) Chen comprising 25.00% each.

Unmarketable Parcels

Holdings of less than a marketable parcel of ordinary shares (being 1,755 as at 14 March 2016):

Holders	Units
796	807,307

Top Holders

The 20 largest registered holders of quoted securities as at 14 March 2016 were:

Fully paid ordinary shares

	Name	No. Shares	%
1	PERSHING AUSTRALIA NOMINEES PTY LTD <ARGONAUT ACCOUNT>	6,049,372	5.72
2	UBS NOMINEES PTY LTD	5,677,030	3.59
3	CITICORP NOMINEES PTY LIMITED	5,667,234	3.58
4	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	4,219,084	2.67
5	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	4,053,521	2.56
6	HAISHENG ZHANG	3,957,438	2.50
7	BNP PARIBAS NOMS PTY LTD <DRP>	3,759,035	2.38
8	XIAONA ZHAO	3,433,333	2.17
9	MR BRENDAN DAVID GORE <THE GORE FAMILY A/C>	3,245,000	2.05
10	MR THOMAS JOSEPH FALVEY	2,437,540	1.54
11	SILVERLIGHT HOLDINGS PTY LTD <CAIRNS INVESTMENT A/C>	2,303,031	1.46
12	PALIR PTY LTD <GILBERT S/F A/C>	2,200,000	1.39
13	CORONET BAY PTY LTD	1,670,000	1.06
14	BEAUFORT NOMINEES LIMITED <SSLNOMS>	1,597,000	1.01
15	ROY NOMINEES LIMITED <664943>	1,532,072	0.97
16	VANFULL INVESTMENTS LIMITED	1,500,000	0.95
17	MR YAO TIEMING	1,492,000	0.94
18	YANG PTY LTD <YANG FAMILY A/C>	1,275,500	0.81
19	MR ANDREW STUART CARNEGIE HARRISON & MRS LINDEN MARGARET HARRISON	1,275,001	0.81
20	MR ANTHONY FRANCIS DOYLE & MS SHERYL MAREE UPTON <SHERYL UPTON SUPER FUND A/C>	1,178,000	0.75
		61,518,191	**38.91**

Corporate Governance

The Company's Corporate Governance Statement for the 2015 financial year can be accessed at:
http://www.vmoto.com/investors/governance.aspx?ID=20