



## OPERATIONAL REVIEW FOR THE QUARTER ENDED 31 MARCH 2014

ANNOUNCEMENT

29 April 2014

Vmoto Limited (ASX/ AIM: VMT), the global scooter manufacturing and distribution group specialising in "green" electric powered two wheel vehicles, provides the following update on its activities during the quarter ended 31 March 2014.

### HIGHLIGHTS - MARCH 2014 QUARTER

- Generated positive operating cash flow over the March 2014 quarter, earlier than originally anticipated
- Continued to grow earnings, with March 2014 quarter net profit after tax of ~\$230k (unaudited)
- Approximately 8,100 units sold to Shanghai PowerEagle International Co Ltd ("PowerEagle") and over 3,000 sold through Vmoto's retail stores during the quarter - up 27% even with January and February being quiet months historically due to Chinese New Year
- Three more retail stores opened in China, for a total of thirteen stores in China at the end of March 2014
- Showcased in prestigious Chinese two-wheel vehicle magazine, Yingshang Electric Two-Wheel, generating further exposure for the Company
- Progressing other distribution opportunities in China
- Initial orders of 112 units supplied to Brazilian distributor for Correios (Brazilian Postal Service)
- Progressing new market entry opportunities, including Italy and Hong Kong

### HIGHLIGHTS - POST QUARTER

- One additional retail store(s) opened in China with further locations currently being evaluated
- Distribution agreement signed with Euro Ebike Company Limited, a Vietnamese company focused on selling "green" vehicles, with at least 1,200 units to be ordered by 31 August 2015



ASX/ AIM CODE: VMT

ABN 36 098 455 460

Suite 1, Ground Floor  
83 Havelock Street  
WEST PERTH WA 6005

Telephone: (61-8) 9226 3865  
Facsimile: (61-8) 9322 5230

[www.vmoto.com](http://www.vmoto.com)

- **Samples supplied to Kentfa Advanced Technology Corp, a Taiwanese company focused on distribution, research and development of electric vehicles and associated technologies**
- **Developing a new model electric two wheel vehicle - "Vmoto 1".**

## **CASH FLOW - POSITIVE NET OPERATING CASH FLOW ACHIEVED**

Vmoto's cash flow for the March 2014 quarter continued to improve, with the Company achieving positive net operating cash flow earlier than previously anticipated.

Despite January and February historically being quieter months due to the Chinese New Year, sales through the company's retail stores and to PowerEagle was over 11,100 units, up 27% compared to the March 2013 quarter.

Payments for staff costs during the quarter were consistent with the December 2013 quarter.

Payments in respect of other working capital (including inventories) decreased in comparison to the December 2013 quarter due to the Chinese New Year festival and tighter inventory management.

As at 31 March 2014, the total operating facility drawn down was RMB21.9 million (approximately A\$3.8 million) and the total undrawn operating facility was RMB12.1 million (approximately A\$2.1 million).

As at 31 March 2014, the Company had cash of A\$2.9 million (unaudited).

## **TRADING UPDATE - GROWTH CONTINUES**

Vmoto continued to grow earnings, generating a net profit after tax (unaudited) of approximately A\$230k for the March 2014 quarter.

Trading over the quarter was in line with management expectations as January and February are historically quieter months due to the Chinese New Year festival.

## **EXISTING AND NEW CUSTOMERS - KEY LONG TERM GROWTH DRIVERS**

**PowerEagle:** During the March 2014 quarter, Vmoto sold approximately 8,100 units of PowerEagle electric scooters to the customer. The company's relationship with PowerEagle is strong and production continues with a current target of 64,800 units for 2014 calendar year under the Strategic Cooperation Agreement.

**E-Tropolis:** While orders remain slow, Vmoto is actively discussing with E-Tropolis plans to increase orders in the coming months in time for the European summer.

**Malaysia:** Vmoto sold 72 units of its electric "delivery" scooters in completely knocked down ("CKD") form to its Malaysian Original Equipment Manufacturer ("OEM") customer during the quarter.

**Brazil:** Vmoto received initial orders for 150 units of its electric "delivery" scooters from its Brazilian distributor in January 2014 and delivered 112 units in March 2014. These scooters are being supplied to Correios, the country's national postal service. Correios has

previously publicly stated that at least half of its 14,000 petrol motorbikes will be replaced with electric scooters by 2017.

**Indonesia:** In November 2013, the Company signed an exclusive distribution agreement with Indonesian company PT. Garansindo Technologies to distribute, stock and market the Company's Vmoto and E-Max range of electric scooter products in Indonesia. Vmoto received the first order for one container of its electric scooters in March 2014 and expects to deliver the products to Indonesian distributor within the next few weeks.

**Italy:** Vmoto's Italian distributor is currently negotiating with Milan Police Department and TNT Post Italia and has supplied sample electric scooters for evaluation and testing. Customer feedback has been positive and the Company expects to receive orders once evaluation and testing has been satisfactorily completed.

**Hong Kong:** Vmoto's Hong Kong distributor is currently negotiating to supply the Company's electric "delivery" scooters to the Hong Kong branch of one of the largest delivery and courier groups globally. Sample scooters have been provisionally approved by Hong Kong's Transport Department.

**Vietnam:** Post quarter end Vmoto signed an exclusive distribution agreement with Euro Ebike to distribute, stock and market the company's Vmoto and E-Max range of electric scooter products in Vietnam. The initial contract is for a minimum of 1,200 units to be ordered by Euro Ebike by 31 August 2015.

**Taiwan:** Vmoto has recently supplied samples of its electric scooters to Kentfa Advanced Technology Corp for evaluation and promotion in Taiwan. As part of its evaluation of Vmoto's products, Kentfa organised an electric motorbike test ride with the Taiwan Entrepreneur Association (Southern Chapter) on 7 April 2014 using Vmoto's electric two wheel vehicles. Feedback from the attendees was very positive. In addition, Kentfa exhibited Vmoto's electric two wheel vehicle products at the Taipei International Electric Vehicles Exhibition held on 9-12 April 2014 and again received positive feedback.

**Others:** The Company's electric scooters were shipped to distributors in Africa, Canada, Columbia, Japan, Netherlands and South Korea.

## VMOTO'S RETAIL STORES IN CHINA - CONTINUING TO EXPAND FOOTPRINT

During the March 2014 quarter, the Company opened a further three retail stores in China taking its total to thirteen retail stores at the end of March 2014. Sales from Vmoto's Chinese stores in the quarter were over 3,000 units. The Company expects to open more retail stores and post-quarter end has opened one other. Further locations for retail stores are currently under evaluation.

## COLLABORATIONS, TENDERS AND JOINT VENTURE OPPORTUNITIES

Vmoto continues to progress towards execution of the necessary Chinese regulation agreements required to implement the proposed joint venture with a private Chinese electronic technology company, as announced on 2 October 2013. While formal operations have been delayed as a result of the collation of these agreements, Vmoto's joint venture partner is currently in situ at Vmoto's Nanjing facility and both parties remain committed to formalising the joint venture. Further developments in this regard will be reported as and when they occur.

Also, as announced on 13 August 2013 the Company delivered two trial electric four-wheel vehicles for the district government in Jianye District, Nanjing for trial. The Company received a letter from the district government in Jianye District, Nanjing stating that they are satisfied with the quality of Vmoto products and service capability but requires Vmoto to modify certain features and functions of the electric cleaning vehicle in accordance with their requirements. Jianye District Government continues to evaluate Vmoto's cleaning vehicle products in their small electric cleaning vehicle procurement process and will consider Vmoto product with priority if they meet their requirements.

During the quarter, the Company received several leads from Chinese and international parties that have expressed interest in cooperating with Vmoto. The Company is continuously evaluating these collaborations and joint venture opportunities.

### **NEW PRODUCT UNDER DEVELOPMENT - VMOTO 1**

Vmoto is currently developing a new model of electric two wheel vehicle to be named Vmoto 1. Once fully developed and tested, the new Vmoto 1 electric two wheel vehicle will have a super light aluminium alloy frame with a total weight of 48kg. One of the most important features of Vmoto 1 is that its structure can be folded in 30 seconds, which makes it very portable to store at home or the workplace. Vmoto 1 also can be plugged in with Apple's iPhone to play music or to use Apple's iPhone Global Positioning System.

### **EXHIBITION**

Vmoto's Canadian distributor promoted Vmoto's E-Max electric scooter products at the Montreal Motorcycle Show held over 28 February to 2 March. This exhibition was attended by over 36,000 visitors and had 150 exhibitors.



## CORPORATE

On 31 March 2014, the Company released its Annual Financial Report for the financial year ended 31 December 2013. The AGM will be held on 20 May in Perth.

## POSITIVE OUTLOOK

The March 2014 quarter (first quarter of the current financial year) was a very productive one for Vmoto, with the key highlight being the Company turning cash flow positive for the first time. This was ahead of internal expectations and reflects growing revenues and cost control.

Utilisation of the company's manufacturing facility in China is increasing as production grows to service PowerEagle and Vmoto's growing retail store footprint. This will continue over the remaining months of the year. In addition the Company is seeking other means of increasing its own branded sales in China with discussions with other electric vehicle distributors or parties for potential collaboration or joint venture opportunities.

Internationally the Company will continue to sell units into its existing markets and customers as well as continue discussions with a range of potential new customers across the globe.

For further information, please contact:

### **Vmoto**

Charles Chen, Managing Director	+61 8 9226 3865
Olly Cairns, Non-Executive Director	+61 8 9226 3865

### **Investors and media**

Market Eye Pty Ltd	+61 400 009 774
Ronn Bechler	ronn.bechler@marketeye.com.au

### **finnCap Ltd**

Ed Frisby (corporate finance)	+44 20 7220 0500
Christopher Raggett (corporate finance)	
Tony Quirke (corporate broking)	

### **About Vmoto**

Vmoto Limited (ASX/AIM: VMT) 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 scooters 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 the 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.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

<b>VMOTO LIMITED</b>
----------------------

ABN

<b>36 098 455 460</b>
-----------------------

Quarter ended ("current quarter")

<b>31 March 2014</b>
----------------------

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	5,439	5,439
1.2 Payments for		
(a) staff costs	(302)	(302)
(b) advertising and marketing	(7)	(7)
(c) research and development	(3)	(3)
(d) leased assets	-	-
(e) other working capital (including inventories)	(5,035)	(5,035)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	17
1.5 Interest and other costs of finance paid	(71)	(71)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>38</b>	<b>38</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>38</b>	<b>38</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(7)	(7)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (net cash acquired on acquisition of subsidiary)	-	-
<b>Net investing cash flows</b>	<b>(7)</b>	<b>(7)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>31</b>	<b>31</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	2	2
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	2,187	2,187
1.18 Repayment of borrowings	(3,699)	(3,699)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(22)	(22)
<b>Net financing cash flows</b>	<b>(1,532)</b>	<b>(1,532)</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,501)</b>	<b>(1,501)</b>
1.21 Cash at beginning of quarter/year to date	4,427	4,427
1.22 Exchange rate adjustments to item 1.21	(33)	(33)
1.23 <b>Cash at end of quarter</b>	<b>2,893</b>	<b>2,893</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	108
	Aggregate amount of payments to the parties included in item 1.18	-
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments include:	<b>\$A'000</b>
Executive Directors' remuneration	87
Non-Executive Directors' remuneration	<u>21</u>
	<u>108</u>

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

<b>Nil</b>
------------

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

<b>Nil</b>
------------

+ See chapter 19 for defined terms.



**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

---

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,925	3,817
3.2 Credit standby arrangements*	-	-

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,893	4,427
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>2,893</b>	<b>4,427</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Items 1.13 and 2.1)</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

---

+ See chapter 19 for defined terms.

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: **28 April 2014**  
**(Company Secretary)**

Print name: **Shannon Coates**

---

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

---

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

---

+ See chapter 19 for defined terms.