

Motopia Limited

ABN 67 099 084 143

Appendix 4D

Half-Year Ended 31 December 2015

CONTENTS

- Results For Announcement To The Market
- Half-Year Financial Report
- Independent Review Report

For personal use only

Appendix 4D

Half-Year Report

Name of Entity

Motopia Limited

ABN or equivalent company reference	Half-Yearly (<i>tick</i>)	Preliminary final (<i>tick</i>)	Financial Year Ended ('current period')
A.B.N. 67 099 084 143	✓		6 months ended 31 Dec 15

Results for announcement to the market

Results	A \$'000	
Total Revenues	Down	0% to \$0
Net loss for the period attributable to members	Down	41.41% to \$745,332

Dividends	Amount per security	Franked amount per security
Final dividend - no dividend is proposed	N/A	N/A
Previous corresponding period - no dividend declared	N/A	N/A
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	N/A	

NTA backing	Current period	Previous corresponding period
Net tangible assets backing per ordinary security	0.0026 cents	0.0078 cents

Explanation of Net Loss

The consolidated net loss for the half-year after income tax attributable to members of the parent entity amounted to \$745,332 (2014 December loss: \$1,272,067).

1. Details of entity over which control has been gained or lost during the period:

Not applicable

2. Details of individual and total dividends or distribution payments. The details must include the date on which each dividend or distribution is payable, and if known the amount per security of foreign sourced dividend or distribution.

Not applicable - no dividends have been declared or paid.

3. Details of any dividends or distribution reinvestment plans in operations and the last date for receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Not applicable

4. Details of associated joint venture entities

Not applicable

This report is based on:

The financial report has been reviewed by an independent auditor.

Sign here:



Date: 29/2/2016

Print Name: Justyn Stedwell (Company Secretary)

For personal use only

MOTOPIA LIMITED
AND ITS
CONTROLLED ENTITIES
ABN: 67 009 084 143

FINANCIAL REPORT

HALF-YEAR ENDED
31 DECEMBER 2015

For personal use only

Contents to Half-Year Financial Report

Corporate Information	6
Directors' Report	7
Auditor's Independence Declaration	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Half-Year Consolidated Financial Report	14
Directors' Declaration	20
Independent Auditor's Review Report to the Members of Motopia Limited	21

For personal use only

Corporate Information

This half-year report covers the Motopia Group comprising Motopia Limited and its subsidiaries. The Group's functional and presentation currency is AUD (\$).

DIRECTORS

Mr Marcus L'Estrange (Chairman, Non-Executive Director)

Mr Adrian Floate (Non-Executive Director)

Mr Shaun Melville (Non-Executive Director)

Mr Stephen Dale (Non-Executive Director)

COMPANY SECRETARY

Mr Justyn Stedwell

REGISTERED OFFICE

Level 10
446 Collins Street
Melbourne VIC 3000
Phone: +61 3 9602 3366
Fax: +61 3 9602 3606

SHARE REGISTER

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 364 826 (within Australia)
+61 3 9415 4610 (outside Australia)
www.computershare.com.au

AUDITORS

BDO East Coast Partnership
Level 14
140 William Street
Melbourne VIC 3000
Phone: +61 3 9603 1700
Fax: +61 3 9602 3870

STOCK EXCHANGE LISTING

The company is listed on the Australia Securities Exchange Limited

ASX Code - MOT

PRINCIPAL PLACE OF BUSINESS

Level 10
446 Collins Street
Melbourne VIC 3000
Phone: +61 3 9602 3366
Fax: +61 3 9602 3606

BANKERS

Westpac Banking Corporation
360 Collins Street
Melbourne VIC 3000
Phone: +61 3 9608 3205
Fax: +61 3 9608 4343

SOLICITORS

Pointon Partners
Level 14
565 Bourke Street
Melbourne VIC 3000

COMPANY WEBSITE

www.motopia.com

Directors' Report

Your Directors present their report on the consolidated entity consisting of Motopia Ltd ("Motopia Ltd" and the entities it controlled) for the half year ended 31 December 2015.

DIRECTORS

The names of the company's directors in office at any time during the half-year and until the date of this report are shown below. Directors were in office for this entire period unless otherwise stated.

Mr Marcus L'Estrange (Chairman, Non-Executive Director)

Mr Adrian Floate (Non-Executive Director)

Mr Shaun Melville (Non-Executive Director)

Mr Stephen Dale (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

The consolidated net loss for the half-year after income tax attributable to members of the parent entity amounted to \$745,332 (2014 loss: \$1,272,067).

Operational Update

The past 12 months has seen the complete restructuring of Motopia and its rebirth as a software company with world-class technology assets capable of empowering customers, meeting the demands of change as they move from an on premise to a cloud computing world.

Previously Motopia has advised of the success of cloud conversion BETA program. This program enabled Motopia to gain valuable customer feedback that in turn enabled the team to redefine the billing models and the current expanded needs of customers beyond just the Access to SQL solution.

The cloud platform has been extended and now includes the incorporation of automated Access Software to HTML 5 (Web) software conversion. The Company has now commenced Beta testing HTML 5 (Web) software conversion solution which it has been developed over the last few months by CU2T, Motopia's 100% owned software development company.

The company is committed to enabling Customers to migrate to the cloud. The cloud platform currently enables the hosted migration of Access data to SQL Server. The new Access to HTML5 engine will enable the rapid cloud migration of the Access Software to the web and the integration of this software with data in SQL Server.

Data migration (whether from Access, DB2 or Oracle) must be undertaken with 100% integrity in order to complete any modernisation project. However, the migration itself is usually less than 10% of the overall modernisation cost. The migration of customer systems and the delivery of technical services labour provides high margin, high value project revenues. Motopia is now positioned to capitalise and target the other 90% of modernisation project revenues.

The data migration platform with this new Access to HTML5 conversion capability enables data migration from many internationally recognised source systems. The development ties this capacity together and enables the delivery of rapid application developments services for sale to Customers.

The company has been building a pipeline of projects to capitalise on these developments and build sustainable revenues for Motopia. The company will make further revenue-centric and strategic announcements in the near term as capacity to accurately forecast is determined.

In addition, during the period the Company, in conjunction with Raptor Global Corporation, has successfully completed capital raisings for \$526,463.

Directors' Report (Continued)

Matters subsequent to reporting period

No other significant events have occurred since the end of the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Signed in accordance with a resolution of the directors.



Marcus L'Estrange
Chairman

Date: 29th February 2016

For personal use only

DECLARATION OF INDEPENDENCE BY ALEX SWANSSON TO THE DIRECTORS OF MOTOPIA LIMITED

As lead auditor for the review of Motopia Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Motopia Limited and the entities it controlled during the period.



Alex Swansson
Partner

BDO East Coast Partnership

Melbourne, 29 February 2016

For personal use only

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Revenue		-	-
TOTAL REVENUE		-	-
Other income		67	1,001
Employee expenses		(63,000)	(56,485)
Depreciation , amortisation and impairment	3	(359,770)	(1,057,221)
Consulting fees		(173,163)	(89,870)
Legal and other professional fees		(59,050)	(39,278)
Regulatory and listing costs		(26,584)	(40,265)
Occupancy expenses		(7,920)	(14,407)
Other expenses		(64,730)	(34,786)
Finance (costs)/gain	3	(1,767)	59,734
Share of net gain/(loss) from associates		903	(490)
Loss before Income Tax		(755,014)	(1,272,067)
Income tax expense		9,682	-
Loss after income tax expense		(745,332)	(1,272,067)
Loss for the period after income tax attributable to owners at Motopia Ltd		(745,332)	(1,272,067)
Other comprehensive loss for the half year, net of tax			-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MOTOPIA LTD		(745,332)	(1,272,067)
Loss per share for the half-year attributable to the members of Motopia Ltd			
- Basic (loss) per share (cents per share)		(0.0143)	(0.0350)
-Diluted (loss) per share (cents per share)		(0.0143)	(0.0350)

The above 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

	Notes	31 Dec 2015 \$	30 Jun 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		141,623	51,391
Trade and other receivables		11,506	291,556
Other current assets		27,845	12,984
Total current assets		180,974	355,931
Non-current assets			
Property, plant & equipment		830	830
Investments	5	175,194	174,292
Intangible assets	6	604,530	692,431
Total non-current assets		780,554	867,553
TOTAL ASSETS		961,528	1,223,484
LIABILITIES			
Current liabilities			
Trade and other payables		142,423	175,903
Total current liabilities		142,423	175,903
Non-current liabilities			
Deferred Tax Liabilities		67,776	77,458
Other Loans		2,015	1,940
Total non-current liabilities		69,791	79,398
TOTAL LIABILITIES		212,214	255,301
NET ASSETS		749,314	968,183
EQUITY			
Contributed equity	8	44,599,181	44,072,718
Accumulated losses		(43,849,867)	(43,104,535)
TOTAL EQUITY		749,314	968,183

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Contributed Capital	Options Reserve	Accumulated Losses	Treasury Shares	Non- controlling Interests	Total Equity
At 1 July 2015	44,072,718	-	(43,104,535)	-	-	968,183
Loss for the period	-	-	(745,332)	-	-	(745,332)
Total Comprehensive Loss for the period			(745,332)			(745,332)
Transactions with owners in their capacity as owners:						
Issue of Share Capital	526,463	-	-	-	-	526,463
Shares in parent entity held by subsidiary	-	-	-	-	-	-
Convertible notes	-	-	-	-	-	-
Transfer expired options	-	-	-	-	-	-
Non controlling interests	-	-	-	-	-	-
Balance as at 31 December 2015	44,599,181	-	(43,849,867)			749,314
At 1 July 2014	43,213,497	288,889	(42,648,856)	(20,000)	-	833,530
Loss for the period	-	-	(1,272,067)	-	-	(1,272,067)
Total Comprehensive Loss for the period			(1,272,067)			(1,272,067)
Transactions with owners in their capacity as owners:						
Issue of Share Capital	875,079	-	-	-	-	875,079
Shares in parent entity held by subsidiary	(50,000)	-	-	-	-	(50,000)
Convertible notes	-	-	-	-	-	-
Transfer expired options	-	(288,889)	288,889	-	-	-
Non controlling interests	-	-	12,479	-	(12,479)	-
Balance as at 31 December 2014	44,038,576	-	(43,619,555)	(20,000)	(12,479)	386,542

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	27,375
Payments to suppliers and employees	(381,904)	(488,099)
Interest received	67	1,001
Bank charges and interest paid	(77)	(74)
Net cash used in operating activities	<u>(381,914)</u>	<u>(459,797)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans to controlled entities	75	(160,110)
Loans repaid by controlled entities	-	48,940
Cash acquired from CU2G acquisition (refer to Note 4)	-	40,877
Acquisition of non-current assets	(50,000)	-
Net cash used in investing activities	<u>(49,925)</u>	<u>(70,293)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	522,071	550,251
Proceeds from issue of convertible notes	-	-
Net cash provided by financing activities	<u>522,071</u>	<u>550,251</u>
Net increase in cash held	90,232	20,161
Cash and cash equivalents at beginning of period	<u>51,391</u>	<u>339,532</u>
Cash and cash equivalents at end of period	<u>141,623</u>	<u>359,693</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

The financial report of Motopia Limited (the Company) and its controlled entities for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 29th February 2016.

Motopia Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the consolidated entity are described in the directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Motopia Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) New, raised or Amending Accounting Standard Adopted

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

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are material to the consolidated entity.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the consolidated entity's presentation of, or disclosure in, its half-year financial statements

(c) New Accounting Standards for Application in Future Periods

The consolidated entity has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(d) Going concern

For the half year ended 31 December 2015 the consolidated entity incurred an operating loss after income tax of \$745,332 and cash outflows from operating activities of \$381,914. Furthermore, the consolidated entity is reliant on equity capital or loans from third parties to meet its operating costs. The ability of the consolidated entity to continue as a going concern is dependent on a number of factors including the reliance on successfully achieving the forecast revenue targets and/or obtaining additional funding. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT...)

1. Capital raising activities

The consolidated entity has successfully completed capital raisings during the period of \$526,463. The Board have demonstrated a strong history of successful capital raisings, in conjunction with Raptor Global Corporation, and will undertake additional capital raisings to meet future expansion and cash flow requirements.

2. Expected Cash inflow from migration technologies business

The company intends to invest in the development of specialised system migration technologies to further enable customers to move the legacy data to commercial off the shell software. This investment in future technologies will further grow the business offering and generate diversified revenue streams. This will enable Motopia to have a solid platform of technologies and IT resources to underpin its growth and revenue initiatives for 2016.

3. Cost Reduction

The company continues to rigorously examine and review the consolidated entity cost structure going forward. Monthly running costs associated with the consolidated entity have been maintained at a reduced level. The consolidated entities liabilities have also been significantly reduced and are been managed.

Based on the above events occurring, directors believe the consolidated entity will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due

(e) Fair value of financial instruments

The consolidated entity has a number of financial instruments which are not measured at fair value in the statement of Financial Position. The interest free loans receivable are carried at fair value. The carrying amount of the other current receivables and current payables is assumed to approximate their fair value.

3. LOSS FOR THE PERIOD

The following expense items are relevant in explaining the financial performance for the interim period:

	Consolidated Group	
	Half-year Ended 31 Dec 2015	Half-year Ended 31 Dec 2014
	\$	\$
Amortisation of Management agreements	-	33,333
Amortisation of Intangible assets	87,902	-
Depreciation	-	1,483
Impairment of CU2 Management agreement	-	111,111
Impairment of CU2 Goodwill – (refer to Note 4)	-	911,294
Impairment of CU2 Global Loan	271,868	-
Total depreciation, amortisation and impairment	359,770	1,057,221
Interest free loan – discount	-	(59,860)
Other interest expense	1,767	126
Total finance costs	1,767	(59,734)

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONT...)

4. BUSINESS COMBINATIONS

Prior Year Comparative

CU2 Global Pty Ltd – Business Combinations

On 18th July 2014 the company acquired 44% of the shares in CU2 Global Pty Ltd (“CU2G”) via the issue of 250,000,000 Motopia shares. A further 109,821,429 shares were issued on 11th November 2014 to acquire a further 41% of the shares in CU2G. As a result Motopia holds 85% of the equity in CU2G and gained control on 11 November 2014. The acquisition was fully funded via the issue of Motopia shares to the CU2G shareholders.

CU2G has the worldwide exclusive rights to market and deliver the technology known as 2SQL and has previously announced Fujitsu have entered a Global partnering agreement with CU2G. CU2G has announced additional partnership arrangements to increase the channels to market, including with Converter Technology Inc. and also the impending release of additional versions to cater for Oracle to Sequel Server; MySQL to Sequel Server; and Microsoft Access to SQL Azure. CU2G provides the technology for businesses looking to simplify their existing data management systems, reduce the costs of operating those systems and enable implementation in a Cloud environment (previously inaccessible).

	Fair value \$
Purchase consideration:	
Cash	-
Equity issued – (refer to Note 8)	359,821
	<u>359,821</u>
Less:	
Cash on hand / bank	18,376
Receivables	27,375
Property, plant and equipment	9,614
Investment in Parent company	50,000
Payables	(656,838)
Identifiable assets acquired and liabilities assumed	<u>(551,473)</u>
Goodwill	<u>911,294</u>
Cash acquired from CU2 acquisition	40,877
Cash inflow on acquisition	<u>40,877</u>
Goodwill on acquisition	911,294
Impairment of Goodwill	(911,294)
Balance as at 31 December 2015	<u>-</u>

CU2 Global Pty Ltd – Deconsolidation

On 27th February 2015, the company sold 41 shares in CU2G in exchange for the 109,821,429 shares (valued at \$109,821 which was then reissued for the acquisition of ConvertU2 Technologies Pty Ltd) issued for the initial acquisition in November 2014. Its shareholding in CU2G was further diluted when CU2G conducted a capital raising and issued additional shares to new shareholders. As a result of the 2 activities, Motopia’s holding was reduced from 85% to 27.3%, and control of CU2G was effectively lost on 27th February 2015.

As the acquisition and disposal occurred in the same financial period, there is no impact to the financial statement. The business combination entries for the acquisition of CU2G have been recorded at acquisition date and removed at loss of control. Motopia retains an equity interest in CU2G and account for the investment in CU2G under the equity method.

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONT...)

5. INVESTMENTS

As at 11 November Motopia gained control of CU2G with a holding of 85% (85 shares valued at \$359,821) of the company. On 27th February 2015, the company sold 41 shares in CU2G in exchange for the 109,821,429 shares (valued at \$109,821) issued for the initial acquisition in November 2014. Its shareholding in CU2G was further diluted when CU2G conducted a capital raising and issued additional shares to new shareholders, reducing Motopia's holding to 27.3% thus losing control of CU2G. The retained equity interest in CU2G allows Motopia to have a significant influence over CU2G hence the equity method is used to account for the investment in CU2G.

CU2G's net profit for the half year ended 31 Dec 15 was \$3,306.03 and Motopia's share of loss at 27.3% was \$902.55.

Investment in CU2G accounted for using the equity method

	\$
Cost of investment as at 1 July 2015	174,292
Add: HY 2015 Share of profit (\$3,306 x 27.3%)	902
Cost of investment as at 31 December 2015	<u>175,194</u>

6. INTANGIBLE ASSETS

	31 Dec 2015	30 Jun 2015
	\$	\$
Priority Processing Systems Pty Ltd – Management Agreement	200,000	200,000
Less: Accumulated amortisation	(22,222)	(22,222)
Less: Provision for impairment	(177,778)	(177,778)
	<u>-</u>	<u>-</u>
CU2 Global Pty Ltd – Management Agreement	200,000	200,000
Less: Accumulated amortisation	(88,889)	(88,889)
Less: Provision for impairment	(111,111)	(111,111)
	<u>-</u>	<u>-</u>
mVentures Pty Ltd – Management Agreement	150,000	150,000
Less: Provision for impairment	(150,000)	(150,000)
	<u>-</u>	<u>-</u>
Lemon & Lime platform – at cost	5,500	5,500
Less: Accumulated amortisation	(2,062)	-
	<u>3,438</u>	<u>5,500</u>
Trademarks – at cost	1,772	1,772
Less: Accumulated amortisation	(1,558)	(1,558)
	<u>214</u>	<u>214</u>
ConvertU2Online Platform – at cost	178,527	178,527
Less: Accumulated amortisation	(22,315)	-
	<u>156,212</u>	<u>178,527</u>
CU2T IP – at cost	258,190	258,190
Less: Accumulated amortisation	(32,274)	-
	<u>225,916</u>	<u>258,190</u>

For personal use only

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 INTANGIBLE ASSETS (CONT...)

Modac IP – at cost	250,000	250,000
Less: Accumulated amortisation	(31,250)	-
	<u>218,750</u>	<u>250,000</u>
Total intangibles	<u>604,530</u>	<u>692,431</u>

7. SEGMENT INFORMATION

The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity operates predominantly in the IT industry focusing on data migration, and a single geographic segment being Australia.

At regular intervals, the CODM is provided management information at a consolidated level for the entity's cash position, the carrying values of intangible assets and a cash flow forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

8. EQUITY

	Six months to 31 Dec 2015	
	No. of shares	\$
Ordinary Shares		
Opening balance	4,897,866,370	44,072,718
Issues of ordinary shares during the half-year:		
Issued to creditors in lieu of settlement	-	-
Issued to Directors and Employees	-	-
Rights issue and share placements	686,188,462	548,951
Convertible notes - (i)	-	-
Options Exercised	21,428,000	21,428
Shares issued for CU2 Global acquisition - (refer to Note 4)	-	-
Shares bought back for CU2 Global disposal – (refer to Note 4)	-	-
Shares issued for CU2 Technologies acquisition – (refer to Note 4)	-	-
Priority Processing Systems Facilities Agreement	-	-
CU2 Facilities Agreement	-	-
Transaction costs related to share issue	-	(43,916)
Closing Balance	<u>5,605,482,832</u>	<u>44,599,181</u>
Shares to be issued		
Treasury Shares	-	-
	-	-
Options Reserve		
Opening balance	295,427,140	-
Options exercised during the period	(21,428,000)	-
Options expired during the period	(273,999,140)	-
Closing balance	<u>-</u>	<u>-</u>
Total Contributed Equity	<u>5,605,482,832</u>	<u>44,599,181</u>

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONT...)

9. RELATED PARTIES

All related party transactions with key management personnel in the half year ended 31 December 2015 were on the same basis as those disclosed in the 30 June 2015 financial statements.

10. DIVIDENDS

No dividends have been paid, declared or proposed for the half-year period.

11. CONTINGENT LIABILITIES

The Board of Motopia Limited has received a legal claim (Claim) filed in the County Court of Victoria from GWT Systems Pty Ltd against the Company seeking unspecified compensation in relation to alleged funds payable by the Company. The matter has yet to be settled and the proceeding has been listed for trial in April 2016.

12. SIGNIFICANT EVENTS AFTER REPORTING DATE

No significant events have occurred since the end of the reporting period.

For personal use only

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Motopia Limited made pursuant section 303(5)(a) of the Corporations Act 2001, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are 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 the performance for the half-year ended on that date of the consolidated entity;
 - (ii) complying with Accounting Standard AASB 134 "interim Financial Reporting" and the corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Marcus L'Estrange
Chairman
Melbourne

Date: 29th February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Motopia Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Motopia Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Motopia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Motopia Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2(d) in the half-year financial report, which indicates that the consolidated entity incurred an operating loss after income tax of \$745,332 and cash outflows from operating activities of \$381,914. Furthermore, the consolidated entity is reliant on equity capital or loans from third parties to meet its operating costs. These conditions, along with other matters as set out in Note 2(d), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership



Alex Swansson
Partner

Melbourne, 29 February 2016