MOKO.mobi Limited

ABN 35 111 082 485

2009 Annual Report

Contents

Corporate directory

Directors	Greg McCann	- Non Executive Chairman
	Ian Rodwell	- Managing Director (appointed 18 August 2008)
	Christine Kennedy	- Non Executive Director
	Stuart Simson	- Non Executive Director
	Martin Hoffman	- Non Executive Director (resigned 20 March 2009)
	Peter Yates	- Non Executive Director (appointed 14 October 2008)
Company secretary	Andrew Bursill	
Registered office	Suite 206, 1 Katherine Street CHATSWOOD, NSW, 2067 Telephone (02) 9419 2966 Fax (02) 9419 2944	
Share registry	Link Market Services Limited Level 9, 333 Collins Street Melbourne VIC 3000	
ASX code	MKB	
Listed on the ASX	27 June 2007	
Auditor	PKF Level 10, 1 Margaret Street Sydney, NSW 2000	
Solicitor	Addisons Lawyers Level 12 60 Carrington Street Sydney NSW 2000	
Bankers	National Australia Bank 105 Miller Street North Sydney NSW 2060	
Internet address	http://corporate.MOKO.mobi/	

Chairman's report

Introduction

Your Company has completed a challenging year and continues to position itself to take advantage of the significant opportunities in the global growth of mobile content and "smart phones."

As reported in the half yearly review, MOKO.mobi has focussed on securing contracts with mobile carriers internationally, including in emerging markets and the so-called BRIC economies, (Brazil, Russia, India and China) and as at the end of July 2009, has secured eight new carrier contracts in five countries, including:

- Claro - Brazil (as part of our contract with the America Moviles Group),
- Reliance Communications - India,
- Idea Cellular - India.
- AT&T - USA
- Maxx Wireless Alltel Open Portal - USA
- Du Mobile - United Arab Emirates
- Maxis – Malaysia
- Airtel - India

Two of these carriers are now launched and the balance is scheduled to launch in the first half of the 2009/2010 year.

During the second half of the reporting year, MOKO.mobi was launched on the following networks:

- Smart Mobile - Philippines
- Globe Telecom – Philippines
- Reliance Mobile – India
- Idea Cellular - India

All these carrier deployments will include direct revenue sharing in a range of user pays activities that are billed via the mobile operator's own billing platforms. Combined, the current carrier market size for MOKO.mobi, based on the carrier deals done to date, is approximately 500 million mobile customers and we expect that audience to grow significantly during the next 24 months.

Whilst it remains difficult to accurately forecast revenues from new carriers, the Company remains optimistic that the increase in potential users will result in an increase in revenues, against a relatively fixed cost base.

The Company is also in advanced stages of product integration and contract negotiations with several other international mobile carriers and a positive conclusion would see further launches in the first three quarters FY10. Timing of the launch of the MOKO.mobi platform on carriers is subject to many variables including carrier testing, technical integration, creation of MMS short-codes and other administrative or marketing related scheduling by the carriers. Whilst we are hopeful of new launches being announced in the first half, these scheduled carrier launches may be delayed, with revenues from the launches likewise being delayed. The Company experienced a number of such delays in FY09.

The Strategy and Business Process of MOKO.mobi

Some shareholders and potential investors have been asking about the Company's business development strategy and how MOKO.mobi generates revenues. The following is a brief description of the process to establish, build and manage the MOKO.mobi service:

1. Building the technology – the Company has built its platform from the ground up and owns all its own IP. This platform is constantly being refined and expanded in its functionality;

2. Proving the technology – the platform had to be tested in a live, real-time environment;

3. Convincing a mobile operator to be the "pilot" – involved lengthy trial periods where the commercial model was tested and refined on the carrier's deck with their own customers;

4. Proving the technology in home market – we had to establish a proven track record in order to demonstrate a sustained usage to encourage other international carriers to adopt MOKO.mobi;

Chairman's Report (continued)

5. Business Development - marketing to other international carriers requires long lead times and multiple presentations;

6. Legal contracts and commercial models have to be agreed and signed – even after commercial terms have been agreed, we are dealing with large global corporations who do not move quickly, hence final contracts can take 6 months to be executed;

7. Commence technical integration, including integration into the carrier billing systems and MMS/SMS gateways;

8. Overcome all new technical challenges – this is brand new and uncharted territory for most carriers. The provisioning of customised user-generated content to be ingested into MOKO.mobi's servers via carrier systems is complex and unique;

9. Convince carrier to promote MOKO.mobi – the best (and most cost effective) form of promotion is where the carrier does the advertising and recommendation of MOKO.mobi to its own customer base. This requires careful negotiation and the design of various digital marketing mechanics to be adopted by the carrier;

10. Set up data points so we can track usage – MOKO.mobi has designed and developed its own unique and proprietary database management system (Griffin) that feeds statistics back to the carrier about usage and important demographic reporting information;

11. Free trial period – generally there is a short period of "free trial" that supports the carrier's own promotions to drive rapid take-up;

12. Commence billing – finally we can link the use of MOKO.mobi directly to the carrier's own billing systems and start receiving revenue;

Finally, the Company must continually invest in R&D to keep the MOKO.mobi product fresh. This is a dynamic and rapidly changing digital environment where multiple technologies are converging daily. In order to maintain user loyalty and sustain the revenue flow, the product must be evolving and continually updated.

The business development process is therefore lengthy, has many facets and is not a process that happens quickly. We are often dealing with large, multinational organisations that have complex internal processes.

Many other companies in our industry have chosen not to engage directly with the carriers and pursue what is called an "off-deck" business model. That path though has its own challenges in that ultimately an alternative method of extracting revenue has to be found.

By contrast, your Company has focussed on the global mobile carriers and our "user-pays" business model. Until quite recently, the mobile content market was dominated by mostly non-carrier integrated, free advertising-funded business models, or third-party content aggregators who have adopted premium SMS billing models that charge users for content that they generally did not request. With the fall-out from the global financial crisis, and increasing scrutiny from government legislators, this business model is under question and has proven to be less attractive to consumer and carriers alike. As such, the product teams inside the carriers have begun to recognise MOKO.mobi's direct billing model as a preferred option in generating new revenue streams.

However, choosing this path has meant that MOKO.mobi has been somewhat slower to gain visibility in the market while it works with carriers to integrate with their billing and media systems. It has also meant that the Company has invested the bulk of its capital in product development and developing those relationships with the global mobile networks in lieu of chasing "growth at all costs" via a free service.

We believe that without securing long-term, sustainable revenue streams that come from reliable payment sources (i.e. the carriers), the "free" business model is vulnerable and in our opinion, not viable.

Change of Company Name to MOKO.mobi Limited

During the reporting year, your company changed its name from Loop Mobile Limited to MOKO.mobi Limited, to more accurately reflect the focus of the company, the product offering, and its brand.

Chairman's Report (continued)

Financial

Your Company is still completing a technical and business development growth phase that has required the bulk of available capital. As such, it was decided that it would be prudent to accept a small placement from a new strategic partner, Tri-screen Media Group (TMG), to assist with our European expansion plans and to provide extra working capital. TMG is a private company based in the Netherlands that specialises in mobile content and marketing, with activities in more than 30 countries and with over 50 mobile operators. Together with a series of other strategic investors, the Company raised $1.447m (net of costs) at a price premium to the share price at the time of the capital raising.

The Company is also considering making further placements to TMG and other strategic investors during the first quarter of the new financial year, in order to strengthen the Company's balance sheet, negotiate new international carrier deals and prepare for new growth opportunities.

The financial results for the period saw a decrease in revenue to $789,898 over the corresponding prior period. The operating loss after tax (ie. excluding share based payments) was reduced to $2.239m from $2.297m in 2008.

The cash assets of the Company at June 30 2009 declined to $1.176m from $1.838m at 30 June 2008.

Outlook

Your company has made the difficult decision to forgo short-term white label projects, which have only short-term revenues, to concentrate on building out the unique MOKO.mobi platform (and the micro-billing platform within it) and tailor the platform to suit the demands of large global mobile operators, that can provide much larger and longer-term revenue streams. That focus has led to a reduction in sales revenue over the past year. An explanation of the revenue reduction is contained within the Directors' report.

The most significant reason for the reduction in sales income from the 2007/2008 year was the conclusion of the Hutchison 3UK contract. This contract ended in April 2008. The 3UK contract was the second carrier contract since the Company was founded and was negotiated in December 2005 and part of that license meant that the service was under an exclusive contract with 3UK. Being an exclusive license effectively prevented us from entering other UK carrier deals and prevented UK MOKO users and global MOKO users from interacting with other territories, making the continued growth of MOKO.mobi untenable. The Company therefore concluded that while this income was significant, renewing the contract would not serve its best long term interests and we would be better served by pursuing all other UK carriers and connect the UK off-deck MOKO users to the global MOKO.mobi community. As a consequence, the 3UK contract was not renewed. Whilst the reduction in income is significant, the Company believes that the longer term strategy of making MOKO.mobi a uniform, global and non-exclusive service that can be contracted to any mobile carrier in any territory, will be in the best interest of MOKO.mobi users and ultimately create greater company value. MOKO.mobi is in advanced stages of negotiating another major UK carrier contract and is hopeful of making an announcement in this regard in the near future.

Generally the pathway to profitability has been longer than anticipated at the time of the Company's inception, and more capital has been required as a result. However we firmly believe the strategy of securing new global contracts on a user-pays basis will ultimately deliver much greater shareholder value.

Whilst we are not in a position to make precise forecasts, your directors are hopeful that with the recent new launches, together with those scheduled to be executed in the coming months, that your Company will become profitable during the 2009/10 year. Notwithstanding our optimism, we emphasise that the Company continues to be a speculative investment.

Finally, I would like to thank the board of directors, management and staff for their commitment and hard work throughout the year and we all look forward to an exciting year ahead.

Greg McCann
Chairman

Directors' report

Your directors present their report on MOKO.mobi Limited and controlled entities ("MOKO.mobi") for the year ended 30 June 2009.

Directors
The following persons were directors of MOKO.mobi Limited during the whole of the financial year and up to the date of this report, unless otherwise noted:

Greg McCann	-	Non Executive Chairman
Ian Rodwell	-	Chief Executive Officer and Managing Director (appointed 18 August 2008)
Christine Kennedy	-	Non Executive Director
Stuart Simson	-	Non Executive Director
Martin Hoffman	-	Non Executive Director (resigned 20 March 2009)
Peter Yates	-	Non Executive Director (appointed 14 October 2008)

Principal activities
During the year the principal continuing activity of MOKO.mobi Limited is delivering mobile social networking services to global consumers within the youth and young adult demographic. There have been no significant changes in the nature of the activities of MOKO.mobi Limited during the year.

Dividends
No dividends were paid or declared during the year (2008: $nil).

Review of operations
Consistent with its business plan, MOKO.mobi has made significant progress over the past 12 months in both the platform development of its MOKO.mobi service, and in its continuing business development in international markets. There has been a focus on the emerging markets of India, Philippines and Central and South America, with new carrier deals executed and further being negotiated, in all these territories.

The MOKO.mobi platform has also been customized to establish a specific mobile music community for AT&T in the US and a mobile dating service to be marketed in Europe. A more detailed review is covered in the Chairman's Review.

Financial
MOKO.mobi earned total income of $0.79m in 2009 down from $1.99m in 2008. The loss for the 2009 year was $2.49m compared with a 2008 loss of $3.11m.

The reduction in sales income from the 2007/2008 year was due to the completion of short-term white labels projects such as Big Brother and Australian Idol mobile communities; the ITV mobile content community chat in the UK; AFL Chatzone; the conclusion of the Hutchison 3UK contract which ended in April 2008; and a reduction in revenue from 3AU resulting from a cut-back in promotion by 3AU. The 3UK contract was an exclusive contract for the provision of MOKO to the 3 mobile network in UK and prevented MOKO from being offered to other UK mobile carriers. The Company believes that this would not serve its best long term interests and has decided to pursue all other UK carriers and connect the UK off-deck MOKO users to the global MOKO.mobi community and therefore this contract was not renewed. Whilst the reduction in income is significant, the Company believes that the longer term strategy of making MOKO.mobi a uniform and non-exclusive service that can be contracted to any mobile carrier in any territory will be in the best interest of MOKO.mobi users and ultimately create greater Company value. MOKO.mobi is the advanced stage of negotiating a major UK carrier contract and is hopeful of an announcement to this effect in the near future.

Directors' Report (continued)

During the first half of the financial year, the Company underwent cost restructuring reduced the monthly overhead considerably which will place MOKO.mobi in a stronger financial position moving forward.

In August 2008, the Company undertook a capital raising via a rights issue together with placements to key strategic investors, raising $1.03 million. In March 2009, a further series of small placements with strategic and sophisticated investors yielded a further $525,000.

This cash injection will enable the business to continue with its focus on the international markets and conduct further product development in order to take advantage of the new carrier deals in India, USA and Europe.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the financial year
No other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

(a) MOKO.mobi 's operations in future financial years, or
(b) The results of those operations in future financial years, or
(c) MOKO.mobi 's state of affairs in future financial years.

Likely developments and expected results of operations
Comments on expected results of certain operations of the Group are included in this annual report under the Chairman's Review.

Further information on likely developments in the operations of MOKO.mobi and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to MOKO.mobi.

Environmental regulation
There are no significant environmental regulations or Acts applying to the Company.

Greenhouse, gas and energy data

The Group is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007 due the to size and scale of it operations.

The Group will continue to monitor the relevant legislation to ensure that it meets any operational and reporting requirements as and when they become applicable to the Company's activities.

Information on directors

Gregory Ronald McCann (Non Executive Chairman)
56 years. Director since 24 April 2007.

Experience and expertise
Greg McCann is currently the Managing Director and principal of the Excentor Group of companies, an independent software and consulting services supplier to the Asia Pacific region with 25 years of experience. Greg was previously a partner with Deloitte for 24 years and has held a number of senior leadership roles, including Managing Director for Deloitte Consulting/ICS in Australia, a systems integrator specialising in the implementation of enterprise applications. Greg is also Chairman of Tel.Pacific, and on the Board of the law firm, Landers and Rogers. He is a fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Other current directorship
Tel Pacific Limited

Former directorships in the last 3 years
Nil

Directors' Report (continued)

Special responsibilities
Chairman

Interest in shares and options
Shares: 528,995 Ordinary – Indirectly held
Options: 1,000,000 (Expiring 15 June 2012, exercisable at $0.20 each) – Indirectly held

Ian Michael Rodwell (Managing Director and Chief Executive Officer)
47 years. Director since 18th August 2008.

Experience and expertise
Mr Rodwell is the founder of MOKO.mobi Limited. He has over 20 years experience in corporate and consumer design and multimedia and has owned and operated several businesses specialising in this field. He has worked in Australia, Singapore, UK and the US, managing projects for many international companies including McKinsey, BMW, UniLever, and MTV. In the consumer area, Mr Rodwell led projects for several of the world's biggest names in sport including Manchester United FC; The All Blacks; Adidas; and several top tennis stars such as Anna Kournikova and Lleyton Hewitt. His role includes the oversight of all MOKO.mobi Limited's product development and strategic planning.

Other current directorships
None

Former directorships in the last 3 years
None

Special responsibilities
Chief Executive Officer

Interest in shares and options
Shares: 3,160,000 ordinary – Directly held
Options: 3,000,000 (Expiring 15 June 2012, exercisable at $0.20 each) – Directly held
3,005,000 (Expiring 25 July 2013, exercisable at $0.10 each) – Directly held

Stuart Armstrong Simson (Non Executive Director)
56 years. Director since 24 April 2007.

Experience and expertise
Stuart has 38 years experience in the Australian media industry. From 2002 to 2006 he was Executive Chairman and Chairman of emitch Limited the largest on-line advertising agency in Australia and New Zealand. He has a portfolio of new media interests. Stuart is a former Managing Director of The Age and Sunday Age, and Editor and CEO of BRW Publications. He is a former Managing Director and part owner of National Business Review NZ. He has owned and operated regional radio stations. Stuart served as Associate Commissioner on the Productivity Commission Inquiry into the Broadcasting Services Act. He is a member of the CSIRO's ICT business advisory council and a Council member of Leadership Victoria.

Other current directorship
Facilitate Digital Holdings Limited

Former directorships in the last 3 years
emitch Limited (until 5 September 2006)

Special responsibilities
Nil

Interest in shares and options
Options: 1,000,000 (Expiring 15 June 2012, exercisable at $0.20 each) – Indirectly held

Directors' Report (continued)

Martin Paul Ulysses Hoffman (Non-Executive Director)- resigned 20 March 2009
44 years. Director since 15 January 2007.

Experience and expertise
Martin is an experienced executive in the digital media and telecommunications industries. He joined MOKO.mobi as CEO in January 2007, becoming a non-executive director on 31 July 2008. He was previously CEO of NineMSN from January 2003 until July 2006. NineMSN is a 50:50 joint venture between PBL Media and Microsoft, and is Australia's leading internet content and services business.

He holds an MBA (Honours) degree from the Institute for Management Development (IMD), in Lausanne, Switzerland; as well as Master of Applied Finance and Bachelor of Economics degrees from Macquarie and Sydney Universities respectively.

Other current directorships
Nil

Former directorships in the last 3 years
Realestate.com.au Ltd (REA) - (7 April 2003 to 5 April 2006)
Infochoice Ltd (ICH) – (June 2007 until February 2008)

Interest in shares and options
Shares: 2,000,000 ordinary – Directly held
70,000 ordinary – Indirectly held
Options: 5,000,000 (Expiring 15 June 2012, exercisable at $0.20 each) – Directly held
10,000 (Expiring 25 July 2013, exercisable at $0.10 each) – Indirectly held

Christine Pamela Kennedy (Non Executive Director)
34 years. Director since 5 April 2005

Experience and expertise
Christine holds a Bachelor of Business (Accountancy) degree and a Bachelor of Laws degree from Queensland University of Technology and is admitted as a solicitor to the Supreme Court of Queensland. Christine spent five years working in Brisbane CBD law firms Jones King Lawyers and later Bain Gasteen Lawyers, specialising in commercial and civil litigation. Since 2004 Christine has been based in London and Singapore as Director and Legal Counsel for a significant, privately-held group of companies.

Other current directorship
Nil

Former directorships in the last 3 years
Adultshop.com Limited (1 August 2006 until 24 April 2007)

Special responsibilities
Nil

Interest in shares and options
Options: 1,000,000 (Expiring 15 June 2012, exercisable at $0.20 each) – Directly held

Directors' Report (continued)

Peter Yates (Non-Executive Director)
49 years. Director appointed 14 October 2008.

Experience and expertise

Peter Yates is also Chairman of the Peony Capital General Partnership and a director of and Oceania Capital Partners Limited.

From 2004-2007 Peter was Managing Director of Oceania Capital Partners (formerly Allco Equity Partners Limited) , a listed private equity fund specialising in private equity and activist corporate situations. Peter was Chief Executive Officer of Publishing and Broadcasting Limited from 2001-2004. Until 2001 he worked in the Investment Banking industry including 15 years with Macquarie Bank. Peter has also worked for Morgan Stanley in Australia and Booz Allen Hamilton in Tokyo. He holds a Doctorate of the University (Murdoch) and a Masters degree from Stanford University Graduate School of Business and a Commerce degree from Melbourne. He speaks Japanese, having studied at Keio University in Tokyo.

Other current directorships
Peony Capital General Partnership and a director of and Oceania Capital Partners Limited. Peter is the Chairman of the Royal Institution of Australia, the Australian Science Media Centre and Graduate School of Management, University of Melbourne. Peter is Deputy Chairman of Asialink and Asia Society AustralAsia Centre; a Board Member of the Royal Children's Hospital Foundation (Victoria) and Melbourne International Art Festival. Peter is also a Director of The Centre for Independent Studies.

Former directorships in the last 3 years
Nil

Special responsibilities
Nil

Interest in shares and options
Shares: 12,382,258 ordinary – Indirectly held
Options: 2,053,542 (Expiring 25 July 2013, exercisable at $0.10 each) – Indirectly held

Company Secretary

The company secretary is Mr A W Bursill. Mr Bursill was appointed to the position of company secretary on 24 April 2007. Mr Bursill holds the position of company secretary for a number of other listed and non-listed entities. Mr Bursill is a member of the Institute of Chartered Accountants in Australia.

Meetings of directors

The number of meetings of the company's board of directors held during the year ended 30 June 2009, and the number of meetings attended by each director were:

	Number of meetings held	Number of meetings attended
G McCann	15	15
M Hoffman	12	9
C Kennedy	15	11
S Simson	15	14
Ian Rodwell	15	12
P Yates	10	9

Directors' report (continued)

Remuneration report

The remuneration report is set out under the following headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share based payments

The information provided under headings A-D includes remuneration disclosures that are required under AASB *124 Related Party Disclosures.* These disclosures have been transferred from the financial report and have been audited.

A Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for Directors, company secretary and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the company operates
- the overall performance of the Company

B Details of remuneration

Details of the nature and amount of each element of the remuneration of the key management personnel (as defined AASB 124 *Related Party Disclosures)* of MOKO.mobi Limited are set out in the following tables.

Key management personnel of MOKO.mobi Limited include the following directors and the chief executive officer.

- Greg McCann - Non Executive Chairman
- Ian Rodwell - Chief Executive Officer and Managing Director (appointed 18 August 2008)
- Christine Kennedy - Non Executive Director
- Stuart Simson - Non Executive Director
- Martin Hoffman - Non Executive Director (resigned 20 March 2009)
- Peter Yates - Non Executive Director (appointed 2 October 2008)
- Andrew Bursill - Chief Financial Officer

Directors' report (continued)

	SHORT- TERM			POST-EMPLOYMENT		SHARE-BASED		
2009	Salary & Fees $	Consultancy Fees $	Non monetary benefits $	Super-annuation $	Retirement benefits $	Shares $	Options $	Total $
Non-Executive Directors								
G McCann	59,633	-	-	5,367	-	-	10,250	75,250
C Kennedy	27,523	-	-	2,477	-	-	10,250	40,250
S Simson	-	-	-	30,000	-	-	10,250	40,250
M Hoffman *	68,923	-	-	5,250	-	-	51,250	125,423
P Yates	-	-	-	-	-	-	-	-
Executive Directors								
I Rodwell	184,734	-	15,266	18,000	-	-	95,276	313,276
Other Key Management Personnel								
A W Bursill **	-	-	-	-	-	-	-	-
TOTAL	340,813	-	15,266	61,094	-	-	177,276	594,449

* M Hoffman resigned as CEO on 31 July 2008 and resigned as a Director of the Company on 20 March 2009.

** A W Bursill, company secretary, is an associate of Franks & Associates Pty Ltd who provides accounting and company secretarial services to MOKO.mobi Limited. The contract between MOKO.mobi Limited and Franks & Associates is based on normal commercial terms. A total of $140,772 (2008: $ 117,459) was received by Franks & Associates in relation to this contract for the year. Further information is contained in Note 19(e).

	SHORT- TERM			POST-EMPLOYMENT		SHARE-BASED		
2008	Salary & Fees $	Consultancy Fees $	Non monetary benefits $	Super-annuation $	Retirement benefits $	Shares $	Options $	Total $
Non-Executive Directors								
G McCann	89,067	-	-	8,016	-	-	71,750	168,833
M Hoffman *	279,401	-	2,599	45,000	-	-	358,751	685,751
S Simson	-	-		30,000	-	-	71,750	101,750
C Kennedy	33,761	-	-	3,039	-	-	71,750	108,550
Executive Directors								
I Rodwell	184,100	-	5,564	18,000	-	-	215,249	422,913
Other Key Management Personnel								
A W Bursill **	-	-	-	-	-	-	-	-
TOTAL	586,329	-	8,163	104,055	-	-	789,250	1,487,797

* M Hoffman was an executive director of the Company until 31 July 2008, at which time he became a non-executive Director.

** A W Bursill, company secretary, is an associate of Franks & Associates Pty Ltd who provides accounting and company secretarial services to Loop Mobile Limited. The contract between Loop Mobile Limited and Franks & Associates is based on normal commercial terms. A total of $117,459 (2007: $ nil) was received by Franks & Associates in relation to this contract for the year. Further information is contained in Note 19(e).

Directors' report (continued)

C Service agreements (audited)

I Rodwell, Head of Technology and Product (commencing under a new contract from 15 January, 2007)

- Term – open term, 6 months notice from either party
- Base salary, exclusive of superannuation, $200,000 per annum
- Received 1 million shares and 3 million options on successful completion of the IPO offer

D Share-based payments (audited)

Options

During the financial year, a total of 5,200,000 options were issued to Directors and Employees as follows:

Option series	Numbers of options issued	Exercise Price	Earliest exercise date	Expiry date
A – Director II	1,500,000	$0.10	19 November 2008	25 July 2013
B – Director II	750,000	$0.10	19 November 2008	25 July 2013
C – Director II	750,000	$0.10	19 November 2008	25 July 2013
A – Staff I	200,000	$0.20	19 November 2008	15 December 2012
B – Staff I	100,000	$0.20	19 November 2008	15 December 2012
C – Staff I	100,000	$0.20	19 November 2008	15 December 2012
A – Staff II	875,000	$0.10	19 November 2008	25 July 2013
B – Staff II	437,500	$0.10	19 November 2008	25 July 2013
C – Staff II	437,500	$0.10	19 November 2008	25 July 2013
A – Staff II	50,000	$0.10	16 January 2009	25 July 2013
Total	5,200,000			

Name of option holder	Number of options issued	Series A	Series B	Series C
Ian Rodwell	3,000,000	1,500,000	750,000	750,000
Staff	2,200,000	1,125,000	5375,500	537,500
Total	5,200,000	2,62,500	6,125,250	1,287,500

These options form part of the Directors remuneration for the year ending 30 June 2009 as set-out below:

Name of option holder	Number of options issued	Amount $
Ian Rodwell	3,000,000	64,526
Total	3,000,000	64,526

Shares provided in exercise of remuneration options

No ordinary shares were issued during the year ended 30 June 2009 as a result of exercise of remuneration options by the Directors of MOKO.mobi Limited.

Share-based payments remuneration included as part of total remuneration for the year:

	2009	2008
Non-Executive Directors		
G McCann	14%	42%
M Hoffman	41%	52%
S Simson	25%	71%
C Kennedy	25%	66%
P Yates	-	-
Executive Directors		
I Rodwell	30%	51%

Directors' report (continued)

Shares granted to directors

No shares were issued to directors during the financial year (2008: nil).

Insurance of officers

During the financial year, MOKO.mobi Limited paid directors and officers liability insurance premium of $15,246 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of MOKO.mobi Limited.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Auditor

PKF was appointed by the directors' in accordance with the requirements of the Corporations Act 2001.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company is important.

Details of amounts paid or payable to auditors, Grant Thornton NSW and PKF, for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for services provided by the auditor:

	2009 **$**	**2008** **$**
Audit services		
Grant Thornton NSW - Audit and review of financial reports	953	50,599
PKF – Audit and review of financial reports	38,200	-
Non-audit services		
Grant Thornton – Investigating Accountant Report for IPO	-	14,000
Grant Thornton – Tax advice	-	-
Total	39,153	64,599

Directors' report (continued)

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

This report is made in accordance with a resolution of directors.

Greg McCann	**Ian Rodwell**
Chairman	Managing Director
7 August 2009	7 August 2009

Corporate governance statement

The Company's corporate governance framework has been formulated in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in 2007 (ASX Recommendations). The Company's framework largely complies with these recommendations. Consistent with the Company's approach to sound corporate governance, opportunities for improvement are regularly considered.

Day-to-day management of the affairs of the Company and its controlled entities are delegated by the Board to the Chief Executive Officer and senior executives. The Directors are responsible to shareholders for the performance of the Company and their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. The main processes that the directors of the Company use in doing so are set out in this statement.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The primary responsibilities of the board include:

- The approval of the annual and half-yearly financial report, and quarterly cash statements (as long as required);
- The establishment of the long term goals of the consolidated entity and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of MOKO.mobi Limited and monitoring the results on a quarterly basis;
- Ensuring that the consolidated entity has implemented adequate internal controls together with appropriate monitoring of compliance activities; and
- Ensuring that the consolidated entity is able to pay its debts as and when they fall due.

MOKO.mobi Limited discloses the curriculum vitae of each director in its Annual Report.

MOKO.mobi Limited's executive management comprises the Chief Executive Officer (Mr Ian Rodwell), and Head of Business Development (Mr Paul Grueber), to whom the Board delegates responsibilities to as outlined in their contracts and as expected for these executive positions.

MOKO.mobi Limited's Chief Financial Officer and Company Secretary is Mr Andrew Bursill. Mr Bursill performs these duties pursuant to a contractual arrangement between MOKO.mobi Limited and Franks & Associates Pty Ltd, a firm of Chartered Accountants.

Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for directors, secretaries and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the Group operates
- the overall performance of the Group

Recommendation 1.3 – Companies should disclose the process for evaluating the performance of senior executives

Performance of senior executives is constantly reviewed by the Board as part of the ordinary course of meetings of the Directors.

There have been no departures from Principle 1 during the year ending 30 June 2009.

Principle 2: Structure the board to add value

Recommendation 2.1 – A majority of the board should be independent directors

Recommendation 2.2 – The chair should be an independent director

Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same individual

Recommendation 2.4 – The board should establish a nomination committee

Recommendation 2.5 – The Company should disclose the process for evaluating the performance of the board, its committees and individual directors

Recommendation 2.6 – The Company should provide the information indicated in the Guide to reporting on Principle 2

- The skills, experience and expertise relevant to the position of director and period of office held by each director is disclosed within the directors' report of the Company's Annual Report.
- Presently the board consists of one executive director (Ian Rodwell) and four non-executive directors (Greg McCann, Christine Kennedy, Stuart Simson and Peter Yates).
- The Chairman of MOKO.mobi Limited is Greg McCann and the Chief Executive Officer is Ian Rodwell, therefore as required under best practice, there is a separation of these two roles.
- With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at the consolidated entity's expense concerning any aspect of the consolidated entity's operations or undertaking in order to fulfill their duties and responsibilities as directors.
- The Company does not presently have a nomination committee. Due to the size and nature of the activities of the Company, the nomination of new directors is conducted by the board by way of ongoing review and discussion in relation to experience deficiencies that may exist within the existing board structure.
- The performance of the board is reviewed as part of the ordinary course of meetings of the directors.

There have been the following departures from Principle 2 during the year ending 30 June 2009:

Recommendation 2.1 - As at the date of this report, three of the five of the Directors are not considered independent, namely Ian Rodwell, who is an executive Director of MOKO.mobi Limited, Christine Kennedy and Peter Yates who are associates of substantial shareholders. This departure arises from the size and nature of operations of MOKO.mobi Limited.

Recommendation 2.4 – Due to the size of MOKO.mobi Limited, the Board has not yet established a nomination committee.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – The Company should establish a code of conduct and disclose the code

As part of the Board's commitment to the highest standard of conduct, MOKO.mobi Limited adopts a code of conduct to guide management and employees in carrying out their duties and responsibilities as follows.

All directors, executives, employees and consultants of MOKO.mobi Limited have the following duties:

- To act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity
- To work in a safe, healthy and efficient manner, using their skills, time and experience to the maximum of their ability

- To comply with applicable awards, company policies and job requirements
- Not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with or by MOKO.mobi Limited
- To ensure that MOKO.mobi Limited's resources and property are used properly and
- Not to disclose information or documents relating to MOKO.mobi Limited or its business, other than as required by law, not to make any unauthorized public comment on MOKO.mobi Limited's affairs and not to misuse any information about MOKO.mobi Limited or its associates.

The board endeavours to ensure that the directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that directors, officers and employees must:

- Comply with the law
- Act in the best interests of MOKO.mobi Limited
- Be responsible and accountable for their actions, and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

Recommendation 3.2 – The Company should establish a policy concerning trading in company securities and disclose a summary of that policy

MOKO.mobi Limited's policy regarding directors and employees trading in its securities is set by the board of directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

MOKO.mobi Limited has set the following windows for trading in the Company's securities by the directors and employees, being between two and thirty two days following:

- The release to the Australia Stock Exchange of MOKO.mobi Limited's preliminary full year financial statements
- The release to the Australian Stock Exchange of MOKO.mobi Limited's half year financial statements
- The release to the Australian Stock Exchange of MOKO.mobi Limited's quarterly 4C cash statement
- The date on which the Company holds its annual general meeting and
- The initial quotation of MOKO.mobi Limited's shares on the Australian Stock Exchange.

Recommendation 3.3 – The Company should provide the information indicated in the Guide to reporting on Principle 3

There have been no departures from Principle 3 during the year ending 30 June 2009.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 – The board should establish an audit committee

Recommendation 4.2 – The audit committee should be structured so that it: (i) consists only of non-executive directors, (ii) consists of a majority of non-executive directors; (iii) is chaired by an independent chair, who is not the chair of the board; and (iv) has at least three members.

Recommendation 4.3 – The audit committee should have a formal charter

Recommendation 4.4 – The Company should provide the information indicated in the Guide to reporting on Principle 4

There have been the following departures from Principle 4 during the year ending 30 June 2009:

Recommendations 4.1, 4.2, 4.3 – Due to the size and nature of MOKO.mobi Limited, the Board does not have an audit and finance committee.

The Board is aware of the Principles of Good Corporate Governance and Best Practice Recommendations, and will continue to work towards full adoption of the recommendations in line with growth and development of MOKO.mobi Limited in the years ahead.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – The Company should put in place mechanisms designed to ensure compliance with the ASX Listing Rule requirements.

The CEO and Company Secretary have been appointed as the persons responsible for communications with the ASX. The Board is responsible for ensuring the compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX.

Recommendation 5.2 – The Company should provide the information indicated in the Guide to reporting on Principle 5

There have been no departures from Principle 5 during the year ending 30 June 2009.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – The Company should design a communications policy for promoting effective communication with shareholders.

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meeting. MOKO.mobi Limited adheres to best practice in its preparation of Notices of Meetings to ensure all shareholders are fully informed. Due to the size of MOKO.mobi Limited, all communications are prepared and administered in-house.

Recommendation 6.2 – The Company should provide the information indicated in the Guide to reporting on Principle 6

There have been no departures from Principle 6 during the year ending 30 June 2009.

Principle 7: Recognise and manage risk

Recommendation 7.1 – The Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board is responsible for oversight of MOKO.mobi Limited management's system of internal controls. The Board constantly monitors the operation and financial aspects of MOKO.mobi Limited activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face MOKO.mobi Limited.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that MOKO.mobi Limited has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

Recommendation 7.2 – The Company should require management to design and implement a risk management and internal control system to manage the Company's material business risks.

Recommendation 7.3 – The Company should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company obtains statements from its chief executive officer and chief financial officer that:

- MOKO.mobi Limited's financial reports present a true and fair view in all material respects, of MOKO.mobi Limited's financial condition and operational results are in accordance with the relevant accounting standards. Furthermore, the board of directors does, in its role, state to shareholders in the Company's accounts that they are true and fair, in all material respects

- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements policies adopted by the board

- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 7.4 – The Company should provide the information indicated in the Guide to reporting on Principle 7

There have been no departures from Principle 7 during the year ending 30 June 2009. The Board believes MOKO.mobi Limited's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a Company of MOKO.mobi Limited's size and nature. The Board will continue to monitor this aspect of MOKO.mobi Limited closely, and will cause to be developed a comprehensive Risk Management Process and Policy document, additional to the material outlined above.

Principle 8: Remunerate fairly and responsible

Recommendation 8.1 – The board should establish a remuneration committee

Recommendation 8.2 – The Company should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Recommendation 8.3 – The Company should provide the information indicated in the Guide to reporting on Principle 8

The Company does not have any scheme for retirement benefits, other than superannuation, for any directors.

There have been the following departures from Principle 8 during the year ending 30 June 2009:

Recommendations 8.1– Due to the size and nature of MOKO.mobi Limited, the Board has not yet established a remuneration committee. As a result, the functions ordinarily undertaken by a remuneration committee are undertaken by the Board.

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of MOKO.mobi Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MOKO.mobi Limited and the entities it controlled during the year.

PKF

Bruce Gordon
Partner

7 August 2009
Sydney

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PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of MOKO.mobi Limited

Report on the Financial Report

We have audited the accompanying financial report of MOKO.mobi Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising MOKO.mobi Limited (the company) and the entities it controlled (the consolidated entity) at the year end.

Directors' Responsibility for the Financial Report

The directors of MOKO.mobi Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statement,* that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 judgement, 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 and fair presentation of the financial report 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.

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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*.

Auditor's Opinion

In our opinion:

(a) the financial report of MOKO.mobi Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the entity's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the consolidated entity incurred an operating loss of $2,487,159 for the year ended 30 June 2009 (2008: $3,114,862). These conditions, along with other matters as set forth in Note 1, indicate the existence of a significant uncertainty about the company's ability to continue as a going concern, and therefore whether the consolidated entity may realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the Financial Report.

Report on the Remuneration Report

We have audited the Remuneration Report included pages 11 to 13 of the directors' report for the year ended 30 June 2009. 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.

Chartered Accountants
& Business Advisers

Auditor's Opinion

In our opinion the Remuneration Report of MOKO.mobi Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

PKF

Bruce Gordon
Partner

7 August 2009
Sydney

Income statements

For the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Revenue from continuing operations	5	555,058	1,474,485	555,058	1,474,485
Other income	5	234,840	510,732	234,840	509,980
Computer expenses		(560,414)	(538,478)	(560,414)	(538,478)
Marketing expenses		(253,579)	(280,561)	(253,579)	(280,561)
Travel and entertainment expenses		(227,249)	(258,074)	(227,249)	(258,074)
Rent expenses		(37,272)	(76,716)	(37,272)	(76,716)
Other expenses		(239,475)	(297,161)	(239,475)	(295,999)
Loss from realisation of reserve		(11,349)	-	-	-
Finance costs		(394)	(96)	(394)	(96)
Legal and professional fees		(413,000)	(435,966)	(413,000)	(435,966)
Employee benefits expenses	6	(1,589,353)	(2,368,171)	(1,589,353)	(2,368,171)
Share based payments	6	(247,496)	(817,900)	(247,496)	(817,900)
Depreciation and amortisation		(19,242)	(26,956)	(19,242)	(26,956)
Total expenses		(3,598,823)	(5,100,079)	(3,587,474)	(5,098,917)
Loss before income tax expense	7(a)	(2,808,925)	(3,114,862)	(2,797,576)	(3,114,452)
Income tax expense	7(b)	321,766	-	321,766	-
Loss for the year after tax		(2,487,159)	(3,114,862)	(2,475,810)	(3,114,452)
Loss attributable to equity holders of MOKO.mobi Limited		(2,487,159)	(3,114,862)	(2,475,810)	(3,114,452)
Basic EPS (cents per share)	21	(3.16)	(5.18)		
Diluted EPS (cents per share)	21	(3.16)	(5.18)		

These financial statements should be read in conjunction with the accompanying notes.

Balance sheets

As at 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current assets					
Cash and cash equivalents	8	1,176,916	1,838,874	1,176,916	1,838,874
Trade and other receivables	9	122,954	149,342	122,954	149,342
Other current assets	10	35,061	57,918	35,061	57,918
Total current assets		1,334,931	2,046,134	1,334,931	2,046,134
Non-current assets					
Property, plant and equipment	11	12,739	21,352	12,739	21,352
Intangible assets	12	1,682	3,453	1,682	3,453
Total non-current assets		14,421	24,805	14,421	24,805
Total assets		1,349,352	2,070,939	1,349,352	2,070,939
Current liabilities					
Trade and other payables	14	319,142	240,825	319,142	240,825
Provisions	15	113,147	132,557	113,147	132,557
Total current liabilities		432,289	373,382	432,289	373,382
Total liabilities		432,289	373,382	432,289	373,382
Net assets		917,063	1,697,557	917,063	1,697,557
Equity					
Issued capital	16	10,486,808	9,038,988	10,486,808	9,038,988
Reserves		1,065,396	806,551	1,065,396	817,900
Accumulated losses		(10,635,141)	(8,147,982)	(10,635,141)	(8,159,331)
Total equity		917,063	1,697,557	917,063	1,697,557

These financial statements should be read in conjunction with the accompanying notes.

Statements of changes in equity

For the year ended 30 June 2009

Consolidated	Ordinary Share $	Translation Reserve $	Options Reserve $	Accumulated losses $	Total $
Balance at 30 June 2007	**9,066,663**	**(11,349)**	**-**	**(5,033,120)**	**4,022,194**
Loss for the year	-	-	-	(3,114,862)	(3,114,862)
Total recognised income and expense for the year	**-**	**-**	**-**	**(3,114,862)**	**(3,114,862)**
Capital raising costs	(27,675)	-	-	-	(27,675)
Share based payments	-	-	817,900	-	817,900
Balance at 30 June 2008	**9,038,988**	**(11,349)**	**817,900**	**(8,147,982)**	**1,697,557**
Loss for the year	-	-	-	(2,487,159)	(2,487,159)
Total recognised income and expense for the year	**-**	**-**	**-**	(2,487,159)	(2,487,159)
Issue of shares	1,554,996	-	-	-	1,554,996
Share buy-back	(9,681)	-	-	-	(9,681)
Capital raising costs	(97,495)	-	-	-	(97,495)
Share based payments	-	-	247,496	-	247,496
Loss from realisation of translation reserve from closure of foreign operations	-	11,349	-	-	11,349
Balance at 30 June 2009	**10,486,808**	**-**	**1,065,396**	**(10,635,141)**	**917,063**

Statements of changes in equity (continued)

Parent	**Ordinary Share** $	**Options Reserve** $	**Accumulated losses** $	**Total** $
Balance at 30 June 2007	**9,066,663**	**-**	**(5,044,879)**	**4,021,784**
Loss for the year	-	-	(3,114,452)	(3,114,452)
Total recognised income and expense for the year	**-**	**-**	**(3,114,452)**	**(3,114,452)**
Capital raising costs	(27,675)	-	-	(27,675)
Share based payments	-	817,900	-	817,900
Balance at 30 June 2008	**9,038,988**	**817,900**	**(8,159,331)**	**1,697,557**
Loss for the year	-	-	(2,475,810)	(2,475,810)
Total recognised income and expense for the year	**-**	**-**	(2,475,810)	(2,475,810)
Issue of shares	1,554,996	-	-	1,554,996
Share buy-back	(9,681)	-	-	(9,681)
Capital raising costs	(97,495)	-	-	(97,495)
Share based payments	-	247,496	-	247,496
Balance at 30 June 2009	**10,486,808**	**1,065,396**	**(10,635,141)**	**917,063**

Cash flow statements

For the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Cash flows from operating activities					
Receipts from customers		1,096,174	1,893,097	1,096,174	1,893,097
Payments to suppliers and employees		(3,263,223)	(4,233,329)	(3,263,223)	(4,233,150)
Interest received		66,646	177,900	66,646	177,148
Interest paid		(394)	(96)	(394)	(96)
Net cash (used in) operating activities	18	(2,100,797)	(2,162,428)	(2,100,797)	(2,163,001)
Cash flows from investing activities					
Proceeds from sale of non-current assets		-	409	-	409
Payment for non-current assets		(8,981)	(24,619)	(8,981)	(24,619)
Repayment of loan to subsidiary		-	-	-	(270,569)
Repayment of loan to related party		-	(713,819)	-	(713,819)
Repayment of loan from subsidiary		-	-	-	273,175
Loan to related party		-	(18,692)	-	(18,692)
Net cash (used in) investing activities		(8,981)	(756,721)	(8,981)	(754,115)
Cash flows from financing activities					
Proceeds from the issue of shares		1,554,996	-	1,554,996	-
Capital raising payments		(97,495)	(324,990)	(97,495)	(324,990)
Payments for shares bought back		(9,681)	-	(9,681)	-
Net cash provided by/(used in) financing activities		1,447,820	(324,990)	1,447,820	(324,990)
Net decrease in cash and cash equivalents		(661,958)	(3,244,139)	(661,958)	(3,242,106)
Cash and cash equivalents at the beginning of the year		1,838,874	5,083,013	1,838,874	5,080,980
Cash and cash equivalents at end of year		**1,176,916**	**1,838,874**	**1,176,916**	**1,838,874**

Notes to financial statements

For the year ended 30 June 2009

Note 1: Summary of significant accounting policies

The financial report covers MOKO.mobi Limited, a public listed company, incorporated and domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report was authorised for issue by the Directors on 7 August 2009.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001.*

The financial report of MOKO.mobi Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. Note 3 provide details of these estimates.

Going concern

The Group is an early stage technology company, and is currently operating on a negative operating cashflow basis, making an operating loss of $2,487,159 for the year ended 30 June 2009 (2008: $3,114,862).

For the company to achieve operating profitability, the Company requires an increase in revenue from both existing and new carrier agreements. Whilst the Company has recently signed a number of new carrier agreements, it remains difficult to accurately forecast revenues from these new carrier agreements. Until the Company achieves operating profitability, it is reliant on raising additional equity funds to support its business operations.

The Directors have put plans in place that they believe will enable them to be successful in raising sufficient funds to ensure that the Company can continue to meet its debts as and when they become due and payable. However, if additional funds are not raised, there is a significant uncertainty that the going concern basis is appropriate and as a result that the Company may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the consolidated financial report. No allowance for such circumstances has been made in the consolidated financial report.

The financial report has therefore been prepared on the going concern basis.

Note 1: Summary of significant accounting policies (continued)

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Revenue and other income

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Note 1: Summary of significant accounting policies (continued)

(h) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each Group entity 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 and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Note 1: Summary of significant accounting policies (continued)

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(l) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(m) Share based payments

When goods or services received are acquired in a share-based payment transaction, they are recognised as expenses or assets, as determined by the nature of the goods or services received, over the vesting period attached to the equity instrument acquired in the transaction. A corresponding increase is recognised in equity.

The goods or services are measured by reference to the fair value of goods or services received, or where this is not possible, indirectly, by reference to the equity instrument acquired. The fair value of the equity instrument is measured at grant date.

The fair value of securities provided to directors and employees is determined by reference to the fair value of the equity instrument granted.

(n) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

Note 1: Summary of significant accounting policies (continued)

Depreciation (continued)

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	**Depreciation rate**
Furniture and fittings	11½% - 30%
Computer equipment	37½% - 60%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

Intangible assets

Intangible assets are computer software purchased by the Group and are carried at cost. Computer software is amortised over its expected useful life of 2 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(o) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(p) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits using the government bond discount rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(q) Provisions

Provisions are recognised when the Group 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.

(r) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(s) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 2 to 10 years.

Note 1: Statement of significant accounting policies (continued)

(t) New accounting standards and interpretations

Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods.

The Group has not elected to early adopt any new standards or amendments.

The Group's assessment of the impact of those new standards and interpretations that are applicable to the entity is set out below.

(i)AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. The impact of the adoption of this standard is being considered.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iii) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(iv) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.
At present he Group does not have any business combination, however, where applicable, the Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

Note 1: Statement of significant accounting policies (continued)

(v) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vi) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AABS 127 Consolidated and Separate Financial Statements. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(ix) AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

Australian Interpretations

Interpretation 17 Distribution of Non-cash Asset to Owners

This Interpretation clarifies that:

(a) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity;

(b) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and

(c) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

Interpretation 18 Transfer of Asset from Customers

The Interpretation addresses the following issues:

(a) Is the definition of an asset met?

(b) If the definition of an asset is met, how should the transferred item of property, plant and equipment be measured on initial recognition?

(c) If the item of property, plant and equipment is measured at fair value on initial recognition, how should the resulting credit be accounted for?

(d) How should the entity account for a transfer of cash from its customer?

Note 2: Financial risk management

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The Group does not presently have any bills, leases, preference shares, or derivatives.

i. Treasury Risk Management

Due the size and nature of the Group's operations, and the Group's limited exposure to treasury products, the Group does not consider treasury risk to be a main risk of the Group.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are, foreign currency risk, liquidity risk, and credit risk.

Due to the size and nature of the Group's operations, the Group does not consider interest rate risk or price risk to be main risks of the Group.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency.

The risk is not considered to be sufficient to warrant specific risk management policies to be implemented.

iii. Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate access to funds on deposits are maintained.

iv. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2009.

Credit risk is managed on a Group basis and reviewed regularly. It arises from exposures to customers as well as through deposits with financial institutions. The Group monitors credit risk by actively assessing the rating quality and liquidity of counter parties, noting that the majority of counter parties are large telecommunication organisations.

The Group has a significant concentration of credit risk with Hutchison 3G in Australia. The Group manages this risk by maintaining tight credit control policies. During the year ended 30 June 2009, the consolidated entity generated 57% (2008: 58%) of its gross turnover from Hutchison 3G in Australia and United Kingdom.

The credit risk for counterparties included in trade and other receivables as at 30 June 2009 is detailed below:

Note 2: Financial risk management (continued)

a. Financial Instruments (continued)

	Consolidated Group		Parent Entity	
Trade and other receivables	**2009 $**	**2008 $**	**2009 $**	**2008 $**
Total Counterparties not rated	122,953	149,342	122,953	149,342

b. Financial Instruments

(i) Derivative Financial Instruments
As at the date of this report, the Group does not have any derivative financial instruments.

(ii) Trade and Sundry Payables
Trade and sundry payables are expected to be paid as follows:

	Consolidated Group		Parent Entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Less than 6 months	319,141	240,825	319,141	240,825

(iii) Net Fair Values
The net fair values of all assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.
Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated Group intends to hold these assets to maturity.

(iv) Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis
At 30 June 2009, the only item effect by a change in interest rate would be the cash on deposit. An change in interest rates of 1% p.a. will not have a material effect on either the profit or equity of the Group.

Foreign Currency Risk Sensitivity Analysis
As at the date of this report, the Group holds GBP113,331 (AU$232,702). A change of 15% in the GBP/AUD cross-rate will not have a material effect on either net profit, or equity of the Group.

As at the date of this report, the Group does not have any material contracts that are denominated in foreign currency. However, this situation could change depending on the location on new customers, with the majority of new contracts being denominated in the local currency in the country of operation.

The above interest rate and foreign exchange rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Note 2: Financial risk management (continued)

Consolidated

	Floating Interest Rate		Fixed Interest 1 Year Maturity		Non-Interest Bearing		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Financial Assets:	$	$	$	$	$	$	$	$
Petty cash	-	-	-	-	500	500	500	500
Cash at bank (GBP denominated accounts)	232,702	268,232	-	-	-	-	232,702	268,232
Cash at bank (AUD denominated accounts)	943,714	1,570,142	-	-	-	-	943,714	1,570,142
Receivables	-	-	-	-	117,848	149,342	117,848	149,342
Loan to related party	-	-	-	-	-	-	-	-
Loan to Director	-	-	-	8,854	-	-	-	8,854
Total Financial Assets	1,176,416	1,838,374	-	8,854	118,348	149,842	1,294,764	1,997,070
Financial Liabilities:								
Trade creditors	-	-	-	-	148,606	55,114	148,606	55,114
Sundry creditors and accruals	-	-	-	-	170,537	185,711	170,537	185,711
Total Financial Liabilities	-	-	-	-	319,141	240,825	319,141	240,825

Note 2: Financial risk management (continued)

Parent

	Floating Interest Rate		Fixed Interest 1 Year Maturity		Non-Interest Bearing		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Financial Assets:	$	$	$	$	$	$	$	$
Petty cash	-	-	-	-	500	500	500	500
Cash at bank (GBP denominated accounts)	232,702	268,232	-	-	-	-	232,702	268,232
Cash at bank (AUD denominated accounts)	943,714	1,570,142	-	-	-	-	943,714	1,570,142
Receivables	-	-	-	-	117,848	149,342	117,848	149,342
Loan to related party	-	-	-	-	-	-	-	-
Loan to Director	-	-	-	8,854	-	-	-	8,854
Total Financial Assets	1,176,416	1,838,374	-	8,854	118,348	149,842	1,294,764	1,997,070
Financial Liabilities:								
Trade creditors	-	-	-	-	148,606	55,114	203,720	55,114
Sundry creditors and accruals	-	-	-	-	170,537	185,711	356,248	185,711
Total Financial Liabilities	-	-	-	-	319,141	240,825	559,966	240,825

Note 3: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group makes estimates in arriving at provision for employee entitlements, revenue, provision for doubtful debts, and the life of plant and equipment. However, these estimates are not considered material to the Group.

Note 4: Segment information

MOKO.mobi Limited is organised on a global basis into the following geographical areas. The main operation is in Australia.

Primary segment
The primary segment of the consolidated entity is the business segment. The consolidated entity operates in one business segment being the provision of mobile content services.

Secondary segment
The secondary segment of the consolidated entity is the geographic segment. The consolidated entity operates in three geographic areas being Australia, United Kingdom and the United States.

30 June 2009	Australia $	UK $	US $	TOTAL $
Sales Revenue	493,371	52,504	9,183	555,058
Assets	1,346,262	-	3,090	1,349,352
Liabilities	432,289	-	-	432,289

30 June 2008	Australia $	UK $	US $	TOTAL $
Sales Revenue	738,420	734,420	1,645	1,474,485
Assets	2,070,939	-	-	2,070,939
Liabilities	373,382	-	-	373,382

Note 5: Revenue

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Sales	555,058	1,474,485	555,058	1,474,485
Other revenue				
Grants received	162,500	332,423	162,500	332,423
Interest received	72,340	178,309	72,340	177,557
	234,840	510,742	234,840	509,980
	789,898	1,985,217	789,898	1,984,465

Note 6: Employee benefits expense

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Salaries & wages	1,474,750	2,209,610	1,474,750	2,209,610
Superannuation	114,603	158,561	114,603	158,561
	1,589,353	2,368,171	1,589,353	2,368,171
Share based payments	247,946	817,900	247,946	817,900

Note 7a: Loss before income tax expense

The loss before income tax expense includes the following specific expenses:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Research and development	978,652	958,042	978,652	958,042

Note 7b: Income tax expense

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
The prima facie tax on loss before income tax is reconciled to income tax expense as follows:				
Loss from continuing operations before income tax expense	(2,808,925)	(3,114,862)	(2,797,576)	(3,114,452)
Prima facie tax refund on loss before income tax at 30% (2008: 30%)	(842,678)	(934,459)	(839,279)	(934,336)
Add tax effect of: Non-allowable items	75,450	246,162	72,051	246,162
Tax losses and timing differences not brought to account	767,228	688,297	767,228	688,174
Research and Development tax offset	321,766	-	321,766	-
Income tax benefit	321,766	-	321,766	-

The $321,766 research and development tax offset was received for a claim in accordance with the Commonwealth Governments Research and Development Tax Concession initiatives where the consolidated Groups' expenditure on research and development is below $1 million and revenue is less than $5 million.

No amounts have been recognised for deferred tax on income losses as it is not yet probable that future taxable amounts will be available against which the company will utilise these assets in future years.

As a result of the deconsolidation from the Adultshop Limited Tax Group, the company has forfeited all income tax losses incurred before 27 June 2007.

Note 7(b): Income tax expense (continued)

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Deferred Tax Asset not brought to account arising from:				
Temporary differences	15,847	52,709	15,847	52,709
Tax losses	1,156,203	635,588	1,156,203	635,465
	1,172,050	688,297	1,172,050	688,174

The potential tax benefit of tax losses not brought to account for the year ended 30 June 2009 were $1,156,203 (2008:$635,588).

Note 8: Cash and cash equivalents

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Cash on hand	500	500	500	500
Cash at bank	1,176,416	1,838,374	1,176,416	1,838,374
	1,176,916	1,838,874	1,176,916	1,838,874

Note 9: Trade and other receivables

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Receivables	122,954	165,961	122,954	165,961
Less: Provision for Doubtful Debts	-	(16,619)	-	(16,619)
	122,954	149,342	122,954	149,342

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Included in the receivable balance are debtors due in foreign currency. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Aging of receivables is as follows:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
1-30 days	104,436	138,472	104,436	138,472
31-60 days	8,644	10,887	8,644	10,887
61-90 days	9,874	14	9,874	14
90+ days	-	16,588	-	16,588
	122,954	165,961	122,954	165,961

Note 9: Trade and other receivables (continued)

Movement in the provision for impairment of receivables is as follows:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Opening Balance	16,619	-	16,619	-
Provision for impairment recognised	-	16,619	-	16,619
Amount recovered during the year	(16,619)		(16,619)	
Closing Balance	-	16,619	-	16,619

Consolidated Group
There are no balances within trade and other receivables that contain assets that are not impaired and are significantly outside ordinary trading terms. Impaired assets are provided for in full.

Note 10: Other current assets

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Other Debtors	11,534	7,139	11,534	7,139
Prepayments	23,527	41,925	23,527	41,925
Loan at call due from related party	-	8,854	-	8,854
	35,061	57,918	35,061	57,918

Note 11: Property, plant and equipment

Consolidated and Parent	Computer equipment $	Furniture and fittings $	Total $
2008			
Opening net book amount (1 July 2007)	17,624	13,409	**31,033**
Additions	15,130	6,154	**21,284**
Disposals	(6,129)	(1,442)	**(7,571)**
Depreciation expense	(17,324)	(6,070)	**(23,394)**
Closing net book amount at 30 June 2008	9,301	12,051	**21,352**
Cost	124,932	28,624	**153,556**
Accumulated depreciation	(115,631)	(16,573)	**(132,204)**
Net book amount at 30 June 2008	9,301	12,051	**21,352**
2009			
Opening net book amount (1 July 2008)	9,301	12,051	**21,352**
Additions	7,817	-	**7,817**
Disposals	-	(124)	**(124)**
Depreciation expense	(10,723)	(5,583)	**(16,306)**
Closing net book amount at 30 June 2009	6,395	6,344	**12,739**
Cost	132,749	27,917	**160,666**
Accumulated depreciation	(126,354)	(21,573)	**(147,927)**
Net book amount at 30 June 2009	6,395	6,344	**12,739**

Note 12: Intangible assets

Consolidated and Parent	Computer software $
2008	
Opening net book amount (1 July 2007)	1,699
Additions	5,316
Disposals	-
Amortisation expense	(3,562)
Closing net book amount at 30 June 2008	3,453
Cost	24,667
Accumulated amortisation	(21,214)
Net book amount at 30 June 2008	3,453
2009	
Opening net book amount (1 July 2008)	3,453
Additions	1,164
Disposals	-
Amortisation expense	(2,935)
Closing net book amount at 30 June 2009	1,682
Cost	26,228
Accumulated amortisation	(24,546)
Net book amount at 30 June 2009	1,682

Note 13: Subsidiaries

	Country of Incorporation	Percentage Owned	
		2009	2008
Parent Entity:			
MOKO.mobi Limited Limited	Australia		
Subsidiaries of			
MOKO.mobi Limited Limited:			
- Loop Wireless (UK) Limited	United Kingdom	-	100%

The wholly owned subsidiary, Loop Wireless (UK) Limited ("Loop (UK)"), was closed down in the prior year and deregistered on 17 February 2009.

Note 14: Trade and other payables

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Trade payables	211,042	138,002	211,042	138,002
Other payables and accruals	108,100	102,823	108,100	102,823
	319,142	240,825	319,142	240,825

Note 15: Provisions

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Employee benefits				
Balance at the beginning of the year	132,557	139,041	132,557	139,041
Additional provisions	104,680	55,345	104,680	55,345
Amount used	(124,090)	(61,829)	(124,090)	(61,829)
Balance at the end of the year	113,147	132,557	113,147	132,557

Employee benefits

A provision has been recognised for employee benefits relating to annual leave. Management have determined that given the stage of the company's development the probability of an employee reaching 10 years service is low. Hence long service leave has not been provided for in the financial report. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

Note 16: Issued capital

(a) Share capital

	2009 $	2008 $
Fully paid ordinary shares 86,812,921 (2008 : 60,088,299 shares)	10,486,808	9,038,988

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Movements in share capital during the year

Date	Details	Number of shares	Issue Price $	Amount $
1 July 2008	Opening balance	60,088,299		9,038,988
22 Aug 2008	Share issue	7,599,901	0.05	379,995
27 Aug 2008	Share buy back	(193,621)	0.05	(9,681)
1 Sept 2008	Share issue	9,000,000	0.05	450,000
1 Sept 2008	Share underwriting	450,000	0.00	0
16 Sept 2008	Share issue	4,000,000	0.05	200,000
12 Dec 2008	Share issue	35,000	0.00	0
27 Mar 2009	Share issue	2,777,778	0.09	250,000
1 Apr 2009	Share issue	555,556	0.09	50,000
27 Apr 2009	Share issue	1,666,667	0.09	150,000
27 Apr 2009	Share issue	555,556	0.09	50,000
27 Apr 2009	Share issue	277,778	0.09	25,000
27 Apr 2009	Options exercise	7	0.10	1
	Capital raising costs			(97,495)
30 June 2009	Closing balance	86,812,921		10,486,808

Note 16: Issued capital (continued)

(d) Movements in Options during the year

Date	Details	Number of options 2009	Number of options 2008	Exercise Date	Exercise ($)
1 July	Opening balance	12,765,000	-	-	-
16 July 2007	Allotment – Directors – Class A		5,500,000	15/6/2012	0.20
16 July 2007	Allotment – Directors – Class B		2,750,000	15/6/2012	0.20
16 July 2007	Allotment – Directors – Class C		2,750,000	15/6/2012	0.20
10 Dec 2007	Allotment – Employees – Class A		882,500	15/12/2012	0.20
10 Dec 2007	Allotment – Employees – Class B		441,250	15/12/2012	0.20
10 Dec 2007	Allotment – Employees – Class C		441,250	15/12/2012	0.20
19 Nov 2008	Allotment – Director II – Class A	1,500,000		25/7/2013	0.10
19 Nov 2008	Allotment – Director II – Class B	750,000		25/7/2013	0.10
19 Nov 2008	Allotment – Director II – Class C	750,000		25/7/2013	0.10
19 Nov 2008	Allotment – Employee II – Class A	875,000		25/7/2013	0.10
19 Nov 2008	Allotment – Employee II – Class B	437,500		25/7/2013	0.10
19 Nov 2008	Allotment – Employee II – Class C	437,500		25/7/2013	0.10
19 Nov 2008	Allotment – Employees – Class A	200,000		15/12/2012	0.20
19 Nov 2008	Allotment – Employees – Class B	100,000		15/12/2012	0.20
19 Nov 2008	Allotment – Employees – Class C	100,000		15/12/2012	0.20
16 Jan 2009	Allotment – Employee II – Class A	50,000		25/7/2013	0.10
27 Mar 2009	Allotment – Investors	1,388,889		25/7/2013	0.20
1 Apr 2009	Allotment – Investors	277,778		25/7/2013	0.20
27 Apr 2009	Allotment – Investors	833,333		25/7/2013	0.20
27 Apr 2009	Allotment – Investors	277 ,778		25/7/2013	0.20
27 Apr 2009	Allotment – Investors	138,890		25/7/2013	0.20
30 June 2009	Closing balance	20,881,668	12,765,000		

(e) Options reserve

Date	Details	2009 Amount $	2008 Amount $
1 July	Opening balance	817,900	-
16 July 2007	Options granted to directors	-	618,207
10 Dec 2007	Options granted to employees	-	21,162
30 June 2008	Options granted to directors	-	171,043
30 June 2008	Options granted to employees	-	7,488
31 Dec 2008	Options granted to directors	107,343	-
31 Dec 2008	Options granted to employees	38,512	-
31 Dec 2008	Options granted to consultant (pending allotment)	18,500	-
30 June 2009	Options granted to employees	13,208	-
30 June 2009	Options granted to directors	69,933	-
30 June	Closing Balance	1,065,396	817,900

For further information in relation to the Options reserve, please refer to Note 17.

Note 16: Issued capital (continued)

(f) Capital Management

Management controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

Due to the early stage nature of the Group's business, the Group's capital is limited to ordinary share capital. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The Group does not presently have any borrowings.

Note 17: Share Based Payments

Fair value of options granted

The fair value at grant date is independently determined that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(a) Options

The model inputs for Director options granted during the year ended 30 June 2009 included:

- options are granted for no consideration, have a 4.75 year life and vest in three tranches, being 50% on issue, 25% by 15 June 2009, and 25% by 15 June 2010
- exercise price: $0.10
- grant date: 19 November 2008
- expiry date: 25 July 2013
- share price at grant date: $0.04
- expected price volatility of the company's shares: 175%
- expected dividend yield: 0%
- risk-free interest rate: 6.5%

The expected price volatility is based on expected changes to future volatility based on the remaining life of the options due to publicly available information.

Note 17: Share Based Payments (continued)

The model inputs for staff options granted during the year ended 30 June 2009 included:

Series 1

- options are granted for no consideration, have a 5 year life and vest in three tranches, being 50% on issue, 25% by 15 December 2009, and 25% by 15 December 2010
- exercise price: $0.20
- grant date: 19 November 2008
- expiry date: 15 December 2012
- share price at grant date: $0.04
- expected price volatility of the company's shares: 175%
- expected dividend yield: 0%
- risk-free interest rate: 6.5%

Series 2

- options are granted for no consideration, have a 4.75 year life and vest in three tranches, being 50% on issue, 25% by 15 June 2009, and 25% by 15 June 2010
- exercise price: $0.10
- grant date: 19 November 2008
- expiry date: 25 July 2013
- share price at grant date: $0.04
- expected price volatility of the company's shares: 175%
- expected dividend yield: 0%
- risk-free interest rate: 6.5%

The expected price volatility is based on expected changes to future volatility based on the remaining life of the options due to publicly available information.

Note 17: Share Based Payments (continued)

(b) Shares issued as compensation

No shares were issued to Directors or employees as compensation during the year.

Shares issued to Directors or employees as compensation during the prior year.

Date	Details	Number of shares	Issue price $	Amount $
1 July 2006	Opening Balance	-	-	-
30 May 2007	Martin Hoffman (i)	2,000,000	0.20	400,000
30 May 2007	Ian Rodwell (ii)	1,000,000	0.20	200,000
30 May 2007	Peter Yates (iii)	1,000,000	0.20	200,000
13 June 2007	Shares granted to employees	90,000	0.20	18,000
	TOTAL	4,090,000		818,000

(i) the issue of 2,000,000 shares at $0.20 per share to Martin Hoffman in accordance with the terms of his employment contract

(ii) the issue of 1,000,000 shares at $0.20 per share to Ian Rodwell in accordance with the terms of his employment contract

(iii) the issue of 1,000,000 shares at $0.20 per share to Peter Yates in compensation for executive search service

Note 18: Cash flow information

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Reconciliation of cash flow from operations with loss after income tax				
Loss after income tax	(2,487,159)	(3,114,862)	(2,475,810)	(3,114,452)
Non-cash operating flows in loss after income tax				
Depreciation and amortisation	19,242	26,956	19,242	26,956
Loss on sale of fixed assets	124	1,264	124	1,264
Reserve written off	11,349	-	-	-
Share based payments	247,496	817,900	247,496	817,900
Non-cash employee benefits	37,765	13,755	37,765	13,755
Changes in assets and liabilities				
Decrease in receivables	57,233	86,189	57,233	86,189
(Increase) in other assets	(20,014)	6,435	(20,014)	5,452
Increase in payables	45,719	(22,500)	45,719	(22,500)
(Decrease) in provisions	(12,552)	22,435	(12,552)	22,435
Cash flows from operations	(2,100,797)	(2,162,428)	(2,100,797)	(2,163,001)

Note 19: Key management personnel disclosures

(a) Directors

The following persons were directors of MOKO.mobi Limited during the financial year:

Greg McCann	-	Non Executive Chairman
Ian Rodwell	-	Managing Director and Chief Executive Officer
Christine Kennedy	-	Non Executive Director
Stuart Simson	-	Non Executive Director
Martin Hoffman	-	Non Executive Director (resigned 20 March 2009)
Peter Yates	-	Non Executive Director (appointed 14 October 2008)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Andrew Bursill Company Secretary

(c) Key management personnel

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Short-term employee benefits	356,079	594,492	356,079	594,492
Post-employment benefits	61,094	104,055	61,094	104,055
Share based payments	177,276	789,250	177,276	789,250
	594,449	**1,487,797**	**594,449**	**1,487,797**

Detailed remuneration disclosures can be found in Sections A-C of the remuneration report on pages 11 to13.

(d) Equity instrument disclosures relating to key management personnel

The numbers of shares in the company held during the financial year by each director of MOKO.mobi Limited, including their personally related parties, are set out below.

2009 Ordinary Shares

Name	Balance at start of the year	Received during the year	Other changes during the year	Balance at end of the year
M Hoffman	2,050,000	-	20,000	2,070,000
I Rodwell	3,150,000	-	10,000	3,160,000
G McCann	155,954	-	373,041	528,995
C Kennedy	-	-	-	-
S Simson	-	-	-	-
P Yates	8,214,165	-	4,168,093	12,382,258
	13,570,119	-	4,571,134	18,141,253

2008 Ordinary Shares

Name	Balance at start of the year	Received during the year	Other changes during the year	Balance at end of the year
M Hoffman	2,050,000	-	-	2,050,000
I Rodwell	3,150,000	-	-	3,150,000
G McCann	-	-	155,954	155,954
C Kennedy	-	-	-	-
S Simson	-	-	-	-
	5,200,000	-	155,954	5,355,954

Note 19: Key management personnel disclosures (continued)

The numbers of options over ordinary shares in the Group held during the financial year by each director of the Group and other key management personnel of the Group, including their personally related parties, are set out below.

2009	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
M Hoffman	5,000,000	-	-	10,000	5,010,000
I Rodwell	3,000,000	3,000,000	-	5,000	6,005,000
G McCann	1,000,000	-	-	-	1,000,000
C Kennedy	1,000,000	-	-	-	1,000,000
S Simson	1,000,000	-	-	-	1,000,000
P Yates	-	-	-	2,053,542	2,053,542
	11,000,000	3,000,000	-	2,068,542	16,068,542

2008	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
M Hoffman	-	5,000,000	-	-	5,000,000
I Rodwell	-	3,000,000	-	-	3,000,000
G McCann	-	1,000,000	-	-	1,000,000
C Kennedy	-	1,000,000	-	-	1,000,000
S Simson	-	1,000,000	-	-	1,000,000
	-	11,000,000	-	-	11,000,000

(e) Other transactions with key management personnel

Andrew Bursill, company secretary, is also an associate of Franks & Associates Pty Ltd who provides accounting and company secretarial services to MOKO.mobi Limited. The contract between MOKO.mobi Limited and Franks & Associates is based on normal commercial terms.

During the year the following fees were paid or payable for services provided by Franks & Associates Pty Limited :

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Amounts recognised as expense				
Company secretarial and accounting	140,772	117,459	140,772	117,459
Total	**140,772**	**117,459**	**140,772**	**117,459**

Note 20: Related party transactions

The wholly owned subsidiary, Loop Wireless (UK) Limited (“Loop (UK)”), was closed down in the prior year and deregistered on 17 February 2009.

On 18 September 2007, the Company made of loan of $18,692.48 to Ian Rodwell. The private portion of the loan (50%) accrues interest at the rate prescribed in the Fringe Benefit Taxation regulations (currently 5.85%). The balance payable at 30 June 2008 was $8,854.11. During the year ended 30 June 2009, MOKO.mobi Limited advanced Mr Rodwell $21,077.87 with repayments of $15,000 and interest payment of $588.40 made during the year by way of salary sacrifice. The balance remaining as at year ended 30 June 2009 is $15,520.65.

Note 21: Earnings per share

	2009 cents	2008 cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(3.16)	(5.18)
Loss attributable to ordinary equity holders of the Company	(3.16)	(5.18)

(b) Diluted earnings per share
Options issued to shareholders and related parties are considered to be potential ordinary shares and have been considered in the determination of diluted earnings per share. The calculation of dilutive earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Diluted earnings per share are therefore not different from basic earnings per share.

	2009 $	2008 $
(c) Reconciliation of earnings used in calculating earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(2,487,159)	(3,114,862)
Loss from discontinued operations		-
Loss attributable to ordinary equity holders of the Company	(2,487,159)	(3,114,862)

	2009 $	2008 $
(d)) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	78,757,606	60,088,299
	78,757,606	60,088,299

Note 22: Contingencies

There were no contingent liabilities at 30 June 2009 (2008: $nil).

Note 23: Commitments

There were no commitments at 30 June 2009 (2008: $nil).

Note 24: Events occurring after the balance sheet date

No matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

(a) MOKO.mobi Limited operations in future financial years, or
(b) The results of those operations in future financial years, or
(c) MOKO.mobi Limited's state of affairs in future financial years.

Note 25: Auditor's remuneration

During the year the following fees were paid or payable for services provided by Grant Thornton NSW and PKF.

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Audit services				
Audit and review of financial reports – Grant Thornton NSW	952	50,599	952	50,599
Audit services				
Audit and review of financial reports – PKF	38,200	-	38,200	-
Non-audit services				
IPO matters – Grant Thornton NSW	-	14,000	-	14,000
Total	**39,152**	**64,599**	**39,152**	**64,599**

Note 26: Company details

The registered office of the Company is:

Suite 206
1 Katherine Street
Chatswood NSW 2067

The principal place of business is:

Suite 5, Level 1
442-446 Beaufort Street
HIGHGATE WA 6003

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 25 to 54, are in accordance with the Corporations Act 2001 and :

    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 30 June 2009 and the performance for the year ended on that date of the company and consolidated Group;

2. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1;

3. The directors have been given the declaration by the Chief Executive Officer and the Chief Financial Officer required by Section 295A of the Corporations Act 2001 that:

    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    b. the financial statements, and the notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

4. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Greg McCann
Chairman
7 August 2009

Ian Rodwell
Managing Director
7 August 2009

ASX Information

Statement regarding use of prospectus funds:

MOKO.mobi Limited's primary reason for raising funds under its prospectus dated 24 April 2007 was to fund the ongoing working capital needs of the Company as it develops its platform, rolls out its services internationally and builds its carrier relationships and user subscriber base. During the period from admission to 30 June 2009, the Company used the funds raised in accordance with this purpose and continues to do so.

a) Substantial Shareholders

Substantial shareholder notice lodged with the company:

Shareholder	**Securities**	**% of Total**
Loop Creative Limited	10,691,799	12.32%
P & S Yates Holdings Ltd (and its controlled entities)	12,321,248	14.71%

b) Top security holders:

(i) Top 20 Shareholders as at 05 August, 2009
MKB – Fully paid Ordinary Shares

Rank	Name	Securities	% of Total
1	Equitas Nominees Pty Limited <PB-600206 A/C>	10,821,248	12.47%
2	Loop Creative Limited	9,850,000	11.35%
3	ANZ Nominees Limited	8,361,789	9.63%
4	Western Pacific Corporate Investments	5,805,556	6.69%
5	Bowman Investment Holdings Pty Ltd	3,990,000	4.60%
6	Ian Michael Rodwell	3,160,000	3.64%
7	TMG Holdings BV	2,777,778	3.20%
8	Merrill Lynnch (Australia) Nominees Pty Ltd	2,544,630	2.93%
9	Wise Plan Pty Ltd	2,250,000	2.59%
10	Mr Martin Paul Hoffman	2,000,000	2.30%
10	Hawaiian Investments Pty Ltd	2,000,000	2.30%
11	Equitas Nominees Pty Limited <PB-600180 A/C>	1,725,000	1.99%
12	Mr Robert Wittenoom	1,666,667	1.92%
13	Mr Robert Reginald Fisher & Mrs Lynette	1,050,000	1.21%
14	P & S Yates Holdings Pty Ltd	1,000,000	1.15%
14	Capital Investment Partners Pty Ltd	1,000,000	1.15%
14	Mr Oliver Yates	1,000,000	1.15%
15	Mr Paul Antony Young	926,767	1.07%
16	UOB Kay Hian Private Limited	841,799	0.97%
17	Prof Manfred Klupsch & Mrs Helga Klupsch	782,277	0.90%
18	Clapsy Pty Ltd	725,707	0.84%
19	Equitas Nominees Pty Limited <PB-600593 A/C>	561,010	0.65%
20	Mr Brian Gerard McNamara & Mrs Joneen	557,265	0.64%
	Total	**65,397,493**	**75.33%**

(ii) Top 20 Option holders as at 5 August, 2009
LPMO – Expiry 25 July 2013, Exercise Price $0.10

Rank	Name	Securities	% of Total
1	Western Pacific Corporate Investments	2,500,000	24.27%
2	Bowman Investment Holdings Pty Ltd	1,900,000	18.45%
3	Equitas Nominees Pty Limited <PB-600206 A/C>	1,803,542	17.51%
4	Loop Creative Limited	1,000,000	9.71%
4	Hawaiian Investments Pty Ltd	1,000,000	9.71%
5	Wise Plan Pty Ltd	500,000	4.85%
5	Mr Oliver Yates	500,000	4.85%
6	P & S Yates Holdings Pty Ltd	250,000	2.43%
7	Mr Robert R Fisher & Mrs Lynette G Fisher	175,000	1.70%
8	UOB Kay Hian Private Limited	106,966	1.04%
9	Windsong Investments Pty Ltd	100,000	0.97%
10	ANZ Nominees Limited	77,779	0.76%
11	Mr George William Pyett	62,500	0.61%
12	Mr Edward Mitchell Hobson	51,825	0.50%
13	Nefco Nominees Pty Ltd	50,000	0.49%
14	Fevosa Pty Ltd	31,250	0.30%
15	Anphidama Pty Ltd	26,604	0.26%
16	Mr Brian Robert Rodwell	23,125	0.22%
17	Mr Thomas Arthur Skopek	22,614	0.22%
18	Mr John Peter Kempton	22,500	0.22%
19	AGH Chambers Pty Limited	20,362	0.20%
20	Mrs Norma Celeste Carr	20,006	0.19%
	Total	**10,244,073**	**99.46%**

c) Distribution schedule of securities:

(i) Distribution schedule of shareholdings as at 5 August 2009:
LPM – Fully paid Ordinary Shares

Range	**No of Holders**	**Securities**	**%**
1 to 1,000	1,789	454,558	0.52
1,001 to 5,000	440	980,336	1.13
5,001 to 10,000	170	1,410,560	1.62
10,001 to 100,000	272	8,514,549	9.81
100,001 and Over	67	75,452,918	86.91
Total	**2,738**	**86,812,921**	**100.00**

(ii) Distribution schedule of option holdings as at 5 August 2009:
LPMO – Expiry 25 July 2013, Exercise Price $0.10

Range	**No of Holders**	**Securities**	**%**
1 to 1,000	20	4,511	0.04
1,001 to 5,000	13	33,203	0.32
5,001 to 10,000	2	18,165	0.18
10,001 to 100,000	12	508,565	4.94
100,001 and Over	10	9,735,508	94.52
Total	**57**	**10,299,952**	**100.00**

(iii) Distribution schedule of unlisted option holdings as at 5 August 2009:
Expiry 15 June 2012, Exercise Price $0.20

Range	**No of Holders**	**Securities**	**%**
100,001 and Over	5	11,000,000	100.00

(iv) Distribution schedule of unlisted option holdings as at 5 August 2009:
Expiry 15 December 2012, Exercise Price $0.20

Range	No of Holders	Securities	%
10,001 to 100,000	15	865,000	60
100,001 and Over	5	1,300,000	40
Total	**20**	**2,165,000**	**100.00**

(v) Distribution schedule of unlisted option holdings as at 5 August 2009:
Expiry 25 July 2013, Exercise Price $0.10

Range	No of Holders	Securities	%
10,001 to 100,000	9	600,000	33
100,001 and Over	4	1,200,000	67
Total	**13**	**1,800,000**	**100.00**

(vi) Distribution schedule of unlisted directors option holdings as at 5 August 2009:
Expiry 25 July 2013, Exercise Price $0.10

Range	No of Holders	Securities	%
100,001 and Over	1	3,000,000	100.00

(vii) Distribution schedule of unlisted option holdings as at 5 August 2009:
Expiry 25 July 2013, Exercise Price $0.20

Range	No of Holders	Securities	%
100,001 and Over	5	2,916,668	100.00

d) As at 5 August 2009, the number of security investors holdings less than a marketable parcel of securities is 2,300 and collectively they hold 1,884,317 securities.

e) As at the date of this report, the company does not have any ordinary shares held as restricted securities.

f) The voting rights attaching to each class of equity securities are set out below:

(i) **Ordinary shares:** Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholders entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and has one vote on a show of hands and one vote per fully paid share on a poll.

(ii) **Options:** No voting rights