



**MOKO.mobi Limited**

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## **APPENDIX 4D**

### **Half-year report to the ASX Limited**

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Name of Entity	MOKO.mobi Limited
ABN	35 111 082 485
Half year ended	31 December 2010
Previous corresponding period	31 December 2009

#### **Results for announcement to the market**

				<b>31 Dec 2010</b>
				<b>\$</b>
Revenue from continuing operations	Up	47.3%	To	\$274,697
Loss from continuing operations after tax attributable to members, excluding share based payments	Up	40.8%	To	(\$1,277,296)
Loss from continuing operations after tax attributable to members	Up	39.7%	To	(\$1,792,496)
Net Loss for the period attributable to members	Up	39.7%	To	(\$1,792,496)

No interim dividend was paid and it is not proposed to pay any dividends.

#### **General Overview**

The Company has as at 28 February 2011, successfully completed the due diligence process on the UK EyeVibe acquisition which was announced in January 2011. Billings from this acquisition are expected to start being booked in MOKO's accounts from March 2011.

As discussed in our 2010 Annual Review, the Company has been focused on implementing the carrier deployments and general distribution of MOKO.mobi globally. Our strategy is to ensure that the global distribution and carrier billing relationships are a firm foundation from which to build sustainable revenue streams, and can form a platform on which we can also

## APPENDIX 4D

### Half-year report to the ASX Limited (cont.)

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attract other partners, content providers and acquire complimentary user-bases. Revenues are beginning to grow. The first significant deployments in UK and Malaysia are going well and revenues have started to build month on month.

Despite very little marketing, the global MOKO user base has also grown particularly in the last few months, with a strong trajectory for continuing growth.

#### Financial

Focus will always be on building sustainable user-pays revenue streams, and this is now being represented in the UK and Malaysian markets. As we continue to deploy and ramp up marketing in new territories, such as Spain, Greece, and USA, as well as extending our reach in the established markets, we expect to see the revenue numbers continue to build.

The financial results for the period saw a 47% increase in sales revenue to \$274,697. The operating loss after tax (excluding share based payments) increased from \$906,871 to \$1,277,296

Unaudited gross carrier billings for the first half were \$569,482 with audited net sales of \$274,697.

During the final quarter ending 31 December 2010, the Company's activity reports indicated an increase in revenues that the Company had booked as expected receipts. Subsequent analysis of the invoices received from the carriers indicated that, in some cases, the actual invoices were lower than the expected receipts. The Company is working with the specific carriers to resolve these issues, but, in the interim the Company has taken the conservative approach of reducing the revenue estimates to equal the most recent carrier invoice received.

During the December half, the Company also raised \$932,222 via a rights issue at 12c per share that all directors participated in.

In January 2011, the Company raised \$934,000, net of capital raising costs, via a placement to a Swiss based strategic investor, Earl Fiduciary AG. The funds were primarily raised to facilitate the UK acquisition and the resulting technical integration and marketing. The placement was made at 10c per share and included 5 million 10c options.

Your Company continues to invest in R&D in its product and platform, and export marketing. It is expected that the Company will receive tax-offset benefits and export marketing grant payments from AustIndustry during 2011.

The cash assets of the Company at 31 December 2010 were \$867,082, not including the additional \$1 million placement to Earl Fiduciary AG. The cash balance of the Company at 31 January 2011 was \$1,616,376.

	Current Period 31 Dec 2010	Prior Period 31 Dec 2009
Net tangible assets per ordinary share	0.01 cents	0.02 cents



# **MOKO.mobi Limited**

ABN 35 111 082 485

## **Financial Report**

For the half-year ended 31 December 2010



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## Corporate Directory

Directors	Greg McCann Ian Rodwell Peter Yates Johannes de Back	- Non Executive Chairman - Chief Executive Officer/Managing Director - Non Executive Director - Non Executive Director
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	
Auditors	PKF Level 10, 1 Margaret Street Sydney, NSW 2000	
Bankers	National Australia Bank 105 Miller Street, North Sydney, NSW 2060	
Internet address	<a href="http://corporate.moko.mobi/">http://corporate.moko.mobi/</a>	



## Directors' Report

Your directors present their report on MOKO.mobi Limited for the half-year ended 31 December 2010.

### Directors

The following persons were directors of MOKO.mobi during the half-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
Peter Yates	- Non Executive Director
Johannes de Back	- Non Executive Director

### Principal activities

During the half-year the principal continuing activity of MOKO.mobi was 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 during the half-year.

### Dividends

No dividends were paid or declared during the half-year ended 31 December 2010 (2009: nil).

### Review of Operations

The Company has as at 28 February 2011, successfully completed the due diligence process on the UK EyeVibe acquisition which was announced in January. Billings from this acquisition are expected to start being booked in MOKO's accounts from March 2011.

As discussed in our 2010 Annual Review, the Company has been focused on implementing the carrier deployments and general distribution of MOKO.mobi globally. Our strategy is to ensure that the global distribution and carrier billing relationships are a firm foundation from which to build sustainable revenue streams, and can form a platform on which we can also attract other partners, content providers and acquire complimentary user-bases. Revenues are beginning to grow. The first significant deployments in UK and Malaysia are going well and revenues have started to build month on month.

Despite very little marketing, the global MOKO user base has also grown particularly in the last few months, with a strong trajectory for continuing growth.

Virally, MOKO.mobi is starting to be discovered around the world, with very encouraging statistics showing that MOKO.mobi is in a strong position to exploit that growth with the investment of new marketing initiatives and strategic partnerships and acquisitions.

- Users in over 142 countries have accessed MOKO.
- Over 27 Million people have accessed MOKO via a mobile phone

### MOKO IS WELL POSITIONED STRATEGICALLY

#### *Background on the mobile services landscape*

2000-2005	Ringtones and wallpapers, WAP games and basic chat services were the key usage and revenue drivers;
2006-2008	3G mobile grows and services started to replicate online Internet services. News, Sport, and Music become the main drivers of usage and revenue. "Social Media" emerged as a possible key driver of mobile web usage.



**Directors' report (continued)**

***Background on the mobile services landscape (continued)***

- 2009-2011      New platform's arise, new mobile ecosystems emerge, creating a fragmented environment – many developers having to choose which platform they focus on – eg iPhone Apps, Android, etc.
- Next...        The next 5 years are shaping to become a transformational period for mobile developers. We believe that in order to succeed long term, businesses in this space will need to possess a modular and scalable platform capable of acquiring, engaging, and extracting revenues across multiple platforms & devices.

MOKO's customisable platform allows for a multi-channelled approach and enables the business to leverage the carrier relationships and the billing systems to reach all the mobile users wherever they are. MOKO already has an iPhone App and is currently developing an Android version as well as a social gaming element that will increase retention, and open new complimentary revenue opportunities.

**CARRIER OPERATIONS UPDATE**

During the last 6 months, the Company has been very active working on new carrier integrations and securing new distribution channels and partnerships. As update on that activity follows.

***Malaysia***

MOKO.mobi has now secured a third carrier, Celcom, which is Malaysia's second largest carrier with approximately 11 million customers. This latest carrier deal will give MOKO virtually full coverage in Malaysia and presents an opportunity to conduct a broader, national advertising campaign to attract more users. MOKO already has over half a million users in Malaysia. We expect to go live on Celcom within the next quarter.

***Greece***

We are working with our partners, Netsmart, to launch on all 3 Greek mobile carriers (Wind, Cosmote and Vodafone) during the next quarter and a promotion campaign to support the launch will follow.

***Japan***

The Company is currently designing and building a unique and purpose built mobile social network that focuses on the fashion scene that are a big part of youth culture in Japan. The service will be marketed to the many fashion schools and design colleges throughout Japan and will include the ability to provide "m-commerce" opportunities in which users can buy, sell or trade fashion items and accessories.

***USA***

MOKO has been working closely with its marketing partners, Cellfish Media LLC, to develop a longer-term marketing strategy to build MOKO revenues in the US. After successful trial on AT&T in the last half, we will now look to secure a longer-term promotional inventory placement and marketing program on both AT&T and Verizon. This is expected to be implemented in the second half of 2011.

**ACQUISITIONS**

The Company has recently announced that it has entered into an agreement to acquire the "EyeVibe" video community service from Yospace Technologies in the UK. EyeVibe is one of the leading UK mobile video community services, represented on all the major UK carrier networks.

This acquisition will result in the EyeVibe user base being migrated to the MOKO.mobi platform with MOKO.mobi replacing EyeVibe on the UK carrier portals. This will enable MOKO.mobi to be available on all the mobile operators in the UK and will provide MOKO.mobi with a significant increase in exposure and access to new users.

Eye Vibe has approximately 1 million users and over 100,000 unique visits each month. The EyeVibe service is profitable and will be accretive to MOKO.mobi's revenue stream. The acquisition is subject to completion of formal documentation and satisfactory due diligence, which is expected to be completed shortly.

MOKO is also investigating other complimentary acquisitions and strategic partnerships that will contribute to the distribution and revenue growth of the MOKO.mobi service.



**Directors' report (continued)**

**Financial**

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**Issue of Options**

At the half-year ended 31 December 2010, the Company had issued the following options outstanding:

**Options**

Date	Details	Number of	Number of	Exercise Date	Exercise Price (\$)
		options 31/12/2010	options 30/06/2010		
1 July	Opening balance	28,331,668	20,881,668	-	-
19 Oct 2009	Allotment – Director		5,500,000	25/07/2013	0.12
16 Dec 2009	Allotment – Employees		1,950,000	25/07/2013	0.12
08 Dec 2010	Allotment – Director	9,250,000		30/06/2014	0.12
15 Dec 2010	Allotment – Employees	2,950,000		30/06/2014	0.12
	Closing balance	40,531,668	28,331,668		





**Directors' report (continued)**

**Options Reserve**

<b>Date</b>	<b>Details</b>	<b>31/12/2010</b> <b>\$</b>	<b>30/06/2010</b> <b>\$</b>
1 July	Opening balance	1,436,512	1,065,396
31 Dec 2009	Options granted to directors		266,634
31 Dec 2009	Options granted to employees		104,482
08 Dec 2010	Options granted to directors	350,000	-
15 Dec 2010	Options granted to employees	165,200	-
	Closing Balance	<u>1,951,712</u>	<u>1,436,512</u>

**Subsequent Events**

The Company successfully completed a placement to sophisticated investors on 14 January 2011, at 10 cents per share and raised \$934,000, net of capital raising costs, in new capital.

Other than the above, no other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

- (a) MOKO.mobi 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.

**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 8.

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

**Greg McCann**  
Chairman

28 February 2011

**Ian Rodwell**  
Managing Director

28 February 2011

**AUDITOR'S INDEPENDENCE DECLARATION****Auditor's Independence Declaration**

As lead auditor for the review of MOKO.mobi Limited for the year ended 31 December 2010, I declare that to the best of my knowledge and belief there have been:

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

This declaration is in respect of MOKO.mobi Limited.



**PKF**



**Bruce Gordon**  
**Partner**

Dated 28 February, 2011



Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MOKO.mobi Limited,

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MOKO.mobi Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and of such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement. Whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MOKO.mobi Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the half-year financial report.

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

#### *Independence*

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

*Conclusion*

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

- (a) giving a true and fair view of the MOKO.mobi Limited's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

*Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our conclusion, we draw attention to Note 1(a) in the financial report which indicates that the company incurred a total comprehensive loss of \$1,792,496 (2009: \$1,282,987) for the half-year ended 31 December 2010 and had net cash operating outflows of \$1,359,592 (2009:\$1,049,264) . These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, and therefore the company may not be able to realise its assets and discharge its liabilities in the ordinary course of business.

**PKF**

**Bruce Gordon**  
**Partner**

Dated 28 February, 2011



## Statements of Comprehensive Income

### For the half-year ended 31 December 2010

	Note	31 Dec 2010 \$	31 Dec 2009 \$
Sales revenue		274,697	186,504
Other revenue		16,023	61,579
<b>Total revenue</b>		<b>290,720</b>	<b>248,083</b>
Computer expenses		(338,808)	(171,733)
Marketing expenses		(210,849)	(68,107)
Travel and entertainment expenses		(142,476)	(89,020)
Occupancy expenses		(17,025)	(16,800)
Administration expenses		(268,316)	(194,403)
Finance costs		-	(28)
Legal and professional fees		(280,349)	(264,975)
Employee benefits expenses		(704,913)	(711,643)
Share based payments		(515,200)	(376,116)
Depreciation and amortisation		(5,805)	(5,240)
<b>Total expenses</b>		<b>(2,483,741)</b>	<b>(1,898,065)</b>
Loss before income tax expense		(2,193,021)	(1,649,982)
Income tax expense / (benefit)	4	(400,525)	(366,995)
<b>Loss for the half-year after tax</b>		<b>(1,792,496)</b>	<b>(1,282,987)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,792,496)</b>	<b>(1,282,987)</b>
Basic EPS (cents per share)		(1.49)	(1.34)
Diluted EPS (cents per share)		(1.49)	(1.34)

*The accompanying notes form part of these financial statements.*



## Statements of Financial Position

As at 31 December 2010

	Note	31 Dec 2010 \$	30 June 2010 \$
<b>Current assets</b>			
Cash assets		867,082	1,322,506
Trade and other receivables		135,816	119,750
Other current assets		33,881	35,111
<b>Total current assets</b>		<b>1,036,779</b>	<b>1,477,367</b>
<b>Non-current assets</b>			
Property, plant and equipment		13,961	14,448
Intangible assets		364	494
<b>Total non-current assets</b>		<b>14,325</b>	<b>14,942</b>
<b>Total assets</b>		<b>1,051,104</b>	<b>1,492,309</b>
<b>Current liabilities</b>			
Trade and other payables		258,412	318,003
Short-term provisions		106,429	128,001
<b>Total current liabilities</b>		<b>364,841</b>	<b>446,004</b>
<b>Total liabilities</b>		<b>364,841</b>	<b>446,004</b>
<b>Net assets</b>		<b>686,263</b>	<b>1,046,305</b>
<b>Equity</b>			
Issued capital	6	13,935,170	13,017,916
Reserves	6	1,951,712	1,436,512
Accumulated losses		(15,200,619)	(13,408,123)
<b>Total equity</b>		<b>686,263</b>	<b>1,046,305</b>

The accompanying notes form part of these financial statements



## Statements of Changes in Equity

### For the half-year ended 31 December 2010

	Ordinary Shares \$	Capital contributions \$	Options Reserve \$	Translation Reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2010</b>	<b>13,017,916</b>	-	<b>1,436,512</b>	-	<b>(13,408,123)</b>	<b>1,046,305</b>
Comprehensive loss for the period	-	-	-	-	(1,792,496)	(1,792,496)
Total comprehensive loss for the period	-	-	-	-	(1,792,496)	(1,792,496)
Issue of Shares	940,121	-	-	-	-	940,121
Capital raising costs	(22,867)	-	-	-	-	(22,867)
Share based payments	-	-	515,200	-	-	515,200
<b>Balance at 31 December 2010</b>	<b>13,935,170</b>	-	<b>1,951,712</b>	-	<b>(15,200,619)</b>	<b>686,263</b>

### For the half-year ended 31 December 2009

	Ordinary Shares \$	Capital contributions \$	Options Reserve \$	Translation Reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2009</b>	<b>10,486,808</b>	-	<b>1,065,396</b>	-	<b>(10,635,141)</b>	<b>917,063</b>
Comprehensive loss for the period	-	-	-	-	(1,282,987)	(1,282,987)
Total comprehensive loss for the period	-	-	-	-	(1,282,987)	(1,282,987)
Issue of shares	2,600,400	-	-	-	-	2,600,400
Capital raising costs	(71,473)	-	-	-	-	(71,473)
Share based payments	-	-	371,116	-	-	371,116
<b>Balance at 31 December 2009</b>	<b>13,015,735</b>	-	<b>1,436,512</b>	-	<b>(11,918,128)</b>	<b>2,534,119</b>

*The accompanying notes form part of these financial statements*



## Statements of Cash Flows

### For the half-year ended 31 December 2010

	31 Dec 2010	31 Dec 2009
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers and grants	627,157	607,096
Payments to suppliers and employees	(2,004,120)	(1,675,329)
Interest received	17,371	18,969
Net cash used in operating activities	(1,359,592)	(1,049,264)
<b>Cash flows from investing activities</b>		
Payment for non-current assets	(5,187)	-
Net cash used in investing activities	(5,187)	-
<b>Cash flows from financing activities</b>		
Capital raising costs	(22,867)	(71,473)
Proceeds from issues of shares and other equity securities	932,222	2,595,400
Net cash (used in) provided by financing activities	909,355	2,523,927
Net (decrease) / increase in cash held	(455,424)	1,474,663
Cash at beginning of the half-year	1,322,506	1,176,916
<b>Cash and cash equivalents at end of the half-year</b>	<b>867,082</b>	<b>2,651,579</b>

*The accompanying notes form part of these financial statements*





## Notes to financial statements

### Note 1: Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Moko.mobi Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2010, together with any public announcements made during the half-year.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### Changes in accounting policy

The following amending Standards have been adopted from 1 January 2010. Adoption of these Standards did not have any effect on the financial position or performance of the Company.

- *AASB 2009-7 Amendments to Australian Accounting Standards* effective 1 July 2009  
The amendments are editorial amendments to AASB 5, AASB 7, AASB 107, AASB 112, AASB 136, AASB 139 and AASB Interpretation 17 that have no major impact on the requirements of the amended pronouncements. The Group adopted this amendment as of 1 January 2010. The amendment had no impact on the application or wording of the Company's accounting policies.
- *AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions* effective 1 January 2010

The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The Company adopted this amendment as of 1 January 2010 and has amended its accounting policy accordingly.

The Company has not elected to early adopt any other new Standards or amendments that are issued by not yet effective.

#### (a) Going concern

The Company made a total comprehensive loss of \$1,792,496 for the half-year ended 31 December 2010 (2009: \$1,282,987) and had net cash operating outflows of \$1,359,592 (2009:\$1,049,264).

These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern and develop and operate its technology platform is primarily dependent upon its ability to further expand its revenue base from increasing revenues from existing mobile network operator ("Carrier") agreements, implementation of new Carrier agreements and expansion of the Company's off-deck service (where users navigate directly to the MOKO.mobi site on their mobile phone).

In addition to revenue expansion, the Company is continuing to seek additional funds from the issue of equity in the Company to supplement existing cash reserves. Past history has indicated that these funds will be raised as evidenced by the \$934,000, net of capital raising costs, raised in January 2011.



## **Note 1: Basis of Preparation (continued)**

### **(b) Going concern (continued)**

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations, development, expenditure commitments and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors believe that the Company will be able to fund future operations through revenue expansion and funds from the issue of new shares. At the date of this report other sources of funds are being sought to fund future working capital requirements of the Company.

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

## **Note 2: Operating Segments**

### **Segment Information**

#### **Identification of reportable segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company is managed primarily on its products and service offerings. 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. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the type of product and service.

#### **Types of product and service by segment**

As of the date of this report and during the six months to 31 December 2010 the Company operates primarily in one business segment being the provision of mobile content services.

#### **Basis of accounting for purposes of reporting by operating segments**

##### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

##### *Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

##### *Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrance of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.



## Note 2: Operating Segments (continued)

### (i) Segment Performance

As of the date of this report and during the six months to 31 December 2010 the Company operates primarily in one business segment being, the provision of mobile content services. Geographical segments are used in providing this service and as such internal reports that are reviewed by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources are on a geographical basis.

### (ii) Revenue by Geographical Region.

<b>31 December 2010</b>	<b>Australia</b>	<b>UK</b>	<b>US</b>	<b>Asia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	61,252	72,148	62,516	78,781	274,697
Assets	897,612	75,657	55,881	21,954	1,051,104
Liabilities	286,347	53,712	24,782	-	364,841

<b>30 June 2010</b>	<b>Australia</b>	<b>UK</b>	<b>US</b>	<b>Asia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	218,401	54,633	13,099	161,371	447,504
Assets	1,339,593	130,382	5,655	16,679	1,492,309
Liabilities	327,119	45,799	73,086	-	446,004

<b>31 December 2009</b>	<b>Australia</b>	<b>UK</b>	<b>US</b>	<b>Asia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	117,727	13,256	3,716	51,805	186,504
Assets	2,795,487	-	-	-	2,795,487
Liabilities	261,368	-	-	-	261,368

## Note 3: Results for the period

The Company incurred a loss of \$1,792,496 (2009: loss of \$1,282,987).  
The Company's net asset position was \$686,263 (2009: \$1,046,305).  
The Company's cash outflow was \$455,424 (2009: cash inflow of \$1,474,663).

## Note 4: Income tax benefit

As a result of the ongoing investment in the MOKO.mobi product, the Company successfully applied for an R&D tax concession and received, in September 2010, an R&D tax rebate totalling \$400,525.

## Note 5: Dividends

There were no dividends paid for the half-year ended 31 December 2010.



**Note 6: Issued capital and reserves**

**(a) Share capital**

	31 Dec 2010 \$	30 Jun 2010 \$
Fully paid ordinary shares	13,935,170	13,017,916

**(b) Movements in share capital during the half-year**

Date	Details	Number of shares	Issue price \$	Amount \$
1 July 2010	Opening Balance	118,561,862		13,017,916
16 August 2010	Share issue	131,633	0.06	7,899
21 October 2010	Share Issue	7,768,525	0.12	932,222
	Capital raising costs			(22,867)
31 December 2010	Closing Balance	126,462,020		13,935,170

**Options**

Date	Details	Number of options 31/12/2010	Number of options 30/06/2010	Exercise Date	Exercise Price (\$)
1 July	Opening balance	28,331,668	20,881,668	-	-
19 Oct 2009	Allotment – Director		5,500,000	25/07/2013	0.12
16 Dec 2009	Allotment – Employees		1,950,000	25/07/2013	0.12
08 Dec 2010	Allotment – Director	9,250,000		30/06/2014	0.12
15 Dec 2010	Allotment – Employees	2,950,000		30/06/2014	0.12
	Closing balance	40,531,668	28,331,668		

**(d) Options reserve**

Date	Details	31/12/2010 \$	30/06/2010 \$
1 July	Opening balance	1,436,512	1,065,396
31 Dec 2009	Options granted to directors		266,634
31 Dec 2009	Options granted to employees		104,482
08 Dec 2010	Options granted to directors	350,000	-
15 Dec 2010	Options granted to employees	165,200	-
	Closing Balance	1,951,712	1,436,512

**Note 7: Contingencies**

There were no contingent liabilities at 31 December 2010 (2009: \$nil).



**Note 8: Events occurring after the balance sheet date**

The Company successfully completed a placement to sophisticated investors on 14 January 2011, at 10 cents per share and raised \$934,000, net of capital raising costs, in new capital.

Other than the above, no other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

- (a) MOKO.mobi 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.

## **Directors' Declaration**

In the opinion of the Directors' of MOKO.mobi Limited:

- (a) The financial statements and notes, as set out on pages 11 to 19 are in accordance with the Corporations Act 2001, including:
- i. giving a true and fair view of the financial position of the Company as at 31 December 2010 and of its performance represented by the results of its operations and its cash flows for the six months period ended on that date; and
  - ii. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that MOKO.mobi Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors'.



**Greg McCann**  
Chairman

28 February 2011



**Ian Rodwell**  
Managing Director

28 February 2011