



MOKO.mobi LIMITED 2011 JUNE QUARTERLY REVIEW

KEY HIGHLIGHTS

- Undertakes M&A activities including the acquisition of US mobile community, mBuzzy.com, announced on 26th July. Other M&A currently being negotiated and undergoing due diligence.
- Commenced series of capital raisings in June as per the approvals granted at the General Meeting. To date, the Company has secured new funding in placements and convertible notes of approx. \$2.2 million.
- Unaudited gross sales from Company products for the June 2011 quarter of \$486,736, up 40% from the June quarter period 2010. Unaudited net revenues increased 92% over the corresponding 2010 quarter.
- MOKO's global user base grew by over 2 million for 2011 FY and is now over 13 million including the mBuzzy acquisition.
- Currently integrating with new carrier in Indonesia with a formal announcement expected shortly.

ACQUISITION OF US MOBILE COMMUNITY BUSINESS, mBUZZY.com FROM SENDME INC

The Company has recently announced that it completed the acquisition of the Top Ten US mobile site mBuzzy.com from Sendme Inc., the USA's largest mobile content player. The Company acquired mBuzzy for the equivalent of 10% of the Company's issued stock post the current rounds of placements to investors plus 9 million 10 cent options, including provision for a further 10% of \$5m in placements over the next 6 months, plus a corresponding number of options.

The acquisition positions Sendme Inc. as a major shareholder in MOKO.mobi with an agreement that Sendme's CEO, Mr Russell Klein, will join the MOKO board as a non-executive director.

This acquisition positions the company well and is summarized as follows:

1. Strong entry into the important US market. Would take considerable time and funds to build a comparable user base
2. Stock deal with Sendme, who are the US leading mobile content provider, demonstrates their confidence in MOKO as a specialist in developing a global mobile community
3. 10% for Sendme Inc., positioned as a substantial shareholder with a vested interest in MOKO's success
4. Sendme's CEO, Mr Russell Klein, will be invited to join MOKO's board
5. This acquisition is the second in a planned series of acquisitions, following the earlier acquisition of EyeVibe in UK
6. This transaction is consistent with our strategy where M&A is complementary to our growth plans
7. It leverages MOKO's global footprint, unique and robust platform that connects with carriers.
8. Mobile carrier connections are important to long-term goals and MOKO now has 26 carrier deals. This is being recognised as a key value proposition for MOKO and its potential M&A targets.

FURTHER M&A ACTIVITIES

The Company is actively involved in pursuing and reviewing other potential acquisitions. M&A is a part of our global growth strategy and several opportunities are being pursued. It is anticipated that more opportunities will be presented to the Company over the coming year. These activities are still early in the process and/or subject to commercial confidence and as such, cannot be reported on in any further detail at this stage. There is no guarantee that any of these negotiations or activities will ultimately be successful. We will of course, make further announcements as soon as we are in a position to do so.

FINANCIAL

During the quarter, it was confirmed with our auditors that there had been an error in the Company's revenue recognition, in relation to the disclosure of the revenue and associated cost of that revenue, which under the accounting standards requires a restatement of the prior period numbers and in turn, has resulted in our sales figures previously being understated. This has meant that the sales for the full year and the previous years have been under-reported because we have only recognised the net revenue received by the Company rather than the gross subscription revenue paid by our users before we share this revenue with third parties. A table showing the revised position for FY10 and FY11 appears below:

Restated Position in accounts (unaudited)

	FY11	FY10
Revenue	\$1,558,635	\$1,323,529
COGS	-\$1,055,166	-\$931,979
Gross Margin	\$503,470	\$391,549

Unaudited gross sales for the June quarter were \$486,736 and unaudited net revenues were \$225,890. During the quarter, the Company commenced a capital raising exercise and at the time of this report we have raised \$2.2 million via placements and convertible notes. The Company is pursuing further placements from strategic investors to fund further expansion working capital and M&A activities.

The net cash position at the end of June was \$1,925,626.

Greg McCann
Chairman

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

MOKO.MOBI LIMITED

ABN

("Quarter ending")

31 111 082 485

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities

	1 April 2011 to 30 June 2011 \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	143	459
1.2 Payments for		
(a) staff costs	(385)	(1,402)
(b) advertising and marketing	(205)	(485)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(303)	(1,844)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / tax offset received	-	401
1.7 Other (export market development grant)	28	28
Net operating cash flows	(717)	(2,809)

+ See chapter 19 for defined terms.

For personal use only

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

	1 April 2011 to 30 June 2011 \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(717)	(2,809)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(6)	(17)
(e) other non-current assets	-	(150)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(6)	(167)
1.14 Total operating and investing cash flows	(723)	(2,976)
Cash flows related to financing activities		
1.15* Proceeds from issues of shares, options, etc.	750	2,682
1.16 Proceeds from sale of forfeited shares	-	-
1.17** Proceeds from borrowings	1,000	1,000
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other - Capital Raising Costs & Share buy-back	(5)	(102)
Net financing cash flows	1,745	3,580
Net increase (decrease) in cash held	1,022	604
1.21 Cash at beginning of the quarter	904	1,322
1.22 Exchange rate adjustments to item 1.2	-	-
1.23 Cash at end of three months	1,926	1,926

*1.15 Of this amount \$250,000 worth of shares are yet to be allotted and the funds are held in trust.

**1.17 Relates to funds received through a convertible note loan. The convertible notes will be repayable by the Company in full at maturity, being 6 months from the date of issue. The satisfaction of the convertible notes by means of the issue of shares will be conditional upon shareholder approval that will be sought at the Company's 2011 Annual General Meeting.

+ See chapter 19 for defined terms.

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

		Three Months \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	111
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

1.24 Salary to managing director / directors and payment to related entity of director.

Non-cash financing and investing activities

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

N/A

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

N/A

Financing facilities available

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

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

For personal use only

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Three Months \$A'000	YTD \$A'000
4.1 Cash on hand and at bank	1,926	1,926
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of three months (item 1.23)	1,926	1,926

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

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

Sign here:

Company Secretary

Date: 29 July 2011

Print name: Andrew Bursill

+ See chapter 19 for defined terms.

Notes

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

+ See chapter 19 for defined terms.