



## **MOKO.mobi LIMITED - 2011 DECEMBER QUARTERLY REVIEW**

### **KEY HIGHLIGHTS**

- **Completed the acquisition of Paper Tree Limited (PTL) – the UK mobile marketing and entertainment business.**
- **Unaudited Net Revenues for the December quarter of \$753,109, up 35% from \$561,589 from the September quarter and 139% from the corresponding 2010 quarter.**
- **On a consolidated accounting basis, PTL unaudited net revenue contribution for the period 16<sup>th</sup> December to 31<sup>st</sup> December is recorded as £235,000 (A\$356,900). This is due to the fact that MOKO formally acquired PTL on 15<sup>th</sup> December.**

### **IMPROVED POSITION FOR GROWTH**

In 2010, we set out our plan to pursue M&A and global expansion of the Company's mobile products and services and to date we are well and truly on track in delivering on that strategy. We enter 2012 at a positive point in MOKO's development. Calendar 2011 was a significant year for the Company. We completed three acquisitions; EyeVibe in the UK, mBuzzy in the US and Paper Tree in the UK.

Each acquisition was successively larger than the previous one and we are now in control of a group of businesses that generated in excess of \$2 million in gross monthly sales for the month of December 2011 (on a monthly run rate basis). However taking into account that the new acquisition in UK was only formalised half way during the month of December, actual unaudited UK gross sales for the full month of December for the UK business, was £1.22m (A\$1.803m), and the unaudited net revenue for the full month of December was £610,683 (A\$904,666). Actual consolidated unaudited Group gross sales for December was A\$1.5m.

In accordance with the terms of the acquisition, all cash, bank accounts including past and current receivables, have been transferred to MOKO's control. MOKO formally took control of the UK business on December 15, 2011

2011 was also a very volatile year in terms of the financial markets and MOKO has not been immune to the fickle nature of those markets. However, we have received continued support from our key shareholders and we trust we are now demonstrating that this support has been justified.

## **RATIONALISATION AND ACCELERATING THE PATH TO PROFITABILITY**

We have also managed to contain costs and are presently undergoing further rationalisation of capabilities and accompanying expenses now that we have completed the PTL acquisition. With the acquisition of PTL, a company with a track record of profitable trading which we expect to continue, and together with the cost savings through the operational rationalisation, we are making significant steps in getting the Company to breakeven. At this stage we are hopeful that will occur before the end of 2012. This path will be driven by the following key mechanisms:

- Expansion of the Group's products and services across all key geographic markets;
- A rationalisation of resources, expenses and marketing across the Group;
- Expansion of the monetisation of the Group's user-base and integration into the central MOKO platform.

In the meantime our revenues are increasing and our cash burn is decreasing at a much faster pace than before. Your Company remains debt free apart from a final \$US100k deferred payment owing on the PTL acquisition.

## **FURTHER M&A ACTIVITIES**

As outlined in the September quarterly update, the Company is actively pursuing and reviewing further potential M&A deals. These activities are still early in the process and subject to commercial confidence and, as such, cannot be reported on at this stage. The focus for M&A targets is for businesses currently active or positioned in the USA, UK and Europe. There is no guarantee that any of these initiatives will ultimately be successful. We will, of course, make relevant announcements as soon as we are in a position to do so.

## **FINANCIAL**

The net cash position for the group at the end of December was \$1,738,341

During the December half, the Company raised additional capital via placements and convertible notes totaling \$2.2m. All notes have since been converted and the Company has no debt. 12,857,143 shares were issued to Valueact Capital as the majority part of the consideration of the acquisition of PTL. There is also a deferred payment of US\$100k payable by June 2012.

Greg McCann  
Chairman

# Appendix 4C

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

Name of entity

**MOKO.MOBI LIMITED**

ABN

**31 111 082 485**

Quarter ended ("current quarter")

**31 DECEMBER 2011**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	638	869
1.2 Payments for		
(a) staff costs	(702)	(1,216)
(b) advertising and marketing	(553)	(943)
(c) research & development	-	-
(d) other working capital	(380)	(561)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received/(paid)	-	-
1.7 Other (R&D grant received)	567	567
<b>Net operating cash flows</b>	<b>(423)</b>	<b>(1,259)</b>

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(423)</b>	<b>(1,259)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(86)	(89)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
(f) cash acquired on acquisition	829	829
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (payment for product development cost)	-	-
<b>Net investing cash flows</b>	<b>743</b>	<b>740</b>
<b>1.14 Total operating and investing cash flows</b>	<b>320</b>	<b>(519)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc (net)	(19)	430
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other	-	-
<b>Net financing cash flows</b>	<b>(19)</b>	<b>430</b>
<b>Net increase/ (decrease) in cash held</b>	<b>301</b>	<b>(89)</b>
1.21 Cash at beginning of quarter/year to date	1,512	1,926
1.22 Exchange rate adjustments to item 1.21	(75)	(99)
1.23 <b>Cash at end of quarter</b>	<b>1,738</b>	<b>1,738</b>

+ See chapter 19 for defined terms.

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

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	71
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	<u>1.24</u> - Directors' and associates' remuneration	71

**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
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- 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
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**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	-	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,738	1,512
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>1,738</b>	<b>1,512</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Paper Tree Ltd	N/A
5.2 Place of incorporation or registration	British Virgin Islands	N/A
5.3 Consideration for acquisition or disposal	US\$100,000 in cash (payable by 30 June 2012); 12,857,143 shares @ \$0.07 each	N/A
5.4 Total net/(deficiency) assets	(\$1.2M)	N/A
5.5 Nature of business	UK mobile content business	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: **31 January 2012**

Print name: **Andrew Bursill**

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