



MOKO.mobi Limited
2012 March Quarter
Chairman's Review

KEY HIGHLIGHTS

- **As a result of the successful integration of the UK acquisition, unaudited sales revenue for March quarter was \$5.98 million, being a 355% increase over the December quarter and a 1,259% increase over corresponding quarter 2011.**
- **Unaudited EBITDA loss was \$107,000, an improvement of 553% over corresponding quarter 2011.**
- **Unaudited EBITDA result for March was a loss of \$4,000.**
- **New product, "mVibe" ready for launch in May.**
- **Completed migration and consolidation of the Company's servers and commissioned new server and database environment in San Jose, California.**
- **Continued platform development and expansion of mobile Apps and feature sets.**

2012 – THE GROWTH CONTINUES

I am pleased to report that your Company has begun the 2012 calendar year with a very strong performance during the first quarter. Recently we reported that our sales revenue had grown substantially from our December 2011 quarter, and that our losses had also narrowed significantly. The unaudited final numbers highlighted above show that we are progressing well toward our target of being profitable in the near term.

The turn around has been primarily due to the UK acquisition we announced late last year and we expect that this business unit, together with the new resources, will enable us to continue to develop and grow the revenue from social, chat & share and other mobile products and services.

We are also pleased to announce that for the months of February and March this year, the Company's unaudited EBITDA results (before abnormal items) were small losses of \$8,000 and \$4,000 respectively. This is a significant step in our pursuit of profitability however we are well aware that we still have a lot of work to do to make this sustainable. While this is good news, your directors would like to point out that the Company is still growing, we are investing in pursuing new markets and implementing new initiatives, which means that the final net profit position after abnormal items is still not yet positive, although the margin is closing. It is our objective that our operations become cash flow positive by the end of the financial year.

During the March quarter there has been major work done on commissioning our new product servers and database environment in San Jose California, which significantly increased our capacity to accommodate the next user growth phase. This infrastructure is owned and administered by MOKO and we have designed the architecture to be modular

and enable rapid deployment to upgrade as the business, product suite and user base grows. This represents a significant saving to our monthly operational expenditure.

We continued important R&D work on our core asset, developing and leveraging MOKO's core platform IP and its growing carrier connectivity, together with new billing connections with 3rd party partners including credit card billing. This IP is central to our strategy and this ongoing R&D investment is designed to ensure we maintain our competitive advantage. The Company has received significant R&D tax offset rebates (in the form of cash back) for this development work over the past years and we expect to receive another larger tax rebate again later this year. It is anticipated that in the second half of the year, MOKO will receive a six figure grant for its export marketing activities under the federal government's Export marketing and Development Grant (EMDG) scheme.

The integration of the UK business acquired late last year has been smoothly completed and we are now planning expansion of MOKO's activities in additional markets, with a focus in the short term on new countries in Europe, North America and the Middle East.

The table below shows the sales activities by region compared with the previous (December 2011) quarter.

MARCH QUARTER SALES BY REGION (unaudited)

AUS	EUR	ASIA	AMERICAS	AFRICA	TOTAL
\$352,881	\$4,068,690	\$139,519	\$347,410	\$1,075,663	\$5,984,163

DECEMBER QUARTER SALES BY REGION

AUS	EUR	ASIA	AMERICAS	TOTAL
\$228,442	\$782,378	\$56,180	\$247,697	\$1,314,297

The above analysis demonstrates how we are progressing in our objective to become a global provider of mobile entertainment products and services. With less than 6% of our revenue now being generated from our domicile country of Australia, we are mindful that the country where we are listed may play an important role in determining shareholder value. This is currently under review and consideration with regard to positioning the Company to potential investors who may value MOKO along similar lines as other comparable social media companies.

The Company continues to actively pursue M&A opportunities, particularly where we can expand our market position in geographic and product terms, and look for further cost synergies and reductions where possible.

During the quarter we undertook a \$2 million rights issue and we are pleased to report that we have since closed the issue over-subscribed, with placements of the shortfall to sophisticated and professional investors, raising a total of \$2,122,774 before costs.

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 MARCH 2012

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	6,057	6,925
1.2 Payments for		
(a) staff costs	(1,180)	(2,382)
(b) advertising and marketing	(1,016)	(1,959)
(c) research & development	-	-
(d) other working capital	(4,861)	(5,436)
(e) other	17	17
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received/(paid)	-	-
1.7 Other (R&D grant received)	-	567
Net operating cash flows	(979)	(2,240)

+ 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)	(979)	(2,240)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(237)	(325)
(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
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (payment for product development cost)	-	-
Net investing cash flows	(237)	504
1.14 Total operating and investing cash flows	(1,216)	(1,736)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc (net)	1,096	1,527
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	-	-
Net financing cash flows	1,096	1,527
Net increase/ (decrease) in cash held	(120)	(209)
1.21 Cash at beginning of quarter/year to date	1,738	1,926
1.22 Exchange rate adjustments to item 1.21	(33)	(132)
1.23 Cash at end of quarter	1,585	1,585

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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

- 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	-	-

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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.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,585	1,738
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,585	1,738

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/ (deficiency) 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: **23 April 2012**

Print name: **Andrew Bursill**

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