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SOCIAL
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MOKO.mobi Limited

ASX Release:

Acquisition of OfferMobi USA

MOKO to acquire US-based mobile advertising and affiliate marketing business, "OfferMobi" and intends to place up to 25 million shares with sophisticated and professional investors to assist with the funding.

- MOKO has signed binding agreement to acquire the New York based mobile marketing business, OfferMobi.
- The total consideration payable is a maximum of US\$5 million in cash and equity, with the transaction to be structured as follows:
 - Initial consideration of US\$1 million in cash and 4 million ordinary shares, payable on close; and
 - Deferred consideration to a maximum of US\$3.8 million to be paid quarterly over two years calculated on agreed performance hurdles. The quarterly payments will be split 50% cash and 50% in MOKO securities.
- OfferMobi is a rapidly growing US based mobile advertising and affiliate marketing platform, servicing both mobile publishers and mobile advertisers.
- MOKO intends to place up to 25 million shares with sophisticated and professional investors at AUD\$0.04 per share to cover the bulk of the initial up front payment, with the Company covering the balance from its own cash reserves.

10 AUGUST 2012

The Company is pleased to report that it has signed binding contracts to acquire the USA based mobile marketing business, "OfferMobi".

OfferMobi is a US-based mobile performance network. Launched in early 2010, OfferMobi has amassed a loyal following of over 17,000 mobile publishers who are seeking performance-based revenue from advertising campaigns they can run in mobile advertising channels. The business serves as both a mobile agency and a performance-based network for advertisers who wish to leverage the mobile channel to promote their mobile enabled website, App, or click-o-call/pay-per-call campaigns and to obtain leads generated from OfferMobi's hosted mobile portals.

OfferMobi works with mobile publishers to increase the revenue they earn from their mobile ad inventories on a performance basis.

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Mark Roth and Jimmy Chin established OfferMobi in 2010, and continue as the CEO and CTO of the business. The Company had revenues of US\$400,000 with a net loss of US\$755,000 in 2010 and grew to US\$2 million in 2011 with a net loss of US\$602,000. In the period January 2012 to May 2012, the business had revenues of \$1.741 million and a net profit of US\$114,000.

OfferMobi is currently operating profitably at an EBITDA level.

The acquisition of OfferMobi will provide increased marketing and advertising synergies and allow MOKO to vertically integrate a large portion of its own 3rd party advertising program and expenditures. OfferMobi will also provide MOKO with new monetisation opportunities for its own portfolio of products.

The total consideration payable to the vendors of OfferMobi is a maximum of US\$5 million, with initial consideration of US\$1 million in cash and 4 million ordinary shares, issued at a notional price of AUD\$0.05 each, and deferred consideration to a maximum of US\$3.8 million to be paid quarterly over two years calculated on agreed performance hurdles. The quarterly payments will be split 50% cash and either 50% in MOKO options, with the price of the options being the higher of either the 20-day VWAP at the end of each quarter or AUD\$0.05, or 50% in MOKO shares.

The terms of the earn-out require the vendors to meet agreed performance hurdles with the first 25% of the earn-out guaranteed and a pro-rata sliding scale for a reduction in the earn-out if targets are missed, in increments of 5%. Earn-out payments are assessed on a quarterly basis, and if the targets for a quarter are missed by more than 25%, then the vendors will not receive any further earn-out in respect of that quarter other than the first 25% that is guaranteed, unless the EBITDA results for the relevant year in aggregate meet the required hurdles. The earn-out is based on an EBITDA of US\$300,000 for the financial year ending 30 June 2013, and US\$500,000 for the financial year ending 30 June 2014.

The initial consideration is to be partially funded with by an equity placement of up to 25 million shares to professional and sophisticated investors at AUD\$0.04 per share currently being completed under the Company's ASX 15% allowance

Commenting on the acquisition, MOKO's CEO, Ian Rodwell said: "We are excited by the acquisition and the addition of Mark Roth and Jimmy Chin to our overall senior management group. Mark and Jimmy are very passionate about the scope of integration of their business with MOKO's social products and believe in the future prospects of our combined companies, hence the significant portion of the consideration for their business being in taken as MOKO equity."

"We also believe that the OfferMobi team can expand our user base and therefore revenue growth opportunities"

Ends.