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30 April 2013

Sale of UK Mobile Content Business

As announced to the market earlier this year, MOKO has secured an agreement with American Intramural Sports Group LLC, to jointly develop the Mobile Intramural Sports Network service and platform for use in US colleges.

Subsequent to this acquisition and having recently completed a strategic review of the MOKO Group, the Directors look forward to a renewed focus on mobile social entertainment platform development in the USA and leveraging the mobile advertising business opportunities.

In the medium term, MOKO's strategic agenda is now focused around social platform development where MOKO can own the audience, the platform and the advertising channels. The principal audience for the UK business was European and the outlook for this market would have competed with our strategic focus on the US market.

The UK business was also becoming very cashflow intensive due to the high up-front market costs and lower margins with significant competitor activity. The opportunity to sell the business therefore was timely and positive.

We have reached agreement with Peekaboo Investments Limited (Peekaboo) to sell our UK based mobile content business, Antiphony Management Holdings Limited and its subsidiaries, ('AMH group') for an initial sale price of £1 with deferred consideration of up to a maximum of £2,125,000 payable in five separate payments subject to a post-sale performance earn-out, under ownership of the purchaser as follows:

- £212,500 due on or before 1 January 2014 if the UK business achieve an annualised EBITDA based on the month of November 2013 of at least £600,000;
- £850,000 due on or before 1 April 2014 if the UK business achieve an annualised EBITDA based on the one of the months of November 2013, December 2013, January 2014 or February 2014;
- a further £425,000 to £1,275,000 in three separate instalments due in April 2014 and May 2014 dependant on the expansion of the business in relation to new geographic markets, physical operating offices and new product lines.

As noted above, the deferred consideration is capped at £2,125,000, and should the achievement of the milestones outlined above result in a deferred consideration

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calculation in excess of that cap, the deferred consideration payable under the milestone will be reduced accordingly.

Under the sale agreement, Peekaboo will assume all assets and liabilities of the UK business which will result in a deconsolidation of those assets from the financial statements of MOKO as at the date of settlement, including all cash balances, trade debtors and creditors, and all other assets and liabilities of the UK business, subject to the payment of a historical taxation liability of approximately £108,000 by MOKO.

As the UK business is under the control of the purchaser during the earn-out period MOKO has not formed a view as to the likelihood of the receipt any of the deferred consideration payments.

AMH group was purchased by MOKO in December 2011 for A\$703,446 (comprising \$99,160 in cash and \$604,286 in shares at 4.7 cents per share).

For further information, contact:

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CEO and Managing Director