

**MOKO.mobi Limited**  
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30 April 2013

Dear Shareholder,

## **Fully Underwritten Rights Issue and Business Update**

### **Highlights**

- 1 for 5 fully underwritten non-renounceable rights issues at 4c to raise approx. \$2.3 million, including a listed option for no additional consideration, exercisable at 5c each with an expiry in March 2015
- Development of the MOKO Mobile Intramural Sports Network (MISN) potentially accessing over 3 million students across 200+ US college campuses
- Sale of UK Mobile Content Business and strategic focus on US activities

### **Fully Underwritten Rights Issue**

The Company is undertaking a fully underwritten non-renounceable rights issue on 1 for 5 basis at 4c per share to raise approx. \$2.3 million, including a listed option for no additional consideration, exercisable at 5c each with an expiry in March 2015 (Rights Issue).

The Rights Issue is fully underwritten and managed by Triple C Consulting.

The Company is conducting this Rights Issue to raise funds to develop a new mobile platform and application for US Colleges, further working capital and repayment of debt.

Further details on the mobile platform development are included below.

The timetable for the rights issue will be as follows:



Lodgement of Prospectus with the ASIC	30 April 2013
Lodgement of Prospectus & Appendix 3B with ASX	30 April 2013
Notice sent to Optionholders	2 May 2013
Notice sent to Shareholders	2 May 2013
Ex date	8 May 2013
Record Date for determining Entitlements	14 May 2013
Prospectus despatched to Shareholders & Company announces despatch has been completed	16 May 2013
Closing Date*	31 May 2013
Securities quoted on a deferred settlement basis	3 June 2013
ASX notified of under subscriptions	4 June 2013
Despatch of holding statements	11 June 2013
Quotation of Securities issued under the Offer*	12 June 2013

Further information will be sent to all shareholders in accordance with this timetable.

### **Development of the MOKO Mobile Intramural Sports Network (MISN)**

As we announced to the market earlier this year, MOKO has secured an agreement with American Intramural Sports Group LLC (AISG), which is a private US company that trades under the brand ACIS. ACIS stands for American Collegiate Intramural Sports and is a business that provides opportunities for US universities, students, and sponsors to mutually benefit through sports, recreation and fitness-related promotional activities. ACIS has developed an expertise in the area of collegiate recreational sports and fitness programs. See [www.acisports.com](http://www.acisports.com) for information about their activities. ACIS expertise includes a network of institutions with which AISG on their website states to have exclusive contractual business relationships, in which they develop and implement sponsored promotional activities on campus. ACIS also states on their website to have access to over 3 million students across some 200+ campuses throughout the US.

Together with the relationships that ACIS has, and their expertise in developing and implementing sponsored promotional activities across campuses, MOKO has a unique opportunity to develop a proprietary mobile application and service that will enable the

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colleges to interact with their student bodies and to disseminate news and information regarding a diverse range of sports, fitness, recreational and leisure activities.

The Mobile Intramural Sports Network service and platform (MISN) will to be jointly developed by MOKO and ACIS and is intended to include a variety of social features and tools including the ability to register for team activities, check schedules, player standings and scores, individual performances and post photos and content related to collegiate intramural sports. The plan is that MISN will also enable students to share the information and content with their other social network applications, such as facebook, Twitter, Instagram, Pinterest etc.

ACIS will also provide integration support, as well as assisting with executing direct licensing agreements between MOKO and the individual colleges.

MOKO will own the MISN outright, together with all intellectual property associated with its development, which is being undertaken in-house by the MOKO development team. Development work has already commenced and a beta launch with a select pilot group of schools is planned for the December quarter this year. Once the beta program has been tested and refined, the roll out to the remainder of the 200 plus schools is expected to take a further 12 months. We expect revenues to begin with the pilot phase and then ramp up during the 2014 calendar year. The revenue generated from the exploitation of MOKO MISN service will be shared between MOKO and ACIS in varying percentages, based on the extent to which ACIS is responsible for procuring and generating that revenue, the bulk of which is expected to be 75% in MOKO's favour.

MOKO and ACIS will work together on certain national advertising programs that involve the bundling of benefits, which include sponsorship elements from the ACIS existing business. MOKO will assist ACIS in the development, pricing and inclusion of mobile digital advertising in these programs. ACIS currently works with national advertisers and sponsors, such as Nike, Proctor & Gamble and Microsoft.

MOKO is also considering to use the MISN project as the possible catalyst to list its ADRs on Nasdaq. There are several requirements and hurdles that MOKO needs to comply with to undertake a Nasdaq listing.



## **Sale of UK Mobile Content Business**

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

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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).

The MISN college community project is a significant opportunity and the re-focusing of the Company's strategy on the US market and sale of the UK subsidiaries, will allow MOKO to fully prioritise its objective to become a significant Mobile Social Media and Marketing business.

Please take the time to read the enclosed documents and the terms of the proposed rights issue.

Thank you.

Yours faithfully

Greg McCann  
Chairman