

30 January 2014

ASX Release:

## CHAIRMAN'S QUARTERLY REVIEW DECEMBER 2013

### HIGHLIGHTS:

- **Progresses Nasdaq listing and strengthening the US base**
- **Signs agreement with *Virtual Roster* and Bill Reifsnyder to establish *RunHaven*, a social community and tool for runners and running events across the US**
- **Signs agreement with MSNBC political commentator to establish *Blue Street Review*, a social network focussed on the progressive politics scene in the US**
- **Increase US presence with US-based Mr Mark Hauser as new non-executive director and hired new senior staff in New York and Washington DC.**
- **Commenced alpha testing of REC\*IT app, beta testing in late February.**

### Dear Shareholders

Your company closed 2013 in a very exciting position with REC\*IT nearing the completion of the technical development, and as from the end of January ready to start alpha testing. This month we also signed new agreements to establish two new community applications, *RunHaven* and *Blue Street Review*. We have also been working hard on the Nasdaq listing and the strategic repositioning of MOKO as a company firmly focused on the US market.

Recently we announced the appointment of Mr Mark Hauser to the MOKO Board. Mr Hauser is Senior Managing Director of OFS Management, a private investment firm. He has served as an officer and on the boards of directors of private and public portfolio companies in the US and abroad. He began his career as a corporate attorney practicing in New York, Sydney and London.

In October last year, MOKO released its proposed timetable for the Nasdaq listing, which had originally envisaged a listing by the end of February this year. Although the timetable has been delayed, the company confirms that it has completed most



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of the F1 documentation and preparation of the accompanying prospectus. The reason for the delay in the original timetable is due to several factors including more detailed and complex auditing around the US compliance particularly the acquisition of OfferMobi, the addition of the *RunHaven* project, the appointment of our new US-based non-executive director and general delays due to the holiday season. While we believe the bulk of this work is now complete, we are still beholden to the finalisation of the additional audit work, other regulatory processes and timetables that we cannot fully control.

The Board has also asked CEO Ian Rodwell to relocate to the US to steer the company forward to maximise its opportunity of becoming a major US social media and digital publishing business. Ian will be based permanently in the US from the end of March and will work with the company's legal and investment banking team to complete the Nasdaq listing process and lead the main operations group in the Washington DC office. As the above indicates we continue to drive the transition of MOKO to being a US business to maximise shareholder returns and value.

## OUR PROJECTS

The timetable for REC\*IT will include a beta test with Michigan and Ohio State universities through March, and a broader pilot phase across 20 campuses during April and May.



The 20 school pilot group will include other top tier and large universities including Rutgers, Arizona State, Indiana University and University of Florida. The 20 schools combined will cover a student population of about 700,000 students. The aim is to then use the pilot feedback to refine the product during the northern summer, ready for full roll-out across more than 600 universities for the commencement of the new US school year at the end of August.

In late December we also announced a new deal that will see MOKO take ownership of the development of a specialist running community and events management application called *RunHaven*. *RunHaven* will include an event registration and rostering tool, a runners' community with content produced by and for runners, and a product called *RaceAdvisor*, which will enable runners to find, review and plan their participation in running events across the US.

The running portal will provide online and mobile tools to advance communication and efficiencies in the largest participatory sport in the United States. According to the Sports & Fitness Industry Association (SFIA), which releases an annual sports industry report, 51,450,000 individuals were designated as running participants in

2012. Running also continues to be one of the few established sports in the US that continues to attract new participants recreationally and competitively. According to SFIA, in 2013 26,370 running events were scheduled.

*RunHaven* will be designed to become a 'go-to' destination for anyone who participates in the sport of running in the US. Through *RunHaven* runners will be able to access industry news such as expert training tips, nutritional guidance, injury prevention and treatment, product suggestions and reviews from fellow runners. The competitive runner will have free access to the *RunHaven* online and mobile tools that will enable runners to find, research, register and seamlessly book travel for races around the country. The proprietary platform will be managed and staffed by running experts who will create the essential and authentic content for the running community.



The *RunHaven* team is led by industry veteran Bill Reifsnyder, who has been engaged in many facets of running during his 29 years in the sport. As a world-class professional Road Racer, Reifsnyder was ranked as high as #2 in the world by *Runner's World* magazine in 1991 and was twice the US National Marathon Champion (1989 and 1991). After retiring from professional racing he worked for 10 years internationally and domestically overseeing the running category for adidas. As the Head of U.S. Sports Marketing (Running Category), Reifsnyder was responsible for managing over 60 sponsored runners and track & field athletes as well as the implementation of over 100 running events including the company's sponsorship of the Boston Marathon. In 2008 Reifsnyder founded VO2 Marketing, a marketing consultancy firm based in Philadelphia, Pennsylvania specialising in endurance sports. During this time Reifsnyder was also the Executive Director of the National Marathon and Half Marathon in Washington DC.

MOKO has also secured through acquisition, the existing customer base of *Virtual Roster*, a premier registration and database management company based in Flagstaff, Arizona. The company is currently providing services to 52 road races around the country. Gail Hughes, the company's Founder and President, will oversee all aspects of data management for the *RunHaven* property. The company's existing base of events will serve as a launching point for the *RunHaven* brand.

Recently we also announced the partnership with Mr Jimmy Williams to develop a political community aimed at progressive politics including opinion, campaign promotions, issues-based blogs and support groups and links to information on elections ranging from local councils all the way to the presidential race

Mr Williams, politico and MSNBC industry veteran, who has been engaged in many facets of politics during his 22 years in the media, will lead the team. Jimmy Williams is also an MSNBC Political Contributor and writes daily for *USnews.com*, *hypervocal.com* and *jimmypolitics.com*. He spent nearly seven years as a senior staffer in the United States Senate including nearly five years with Senate Majority Whip Dick Durbin, rising to the level of Senior Economic Policy Advisor. A former lobbyist, Jimmy represented multiple interests before the US Congress and the executive branch including the real estate, banking, wine and spirits and speed-racing industries.



The *Blue Street Review* political community enterprise will be based in Washington DC, but will also be represented in the company's New York office (advertising/sales) and Perth office (platform development). The deal will mean MOKO will own the application and all IP surrounding the mobile property developed, however the deal includes sharing a small minority of the net revenues with Mr Williams. The mobile politics portal will provide users with online and mobile tools to provide a hub on political news, conversation and the ability to create sub-communities and groups whether they just want to share and join political discussion, promote their local candidate, or start up their own soap-box on an issue they are passionate about. The mobile political community application will also be the hub for several of Jimmy's political journalist colleagues and commentators who will publish and join the social interactions on issues including minority rights, immigration, marriage equality, women's interests, social and economic equality and libertarian and privacy matters.

The US political scene is a very large addressable market. According to the US Census Bureau 146 million people registered to vote in 2012 with 64% turning out to vote in the previous Presidential election. Gallop polling reported in 2010 that 31% of Americans declared themselves as Democrat and 29% as Republican. 38% identified themselves as Independent. The growing independent and democrat voters we believe will be strongly attracted to organised political social media interactions.

The independent political support groups know as Political Action Committees, or "PACs" have become a very large fund raising force and in turn a very large spender in political advertising and promotions. Several have grown in size to be known as

“Super PACs”. According to *OpenSecrets.org*, as of July 2013, over 1,300 groups organised as Super PACs reported total receipts of \$828 million and total independent expenditures of more than \$600 million in the 2012 US election cycle.

Your company now has an established presence in the US with new offices in Manhattan New York and Old Town Alexandria, just outside Washington DC. We have recruited talented new people in executive roles as well as sales and project management, and we welcome them to the MOKO family. 2014 is shaping up to be a big year and we look forward to updating shareholders on our progress in the near future.

Yours faithfully

Greg McCann  
**Chairman**

# Appendix 4C

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

Name of entity

**MOKO SOCIAL MEDIA LIMITED**

ABN

**31 111 082 485**

Quarter ended ("current quarter")

**31 DEC 2013**

### 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	2,603	5,022
1.2 Payments for		
(a) staff costs	(851)	(1,485)
(b) advertising and marketing	(201)	(540)
(c) research & development	-	-
(d) other working capital	(3,621)	(6,254)
(e) other	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	16
1.5 Interest and other costs of finance paid	78	(15)
1.6 Income taxes received/(paid)	1,083	1,083
1.7 Other (R&D grant received)	150	150
<b>Net operating cash flows</b>	<b>(751)</b>	<b>(2,024)</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>(751)</b>	<b>(2,024)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(312)	(444)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(10)	(11)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	(64)	(231)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
(f) cash acquired on acquisition	-	37
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>(386)</b>	<b>(649)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,136)</b>	<b>(2,672)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc (net)	4,462	6,085
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(135)	(1,118)
1.19 Dividends paid	-	-
1.20 Other	-	-
<b>Net financing cash flows</b>	<b>4,327</b>	<b>4,967</b>
<b>Net increase/ (decrease) in cash held</b>	<b>3,191</b>	<b>2,295</b>
1.21 Cash at beginning of quarter/year to date	1,620	2,519
1.22 Exchange rate adjustments to item 1.21	62	59
<b>1.23 Cash at end of quarter</b>	<b>4,873</b>	<b>4,873</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	116
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	116
	- Services provided by Directors' related entities	-

**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	During the Sep-13 quarter MOKO re-paid the TCA US\$850,000 debt facility plus fees	-
		Directors interest free unsecured loan outstanding - A\$100,000	A\$100,000
3.2	Credit standby arrangements	-	-

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

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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	4,873	1,620
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>4,873</b>	<b>1,620</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net/ (deficiency) assets		
5.5 Nature of business		

**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: **30 JAN 2013**

Print name: **Andrew Bursill**

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