



Appendix 4E

Preliminary Final Report to the Australian Securities Exchange

Part 1: Details of entity, reporting period

| | |
|--|---------------------------|
| Name of Entity | MOKO Social Media Limited |
| ABN | 35 111 082 485 |
| Financial Period | Year ended 30 June 2016 |
| Previous Corresponding Reporting Period | Year ended 30 June 2015 |

Part 2: Results for announcement to the market

| | \$'000 | Percentage increase /(decrease) over previous corresponding period |
|--|---------------|---|
| Revenue | 85 | (95%) |
| (Loss) after income tax benefit | (20,065) | 6% |
| Net (Loss) attributable to members of the parent entity | (20,719) | 4% |

| Dividends (distributions) | Amount per security | Franked amount per security |
|---|----------------------------|------------------------------------|
| Final Dividend | Nil | Nil |
| Interim Dividend | Nil | Nil |
| Record date for determining entitlements to the dividends (if any) | Not Applicable | |

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to attachment.



Part 3: Contents of ASX Appendix 4E

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Part 4: Consolidated statement of profit or loss and other comprehensive income

| | Note | Consolidated | |
|---|-------|---------------------|---------------------|
| | | 2016 | 2015 (restated)* |
| | | \$ | \$ |
| Revenue and other income | | | |
| Revenue | 11 | 84,830 | 1,592,934 |
| Interest income | 11 | 17,830 | 187,085 |
| Other income | 11 | 1,049,481 | 947,845 |
| Expenses | | | |
| Cost of providing services | | (87,102) | (1,309,753) |
| License fee | | (2,320,960) | (1,539,910) |
| Computer expenses | | (446,614) | (336,994) |
| Marketing expenses | | (1,540,871) | (3,293,889) |
| Travel and entertainment expenses | | (472,066) | (806,946) |
| Occupancy expenses | | (496,146) | (422,726) |
| Administration expenses | | (1,105,658) | (903,100) |
| Exchange loss | | (79,725) | 55,582 |
| Finance costs | | (65,201) | (6,635) |
| Legal and professional fees | | (2,239,824) | (2,125,799) |
| Employee benefits expenses | 12 | (6,199,744) | (7,333,024) |
| Share based payments | 12 | (1,263,528) | (1,875,674) |
| Depreciation and amortisation | 12-14 | (443,876) | (1,014,523) |
| Other expenses | | (11,015) | - |
| Product cost | | (936,202) | (977,131) |
| Impairment of intangible assets | 12-14 | (3,515,823) | - |
| Loss before income tax | | (20,072,214) | (19,162,658) |
| Income tax benefit | | 6,889 | 166,723 |
| Loss after income tax expense from continuing operations | | (20,065,325) | (18,995,935) |
| Loss after income tax expense from discontinued operations | | (738,675) | (1,298,072) |
| Loss after income tax | | (20,804,000) | (20,294,007) |
| Other comprehensive income for the year, net of tax | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | | 590,423 | 1,397,333 |
| Total comprehensive income for the year, net of tax | | (20,213,577) | (18,896,674) |
| Total comprehensive income for the year is attributable to: | | | |
| Continuing operations | | (19,474,902) | (17,598,602) |
| Discontinued operations | | (738,675) | (1,298,072) |
| Total comprehensive income for the year | | (20,213,577) | (18,896,674) |
| Loss attributable to: | | | |
| Owners of the Company | | (20,719,488) | (20,013,288) |
| Non-controlling interest | | (84,512) | (280,719) |
| | | (20,804,000) | (20,294,007) |



Part 4: Consolidated statement of profit or loss and other comprehensive income (continued)

| | Note | Consolidated | |
|---|------|---------------------|---------------------|
| | | 2016 | 2015 (restated)* |
| | | \$ | \$ |
| Total comprehensive income for the year attributable to owners of the company: | | | |
| Continuing operations | | (19,474,902) | (17,598,602) |
| Discontinued operations | | (654,163) | (1,017,353) |
| Owners of the Company | | (20,129,065) | (18,615,955) |
| Total comprehensive income for the year attributable to non-controlling interests: | | | |
| Continuing operations | | - | - |
| Discontinued operations | | (84,512) | (280,719) |
| Non-controlling interests | | (84,512) | (280,719) |

*The restatement of comparatives is related to discontinued operations. Please refer to Part 16 Discontinued operations for further details.

Part 5: Accumulated losses

| | Note | Consolidated | |
|---|------|---------------------|---------------------|
| | | 2016 | 2015 |
| | | \$ | \$ |
| Accumulated losses brought forward | | (58,942,958) | (38,929,670) |
| Movement in accumulated losses from changes in non-controlling interest | | (269,248) | - |
| Loss after income tax expenses for the year | | (20,719,488) | (20,013,288) |
| | | (79,931,694) | (58,942,958) |



Part 6: Consolidated statement of financial position

| | | Consolidated | |
|--------------------------------------|------|------------------|-------------------|
| | Note | 2016 | 2015 |
| | | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | | 2,546,772 | 7,219,908 |
| Trade and other receivables | | 38,660 | 501,472 |
| Other current assets | | 326,643 | 1,017,204 |
| Total current assets | | 2,912,075 | 8,738,584 |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 136,731 | 255,961 |
| Intangibles | 14 | 100,835 | 3,814,088 |
| Available-for-sale financial assets | 15 | 1,297,811 | 1,297,811 |
| Total non-current assets | | 1,535,377 | 5,367,860 |
| Total assets | | 4,447,452 | 14,106,444 |
| Current liabilities | | | |
| Trade and other payables | | 1,047,672 | 2,569,262 |
| Employee benefits | | 123,510 | 411,076 |
| Total current liabilities | | 1,171,182 | 2,980,338 |
| Non-current liabilities | | | |
| Employee benefits | | 56,518 | 45,530 |
| Total non-current liabilities | | 56,518 | 45,530 |
| Total liabilities | | 1,227,700 | 3,025,868 |
| Net assets | | 3,219,752 | 11,080,576 |
| Equity | | | |
| Issued capital | 20 | 69,142,733 | 58,214,371 |
| Reserves | 7 | 14,053,478 | 12,213,980 |
| Accumulated losses | 5 | (79,931,694) | (58,942,958) |
| Non-controlling interest | 7 | (44,765) | (404,817) |
| Total equity | | 3,219,752 | 11,080,576 |



Part 7: Consolidated statement of changes in equity

| Consolidated | Issued Capital | Foreign currency Translation Reserve | Option Reserves | Accumulated Losses | Non-controlling interest | Total |
|--|-------------------|--------------------------------------|-------------------|---------------------|--------------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2014 | 41,679,662 | 570,172 | 8,420,632 | (38,929,670) | (124,098) | 11,616,698 |
| Loss after income tax expense for the period | - | - | - | (20,013,288) | (280,719) | (20,294,007) |
| Other comprehensive income | - | 1,397,333 | - | - | - | 1,397,333 |
| Total comprehensive income for the year | - | 1,397,333 | - | (20,013,288) | (280,719) | (18,896,674) |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of ordinary shares on exercise of options | 7,800,973 | - | - | - | - | 7,800,973 |
| Issue of ordinary shares on capital raising | 8,762,325 | - | - | - | - | 8,762,325 |
| Issue of ordinary shares to consultants | 300,000 | - | - | - | - | 300,000 |
| Issue of ordinary shares to employees | 115,324 | - | - | - | - | 115,324 |
| Issue of ordinary shares as consideration for business combination | 200,000 | - | - | - | - | 200,000 |
| Capital raising costs | (643,913) | - | - | - | - | (643,913) |
| Share based payments - Options | - | - | 1,825,843 | - | - | 1,825,843 |
| Balance at 30 June 2015 | 58,214,371 | 1,967,505 | 10,246,475 | (58,942,958) | (404,817) | 11,080,576 |
| Loss after income tax expense for the year | - | - | - | (20,719,488) | (84,512) | (20,804,000) |
| Non-controlling interest changes | - | - | - | (269,248) | 444,564 | 175,316 |
| Other comprehensive income | - | 590,423 | - | - | - | 590,423 |
| Total comprehensive income for the year | - | 590,423 | - | (20,988,736) | 360,052 | (20,038,261) |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of ordinary shares on capital raising | 11,778,867 | - | - | - | - | 11,778,867 |
| Issue of ordinary shares to consultants | 360,128 | - | - | - | - | 360,128 |
| Issue of ordinary shares to employees | 15,097 | - | - | - | - | 15,097 |
| Capital raising costs | (1,225,730) | - | - | - | - | (1,225,730) |
| Share based payments - Options | - | - | 1,249,075 | - | - | 1,249,075 |
| Balance at 30 June 2016 | 69,142,733 | 2,557,928 | 11,495,550 | (79,931,694) | (44,765) | 3,219,752 |



Part 8: Consolidated statement of cash flows

| | | Consolidated | |
|---|------|------------------|------------------|
| | | 2016 | 2015 |
| | Note | \$ | \$ |
| Cash flows from operating activities | | | |
| Net receipts from customers | | 1,588,278 | 6,930,339 |
| Research & Development tax refund | | 905,747 | 947,845 |
| Payments to suppliers and employees | | (16,756,352) | (26,241,545) |
| Interest received | | 20,655 | 232,058 |
| Interest and other finance costs paid | | (74,341) | (26,119) |
| Income taxes refund / (paid) | | 6,889 | (74,022) |
| Net cash used in operating activities | | (14,309,124) | (18,231,444) |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 15,910 | - |
| Payment for acquisition of business, net of cash acquired | | - | (175,115) |
| Payment for sale of business | | (69,224) | - |
| Payment for investments | | (1,042,142) | (256,813) |
| Payment for property, plant and equipment | | (7,561) | (210,811) |
| Payments for disposal of subsidiary | | - | (132,395) |
| Net cash used in investing activities | | (1,103,017) | (775,134) |
| Cash flows from financing activities | | | |
| Proceeds from issues of shares | | 11,778,867 | 16,860,777 |
| Share issue transaction cost | | (1,056,746) | (641,407) |
| Proceeds from borrowings | | 1,500,000 | - |
| Repayment of borrowings | | (1,500,000) | - |
| Net cash provided by financing activities | | 10,722,121 | 16,219,370 |
| Net decrease in cash held | | (4,690,020) | (2,787,208) |
| Cash and cash equivalents at beginning of the year | | 7,219,908 | 9,878,011 |
| Effects of exchange rate changes on cash | | 16,884 | 129,105 |
| Cash and cash equivalents at end of the year | | 2,546,772 | 7,219,908 |



Part 9: Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The consolidated financial statements of MOKO Social Media Limited (the **Company**) as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the **Group**).

Part 10: Commentary on results

During the year the principal continuing activity of the Consolidated Entity was the development and branding of mobile social media platforms for tailored audiences to enable communities of large, like-minded groups of people to socialize and communicate around their common interests. The following key milestones were achieved:

- from September 2015, the Company made the strategic decision to focus its resources on its core high school and college student products, preserve cash flow and exit other business categories, with the college and high school market offering a major opportunity for the Company;
- significant growth in user acquisition and engagement following the portfolio realignment was achieved. MOKO's core product, REC*IT, continued to record strong growth in the US academic year ended in 2016. It has now had more than 752,000 first launches ('user acquisition'), with more than 480,000 first launches in the year, an increase of 114%, and an average of 9.87 screen views per session ('engagement'), up 32% from 7.5 the previous year;
- MOKO increased its exposure to more than half of the US college student population, with a further 125 colleges added in the six months to 30 June 2016;
- REC*IT's first marketing partnership with a major US brand was executed; and
- development of a new app commenced, REC*IT Plus, a "white label" subscription product targeted at recreation centre administrators, to help them manage recreational facilities and programs.

MOKO's decision to re-align its product portfolio and focus on the REC*IT suite targeting the US student market is well under way.

The net loss after tax from continuing operations of \$20.07m increased by \$1.07m or 6% against the prior year's result of \$19.00m. The total comprehensive loss for the year increased by 7% to \$20.21m (2015: \$18.90m) which included a foreign currency translation benefit of \$0.59m (2015: \$1.40m).

Revenues decreased by 95% to \$0.08m for the year (2015: \$1.59m). The decrease was largely due to a re-positioning of the Mobile Advertising operations to focus on building users and market share rather than short-term revenues in order to better position the business to maximise its future monetization potential. Ongoing revenues in Mobile Advertising are expected to be earned from the monetization of MOKO's student products, including REC*IT, Big Teams powered by REC*IT and REC*IT Fitness. As these products are not yet commercialized, there remains uncertainty over this expectation.

For 2016, MOKO's expenses decreased by 3% to \$21.22m (2015: \$21.89m) resulting from a reduction in marketing expenses (decreased by \$1.75m or 53%), employee benefit expenses (decreased by \$1.13m or 15%), share based payments (decreased by \$0.61m or 33%) and other operating overhead such as depreciation and amortization (decreased by \$0.57m or 56%).

Net operating cash flows for the year improved from \$(18.23)m in 2015 to \$(14.31)m in 2016. Investing cash outflows increased by 42% to \$1.10m (2015: \$0.76m) primarily due to payments related to the acquisition of a 10% interest in BigTeams LLC (2016: \$1.04m vs 2015: \$0.26m). Financing cash inflows decreased by 34% to \$10.72m (2015: \$16.22m) due to lower net proceeds received from equity capital raisings during the period.

During the year the Company issued 904.31m new ordinary shares including net proceeds from the pro-rata entitlement issue completed in April 2016 (2015: 202.63m). The unlisted options increased to 921.71m (2015: 66.22m).



Going concern

The Consolidated Entity is currently operating on a negative cash flow basis. Net cash used in operations for the year ended 30 June 2016 was \$14,31m (2015: \$18.23m). The Consolidated Entity made a continuing operating loss of \$20.07m for the year ended 30 June 2016 (2015: loss of \$19.00m).

In order to continue as a going concern, the Consolidated Entity needs to raise additional funds. The directors acknowledge that the requirement to raise additional funding represents a material uncertainty which may cast significant doubt over the ability of the Consolidated Entity to continue as a going concern.

The Consolidated Entity is pursuing a number of fund raising options but there is no certainty that additional funding will be available to us.

Should the Consolidated Entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.



Part 11: Revenue and other income

| Consolidated | | |
|-----------------------------------|------------------|--------------------|
| | 2016 | 2015 (restated) |
| | \$ | \$ |
| Revenue | 84,830 | 1,592,934 |
| Interest received | 17,830 | 187,085 |
| Other income | | |
| Research & development tax refund | 905,747 | 947,845 |
| Rental income | 143,734 | - |
| | 1,049,481 | 947,845 |

Part 12: Expenses

Loss before income tax includes the following specific expenses:

| Consolidated | | |
|--|------------------|--------------------|
| | 2016 | 2015 (restated) |
| | \$ | \$ |
| Employee benefits expense | | |
| Salaries and wages (including contractors, annual leave) | 5,459,847 | 6,526,214 |
| Superannuation, Healthcare & Workers Compensation | 739,897 | 806,810 |
| Total employee benefits expense | 6,199,744 | 7,333,024 |
| Share based payments | 1,263,528 | 1,875,674 |
| <i>Depreciation</i> | | |
| Computer equipment | 78,769 | 25,557 |
| Furniture and fittings | 9,094 | 6,602 |
| Leasehold Improvement | 7,239 | 3,476 |
| Total depreciation | 95,102 | 35,635 |
| <i>Amortisation</i> | | |
| Computer software | 88,523 | 36,894 |
| Capitalised product development | - | 19,649 |
| Intellectual Property | 260,251 | 922,345 |
| Total amortisation | 348,774 | 978,888 |
| Total depreciation and amortisation | 443,876 | 1,014,523 |
| Impairment expense | | |
| Intellectual Property | 1,935,919 | - |
| Goodwill | 1,579,904 | - |
| Total impairment | 3,515,823 | - |



Part 13: Property, plant and equipment

| Consolidated | Computer equipment | Furniture and fittings | Leasehold Improvements | Total |
|--|--------------------|------------------------|------------------------|------------------|
| 2015 | | | | |
| Cost | 772,604 | 80,064 | 33,902 | 886,570 |
| Accumulated depreciation | (590,881) | (35,542) | (4,186) | (630,609) |
| Balance at 30 June 2015 | 181,723 | 44,522 | 29,716 | 255,961 |
| Reconciliation | | | | |
| Balance at 1 July 2014 | 75,063 | 12,663 | - | 87,726 |
| Additions | 137,622 | 39,287 | 33,902 | 210,811 |
| Depreciation expense | (25,557) | (6,602) | (3,476) | (35,635) |
| Depreciation expense (discontinued operations) | (3,134) | - | - | (3,134) |
| Effects of movements in exchange rates | (2,271) | (826) | (710) | (3,807) |
| Balance at 30 June 2015 | 181,723 | 44,522 | 29,716 | 255,961 |
| 2016 | | | | |
| Cost | 746,300 | 67,536 | 34,982 | 848,818 |
| Accumulated depreciation | (661,008) | (39,521) | (11,558) | (712,087) |
| Balance at 30 June 2016 | 85,292 | 28,015 | 23,424 | 136,731 |
| Reconciliation | | | | |
| Balance at 1 July 2015 | 181,723 | 44,522 | 29,716 | 255,961 |
| Additions | 3,682 | 4,420 | 1,080 | 9,182 |
| Disposal | (18,706) | (11,981) | - | (30,687) |
| Disposal (discontinued operations) | (2,543) | (597) | - | (3,140) |
| Depreciation expense | (78,769) | (9,094) | (7,239) | (95,102) |
| Depreciation expense (discontinued operations) | (2,107) | (85) | - | (2,192) |
| Effects of movements in exchange rates | 2,012 | 830 | (133) | 2,709 |
| Balance at 30 June 2016 | 85,292 | 28,015 | 23,424 | 136,731 |



Part 14: Intangibles

| Consolidated | Computer software | Intellectual Property | Goodwill | TOTAL |
|--|-------------------|-----------------------|-------------|-------------|
| | \$ | \$ | \$ | \$ |
| 2015 | | | | |
| Cost | 220,646 | 4,837,947 | 2,387,346 | 7,445,939 |
| Accumulated amortisation | (121,862) | (2,795,527) | (714,462) | (3,631,851) |
| Balance at 30 June 2015 | 98,784 | 2,042,420 | 1,672,884 | 3,814,088 |
| <i>Reconciliation</i> | | | | |
| Balance at 1 July 2014 | 3,283 | 2,472,621 | 1,117,880 | 3,593,784 |
| Acquisitions through business combinations | - | - | 339,570 | 339,570 |
| Additions | 132,395 | - | - | 132,395 |
| Amortisation expense | (36,894) | (922,345) | - | (959,239) |
| Effects of movements in exchange rates | - | 492,144 | 215,434 | 707,578 |
| Balance at 30 June 2015 | 98,784 | 2,042,420 | 1,672,884 | 3,814,088 |
| 2016 | | | | |
| Cost | 312,746 | 5,273,257 | 1,759,631 | 7,345,634 |
| Accumulated amortisation | (211,911) | (3,337,338) | - | (3,549,249) |
| Impairment | - | (1,935,919) | (1,759,631) | (3,695,550) |
| Balance at 30 June 2016 | 100,835 | - | - | 100,835 |
| <i>Reconciliation</i> | | | | |
| Balance at 1 July 2015 | 98,784 | 2,042,420 | 1,672,884 | 3,814,088 |
| Additions | 92,100 | - | - | 92,100 |
| Amortisation expense | (88,523) | (260,251) | - | (348,774) |
| Impairment expense | - | (1,935,919) | (1,579,904) | (3,515,823) |
| Impairment expense (discontinued operations) | - | - | (179,727) | (179,727) |
| Effects of movements in exchange rates | (1,526) | 153,750 | 86,747 | 238,971 |
| Balance at 30 June 2016 | 100,835 | - | - | 100,835 |



Part 14: Intangibles (continued)

Impairment testing

Intellectual property and Goodwill acquired through business combinations has been allocated to the cash-generating units:

| Intellectual property | Mobile Advertising ⁽¹⁾ | Mobile Commerce ⁽²⁾ | Total |
|--|-----------------------------------|--------------------------------|-------------|
| | \$ | \$ | \$ |
| 2015 | | | |
| Cost | 4,788,477 | 49,470 | 4,837,947 |
| Accumulated Amortisation | (2,746,057) | (49,470) | (2,795,527) |
| Balance at 1 July 2015 | 2,042,420 | - | 2,042,420 |
| Amortisation expense | (260,251) | - | (260,251) |
| Impairment | (1,935,919) | - | (1,935,919) |
| Effects of movements on foreign exchange rates | 153,750 | - | 153,750 |
| Balance at 30 June 2016 | - | - | - |

| Goodwill | Mobile Advertising ⁽¹⁾ | Mobile Commerce ⁽²⁾ | Total |
|--|-----------------------------------|--------------------------------|-------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2015 | 1,493,157 | 179,727 | 1,672,884 |
| Impairment | (1,579,904) | (179,727) | (1,759,631) |
| Effects of movements on foreign exchange rates | 86,747 | - | 86,747 |
| Balance at 30 June 2016 | - | - | - |

Impairment testing

(1) Mobile Advertising Cash Generating Unit

Ongoing revenues from Mobile Advertising are expected to be earned from the monetization of MOKO's student products, including REC*IT and REC*IT Fitness. As these products are not yet commercialized and cash inflows have not occurred as forecast, there is uncertainty over this expectation. As a result, the carrying value of the goodwill and intellectual property of this cash generating unit was deemed unrecoverable and fully impaired.

(2) Mobile Commerce Cash Generating Unit (discontinued operations)

MOKO sold Deals I Love (Australia) Pty Ltd on 30 March 2016. As a result, the carrying value of the goodwill of this cash generating unit was written down to nil.



Part 15: Available-for-sale financial assets

On 24 April 2015, MOKO signed a Share Purchase Agreement with Big Teams LLC ("BigTeams"), a limited liability company located in the US. MOKO invested One Million U.S. Dollars (US\$1,000,000 or A\$ 1,297,811) to acquire a 10% equity stake in BigTeams.

BigTeams is the largest high school sports software platform in the US, providing online tools and data for US high schools to assist with sports team administration, event management and fundraising.

MOKO launched a tailored version of its REC*IT app in November 2015, specifically targeted at the students and parents of more than 3,400 US high schools that are currently serviced by BigTeams, using data generated by BigTeams. This investment has significantly expanded its offering for US students and provided access to the high school market.

Under the terms of purchase agreement, MOKO paid US\$200,000 (A\$256,813) in the year ended 30 June 2015, and further US\$800,000 (A\$1,042,142) in the current year.

| | 2016 | 2015 |
|--------------------------|-----------|-----------|
| | \$ | \$ |
| Unlisted ordinary shares | 1,297,811 | 1,297,811 |

The unlisted ordinary shares are held in Big Teams LLC. Fair value information relating to this investment has not been disclosed because the shares are not quoted in an active market and fair value cannot be measured reliably. Management currently has no plans to dispose of the shares.

There is no impairment related to BigTeams as at 30 June 2016.



Part 16: Discontinued operations

On 31 October 2015, the operations of Tagroom Pty Ltd and Moko Performance Network (formerly OfferMobi) were discontinued. These entities were operated as part of the mobile advertising segment.

On 30 March 2016, MOKO sold Deals I Love (Australia) Pty Ltd ("DIL") to Hedgeabelli Pty Ltd. As a condition to the occurrence of Completion, MOKO advanced \$37,500 to DIL as part of the Completion Loan. On the completion date, Moko released DIL from any outstanding loan balances amounting to \$1,092,084.

On 29 April 2016, Moko Door Foundation was discontinued operation and filed for dissolution in the State of Delaware in the US. The dissolution was duly authorised on 6 June 2016.

(a) Financial performance

| | 2016 | 2015 (restated) |
|---|------------------|--------------------|
| | \$ | \$ |
| Revenue | 1,099,346 | 4,694,199 |
| Interest received | 2,825 | 2,685 |
| Cost of providing goods and services | (822,479) | (3,268,279) |
| Expenses | (836,448) | (2,737,081) |
| Depreciation and amortisation | (2,192) | (3,134) |
| Impairment expense | (179,727) | - |
| Loss before tax from discontinued operations | (738,675) | (1,311,610) |
| Income tax benefit | - | 13,538 |
| Loss after income tax | (738,675) | (1,298,072) |
| Loss after income tax benefit from discontinued operations | (738,675) | (1,298,072) |
| Owners of the Company | (654,163) | (1,017,353) |
| Non-controlling interests | (84,512) | (280,719) |
| | (738,675) | (1,298,072) |

(b) Cash flow information

| | 2016 | 2015 (restated) |
|------------------------------------|------------------|--------------------|
| | \$ | \$ |
| Operating activities | (248,046) | (1,515,583) |
| Investing activities | (26,253) | 13,859 |
| Financing activities* | 144,553 | 1,180,805 |
| Net cash (outflow) / inflow | (129,746) | (320,919) |

* Financing activities are fund transfers from parent company, Moko Social Media Limited.



Part 17: Details Relating to Dividends

| | |
|--|-----------------------|
| Date the dividend is payable | Not Applicable |
| Record date to determine entitlement to the dividend | Not Applicable |
| Amount per security | Not Applicable |
| Total dividend | Not Applicable |
| Amount per security of foreign sourced dividend or distribution | Not Applicable |
| Details of any dividend reinvestment plans in operation | Not Applicable |
| The last date for receipt of an election notice for participation in any dividend reinvestment plans | Not Applicable |

Part 18: Earnings per Share

| | 2016 | 2015 (restated) |
|---|--------------|--------------------|
| | \$ | \$ |
| (a) Earnings per share from continuing operations | | |
| Loss after income tax attributable to owners of MOKO Social Media Limited | (20,065,325) | (18,995,935) |
| Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share | 976,674,881 | 609,883,178 |
| | cents | cents |
| Basic earnings per share | (2.05) | (3.11) |
| (b) Earnings per share from discontinued operations | | |
| Loss after income tax attributable to owners of MOKO Social Media Limited | (654,163) | (1,017,353) |
| Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share | 976,674,881 | 609,883,178 |
| | cents | cents |
| Basic earnings per share | (0.07) | (0.17) |
| (c) Total Earnings per share from loss | | |
| Loss after income tax attributable to owners of MOKO Social Media Limited | (20,719,488) | (20,013,288) |
| Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share | 976,674,881 | 609,883,178 |
| | cents | cents |
| Basic earnings per share | (2.12) | (3.28) |



Part 18: Earnings per Share (continued)

(b) Diluted earnings per share

Options issued to shareholders and related parties are considered to be potential ordinary shares and have been considered in the determination of diluted earnings per share. The calculation of dilutive earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Diluted earnings per share are therefore not different from basic earnings per share.

Part 19: Net Tangible Assets per Security

| | Consolidated | |
|--|--------------|------------|
| | 2016 | 2015 |
| Net tangible asset backing per ordinary security | | |
| Fully paid ordinary shares 1,659,796,126 (30 Jun 2015: 755,486,679 shares) | 0.19 cents | 0.96 cents |

Part 20: Issued securities

(a) Share capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares presents at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

| | Consolidated | |
|--|--------------|------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Fully paid ordinary shares 1,659,796,126 (30 Jun 2015: 755,486,679 shares) | 69,142,533 | 58,214,171 |
| Fully paid performance shares 20,000,000 (30 June 2015: 20,000,000) | 200 | 200 |
| | 69,142,733 | 58,214,371 |



Part 20: Issued securities (continued)

(b) Movement in ordinary share capital during the year

The following movements in ordinary share capital occurred during the year:

| Date | Details | Numbers of shares | Issue Price \$ | Amount \$ |
|------------------|---------------------------------|----------------------|----------------|-------------------|
| 1 July 2015 | Opening Balance | 755,486,679 | Various | 58,214,171 |
| 5 November 2015 | NASDAQ placement | 60,000,000 | 0.06 | 3,600,000 |
| 12 November 2015 | Capital raising fees | 2,000,000 | 0.06 | 120,000 |
| 27 November 2015 | Issue under US Omnibus Plan | 400,000 | 0.04 | 14,997 |
| 12 April 2016 | Entitlement Issue | 817,886,679 | 0.01 | 8,178,867 |
| 28 April 2016 | Underwriting fees | 16,500,000 | 0.01 | 165,000 |
| 28 April 2016 | Broker commission | 3,398,384 | 0.01 | 33,984 |
| 28 April 2016 | Short term loan fees & interest | 4,124,384 | 0.01 | 41,244 |
| | Capital raising costs | - | | (1,225,730) |
| | Closing Balance | 1,659,796,126 | | 69,142,533 |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares presents at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorized capital.

(c) Performance shares

| Date | Details | Number of Shares | Issue Price | Amount \$ | Variation Price |
|------------------|--|------------------|-------------|-----------|-----------------|
| 28 November 2013 | Share issue to Director pursuant to shareholder approval | 20,000,000 | \$0.00001 | 200 | \$0.10 |

A Performance Share Plan was approved by shareholders at MOKO's 2013 Annual General Meeting and involves the issuance of a new class of ordinary shares ("Performance Shares") to eligible participants for their market value assessed by an independent expert and based on the rights and conditions attached to the Performance Shares (the "Issue Price") by means of a payment to the Company of the Issue Price.

Performance Shares remain outstanding for a period equal to earlier of 3 years from the date of original purchase or the occurrence of the relevant Performance Event (such earlier date, the "End Date"). If the Performance Shares have not been 'varied' by the End Date, which can include events such as termination, the VWAP share price hurdle having been met, a takeover offer among others (any such event, a "Variation Event") then the Performance Shares will be redeemed by the Company for their Issue Price. If a Variation Event does occur prior to the End Date, the holder has twelve months from the date of the Variation Event to provide notice and payment (a "Variation Payment") to the Company.

Upon payment of the Variation Payment to the Company, the relevant Performance Shares will rank pari passu all with existing ordinary shares of the Company and trade together in the public market. On the other hand, at no time prior to a Variation Event will the holder be permitted to transfer any Performance Shares, and no dividend or voting rights will attach to any Performance Shares unless and until varied. In the event that the Variation Event does not occur prior or upon to the End Date, the Company will pay the Issue Price that it received from the holder for the applicable Performance Shares and then redeem and cancel those Performance Shares.

All above performance shares will expire on 28 November 2016.



Part 20: Issued securities (Continued)

Unlisted options over ordinary shares

| Date | Details | No of options | Exercise Price | Expiry Date |
|------------------------|---------------------------------|--------------------|----------------|-------------|
| Opening Balance | | | | |
| 01-Jul-15 | Opening Balance | 59,800,000 | Various | Various |
| Options granted | | | | |
| 27-Nov-15 | Unlisted Options – Director | 2,000,000 | 0.15 | 27-Nov-18 |
| 28-Apr-16 | Unlisted Options – Director | 1,000,000 | 0.02 | 28-Apr-18 |
| 28-Apr-16 | Unlisted Options – Director | 1,000,000 | 0.03 | 28-Apr-18 |
| 12-Apr-16 | Entitlement Issue | 408,943,371 | 0.02 | 12-Apr-17 |
| 28-Apr-16 | Underwriting fees | 8,250,000 | 0.02 | 12-Apr-17 |
| 28-Apr-16 | Broker commission | 1,699,192 | 0.02 | 12-Apr-17 |
| 28-Apr-16 | Short term loan fees & interest | 2,062,192 | 0.02 | 12-Apr-17 |
| 28-Apr-16 | Corporate advisory fees | 10,000,000 | 0.02 | 12-Apr-17 |
| 12-Apr-16 | Entitlement Issue | 408,943,371 | 0.04 | 12-Apr-19 |
| 28-Apr-16 | Underwriting fees | 8,250,000 | 0.04 | 12-Apr-19 |
| 28-Apr-16 | Broker commission | 1,699,192 | 0.04 | 12-Apr-19 |
| 28-Apr-16 | Short term loan fees & interest | 2,062,192 | 0.04 | 12-Apr-19 |
| 28-Apr-16 | Corporate advisory fees | 10,000,000 | 0.04 | 12-Apr-19 |
| Options expired | | | | |
| 24-Oct-15 | Unlisted Options – Other | (3,450,000) | 0.155 | 24-Oct-15 |
| 28-Nov-15 | Unlisted Options – Director | (16,000,000) | 0.40 | 28-Nov-15 |
| 28-Nov-15 | Unlisted Options – Director | (6,400,000) | 0.10 | 28-Nov-15 |
| 31-Dec-15 | Unlisted Options – Other | (1,000,000) | US\$0.15 | 31-Dec-15 |
| 31-Jan-16 | Unlisted Options – Director | (2,000,000) | 0.20 | 31-Jan-16 |
| 30-Jun-16 | Unlisted Options – Other | (250,000) | US\$0.17 | 30-Jun-16 |
| 30-Jun-16 | Unlisted Options – Employee | (1,000,000) | US\$0.05 | 30-Jun-16 |
| 30-Jun-16 | Unlisted Options – Employee | (1,000,000) | US\$0.075 | 30-Jun-16 |
| CLOSING BALANCE | | 894,609,510 | | |



Part 20: Issued securities (Continued)

Unlisted options

Unlisted ADS options

(ADS: American Depositary Shares (where one ADS = 40 Ordinary shares))

| Date | Details | No of options (in ADS) | No of options (in ordinary shares) | Exercise Price (per ADS in US\$) | Expiry Date |
|---|-----------------------------|------------------------|------------------------------------|----------------------------------|-------------|
| Opening Balance | | | | | |
| 01-Jul-15 | Opening Balance | 160,500 | 6,420,000 | various | various |
| ADS options granted | | | | | |
| 19-Sep-15 | Unlisted Options - Employee | 20,000 | 800,000 | \$4.00 | 31-Jul-17 |
| 22-Sep-15 | Unlisted Options - Employee | 25,000 | 1,000,000 | \$3.00 | 22-Sep-17 |
| 27-Nov-15 | Unlisted Options - Director | 150,000 | 6,000,000 | \$5.35 | 27-Nov-19 |
| 27-Nov-15 | Unlisted Options - Director | 150,000 | 6,000,000 | \$5.35 | 27-Nov-20 |
| 27-Nov-15 | Unlisted Options - Director | 75,000 | 3,000,000 | \$3.55 | 27-Nov-18 |
| 27-Nov-15 | Unlisted Options - Director | 75,000 | 3,000,000 | \$3.55 | 27-Nov-18 |
| 27-Nov-15 | Unlisted Options - Director | 50,000 | 2,000,000 | \$3.55 | 27-Nov-18 |
| 15-Jan-16 | Unlisted Options - Director | 100,000 | 4,000,000 | \$1.14 | 31-Dec-18 |
| ADS options expired | | | | | |
| 31-Dec-15 | Unlisted Options - Employee | (25,000) | (1,000,000) | \$4.07 | 31-Dec-15 |
| 31-Dec-15 | Unlisted Options - Employee | (7,500) | (300,000) | \$5.55 | 31-Dec-15 |
| 30-Jun-16 | Unlisted Options - Employee | (53,000) | (2,120,000) | \$7.50 | 30-Jun-16 |
| 30-Jun-16 | Unlisted Options - Employee | (2,500) | (100,000) | \$6.66 | 30-Jun-16 |
| 30-Jun-16 | Unlisted Options - Other | (25,000) | (1,000,000) | \$4.00 | 30-Jun-16 |
| ADS options cancelled (vesting conditions not met) | | | | | |
| 19-Sep-15 | Unlisted Options - Employee | (7,500) | (300,000) | \$4.58 | 3-Nov-17 |
| 19-Sep-15 | Unlisted Options - Employee | (7,500) | (300,000) | \$4.58 | 3-Nov-18 |
| | | | | | |
| | CLOSING BALANCE | 677,500 | 27,100,000 | | |

These options do not entitle the holder to participate in any share issue of the Company or any other entity.



Part 21: Segment information

MOKO Social Media Limited is organized into three operating segments: Mobile Social, Mobile Advertising and Mobile Commerce. Mobile Commerce was sold in March 2016. (2015: three operating segments including Mobile Social, Mobile Advertising and Mobile Commerce). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. Segment Mobile Commerce was discontinued after MOKO sold Deals I Love (Australia) on 30 March 16.

Types of products and services

The principal products and services of each of these operating segments are as follows:

| | |
|--------------------|---|
| Mobile Social | MOKO's proprietary mobile social networks and community/chat products |
| Mobile Advertising | MOKO's own proprietary mobile performance ad network and customised mobile publishing division |
| Mobile Commerce | MOKO's subsidiary e-commerce platform. Sales volumes and average revenue per user grew via diversified marketing channels and product range |

Intersegment transactions

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment receivables, payables and loans are eliminated on consolidation.

Operating segment information

| Continuing operations | | | | | |
|---|---------------------|---------------|-----------------|---------------------------------------|---------------------|
| | Mobile Advertising | Mobile Social | Mobile Commerce | Intersegment eliminations/unallocated | Total |
| Consolidated - 30 June 2016 | \$ | \$ | \$ | \$ | \$ |
| Total segment revenue | 57,024 | 27,806 | - | - | 84,830 |
| EBITDA | (16,086,626) | 21,482 | - | - | (16,065,144) |
| Depreciation and amortisation | (443,876) | - | - | - | (443,876) |
| Goodwill and Intangible assets impairment | (3,515,823) | - | - | - | (3,515,823) |
| Other income | 17,830 | - | - | - | 17,830 |
| Finance costs | (65,201) | - | - | - | (65,201) |
| Loss before income tax | | | | | (20,072,214) |
| Income tax benefit | | | | | 6,889 |
| Loss after income tax | | | | | (20,065,325) |
| Assets | 4,447,452 | - | - | - | 4,447,452 |
| Liabilities | 1,227,700 | - | - | - | 1,227,700 |



Part 21: Segment information (continued)

Operating segment information (continued)

| Continuing operations | | | | | |
|---|---------------------|----------------|-----------------|---|---------------------|
| | Mobile Advertising | Mobile Social | Mobile Commerce | Intersegment eliminations/ unallocated | Total |
| Consolidated – 30 June 2015 (restated) | \$ | \$ | \$ | \$ | \$ |
| Total Segment Revenue | 869,244 | 723,690 | - | - | 1,592,934 |
| EBITDA | (18,687,667) | 359,082 | - | - | (18,328,585) |
| Depreciation and amortisation | (1,014,523) | - | - | - | (1,014,523) |
| Interest income | 1,346 | 185,739 | - | - | 187,085 |
| Finance costs | (6,635) | - | - | - | (6,635) |
| Loss before income tax | | | | | (19,162,658) |
| Income tax benefit | | | | | 166,723 |
| Loss after income tax | | | | | (18,995,935) |
| Assets (continuing operations) | 14,274,887 | 93,285 | - | (994,584) | 13,373,588 |
| Assets (discontinued operations) | 410,093 | - | 322,763 | - | 732,856 |
| Assets | 14,684,980 | 93,285 | 322,763 | (994,584) | 14,106,444 |
| Liabilities (continuing operations) | 2,471,072 | 5,136 | - | - | 2,476,208 |
| Liabilities (discontinued operations) | 293,908 | - | 1,250,336 | (994,584) | 549,660 |
| Liabilities | 2,764,980 | 5,136 | 1,250,336 | (994,584) | 3,025,868 |

Geographical information

| Continuing operations | | | | |
|----------------------------------|-----------|--------|-----------|--------------|
| | Australia | Europe | US | TOTAL |
| Consolidated - 30 June 2016 | \$ | \$ | \$ | \$ |
| Sales to external customers | 14,362 | - | 70,468 | 84,830 |
| Add: Interest income | 17,696 | - | 134 | 17,830 |
| Add: Other income | 905,747 | - | 143,734 | 1,049,481 |
| Less: Cost of providing services | (6,325) | - | (80,777) | (87,102) |
| Less: Expenses * | | | | (21,137,253) |
| Loss before income tax | | | | (20,072,214) |
| Income tax benefit | | | | 6,889 |
| Loss after income tax | | | | (20,065,325) |
| Assets | 2,543,647 | - | 1,903,805 | 4,447,452 |
| Liabilities | 475,479 | - | 752,221 | 1,227,700 |

* Overhead expenses are not associated to any one particular segment.



Part 21: Segment information (continued)

Geographical information (continued)

| | Continuing operations | | | |
|---|-----------------------|-----------|-----------|--------------|
| | Australia | Europe | US | TOTAL |
| Consolidated - 30 June 2015 (restated) | \$ | \$ | \$ | \$ |
| Sales to external customers | 723,690 | - | 869,244 | 1,592,934 |
| Add: Interest income | 185,739 | - | 1,346 | 187,085 |
| Add: Other income | 947,845 | - | - | 947,845 |
| Less: Cost of providing services | (364,608) | - | (945,145) | (1,309,753) |
| Less: Expenses ** | | | | (20,580,769) |
| Loss before income tax | | | | (19,162,658) |
| Income tax benefit | | | | 166,723 |
| Loss after income tax | | | | (18,995,935) |
| Assets (continuing operations) | 7,168,232 | 6,693 | 6,198,663 | 13,373,588 |
| Assets (discontinued operations) | 356,801 | - | 376,055 | 732,856 |
| Assets | 7,525,033 | 6,693 | 6,574,718 | 14,106,444 |
| Liabilities (continuing operations) | 505,856 | 3,487 | 1,966,865 | 2,476,208 |
| Liabilities (discontinued operations) | 290,626 | - | 259,034 | 549,660 |
| Liabilities | 796,482 | 3,487 | 2,225,899 | 3,025,868 |

** Overhead expenses are not associated to any one particular segment.

Part 22: Subsequent events

Sales agreement:

On 16 August 2016, MOKO entered into an asset sales agreement with Competitor Group, Inc. ("CGI"), under which CGI will acquire RunHaven, MOKO's running website and social media assets for an undisclosed amount.

MOKO and CGI have also entered a marketing alliance in which they will facilitate introductions to each other's partners to explore potential sponsorship and media opportunities.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- MOKO Social Media Limited operations in future financial years, or
- The results of those operations in future financial years, or
- MOKO Social Media Limited's state of affairs in future financial years.



Part 23: Audit status

| | | | |
|--|-------------------------------------|--|--------------------------|
| This report is based on accounts to which one of the following applies: (Tick one) | | | |
| The accounts have been audited | <input type="checkbox"/> | The accounts have been subject to review | <input type="checkbox"/> |
| The accounts are in the process of being audited or subject to review | <input checked="" type="checkbox"/> | The accounts have not yet been audited or reviewed | <input type="checkbox"/> |

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

The auditors have advised that they are yet to obtain sufficient evidence to conclude as to whether the \$1,297,811 investment in Big Teams LLC is impaired. The shares in Big Teams LLC are not quoted in an active market and fair value cannot be measured reliably. If the Company is unable to provide further evidence to support the carrying value of the investment, then the investment may be impaired in the audited Annual Report for the year ended 30 June 2016.

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not Applicable