



APPENDIX 4D

HALF-YEARLY REPORT

Name of Entity:	MOQ LIMITED
ABN:	94 050 240 330
Reporting period:	Half-yearly ended 31 December 2016
Previous corresponding period:	Half-yearly ended 31 December 2015



Results for Announcement to the Market

Set out below are the statutory results for MOQ Ltd (“MOQ” or the “Company”) and its controlled entities for the half- yearly ended 31 December 2016.

	31 Dec 2016	31 Dec 2015	Movement %
Revenue from ordinary activities	29,370,960	16,806,519	75%
EBITDA	1,563,981	205,154	662%
Profit from ordinary activities after tax attributable to members	866,476	83,851	933%
Net profit after tax attributable to members	866,476	83,851	933%
Interim dividend per share (fully franked)	n/a	n/a	-
Final dividend per share (fully franked)	n/a	n/a	-
Basic Earnings per share (cents per share)			
- Continuing operations	0.5589	0.0078	7065%
- Discontinuing operations	-	-	N/A
Diluted Earnings per share (cents per share)			
- Continuing operations	0.5417	0.0076	7028%
- Discontinuing operations	-	-	N/A
Net Tangible Asset Backing per share	2.4 cents	0.17 cents	1312%

Dividend information

	Amount (cents per share)	Record Date	Payment Date
Interim dividend	n/a	n/a	n/a
Final dividend	n/a	n/a	n/a
The company does not have a dividend reinvestment plan.			



Commentary on operating results for the period

The first six months of trading to 31 December 2016 incorporated trading results for the full period from TETRAN and Skoolbag, two acquisitions completed by MOQ in May and April 2016 respectively.

Operationally, the TETRAN entity is being integrated into the MOQdigital business. MOQdigital continues to focus on managed services and other recurring revenue opportunities alongside traditional revenue streams of professional services and technology sales.

Skoolbag continues to operate independently of MOQdigital, within the MOQ entity whilst leveraging considerable internal MOQdigital expertise.

The combined trading results in H1 FY17 were very strong overall, showing an increase in revenue to \$29.4m (up 75%¹ over the prior corresponding period) and an increase in EBITDA to \$1.56m (an increase of 662%¹ on the prior corresponding period), with solid performances from our Professional Services and Technology segments in particular. MOQ Group has previously reaffirmed target revenues of between \$50-\$55m with an overall blended gross margin of 22%-25%. MOQ Group would like to revise its revenue guidance in the range of \$52-\$57m with an overall blended gross margin of 22%-25%.

MOQdigital

The sales momentum in H1 FY17 has been extremely pleasing to date with new customer opportunities being realised as a result of the businesses coming together and existing clients reacting positively to the enhanced Managed Services market offering.

Compelling wins in H1 FY17 include:

- A 3-year managed services contract for Toga Group managing 70 hotels worldwide;
- Renewal of significant 3-year managed services contract for Financial Services customer; and
- A large retail store application integration professional services project being deployed Australia wide.

The integration of the TETRAN business into MOQdigital is progressing well, with multiple back-office functions and roles being consolidated to assist operational efficiency. The management team continues to assess operational and cost efficiencies across the business as the merged entities reach an appropriate level of integration maturity.

The transition of existing MOQdigital managed services customers to the improved integrated business model (combining the best of TETRAN's managed services business, including Sri Lankan 'Centre of Excellence', along with MOQdigital's managed services capability) is also progressing successfully.

The Integration process has prompted a review of the IT Service Management (ITSM) Platform and the decision has been taken to bring forward the implementation of a replacement technology suite. Whilst this will cause a delay in the pace of customer transition to the new integrated business model, the Management team believes that the new ITSM will ensure longer term capability and scalability needs, as well as assist with a smoother migration of customers to the new business model.

¹ Prior corresponding period excluded trading results of Skoolbag and TETRAN as these acquisitions were only completed in April and May 2016 respectively.



Customer service and satisfaction, is the highest priority in the Transition process and consequently, MOQ's Management team is taking a cautious and considered approach to progressing this activity. The work program is progressing positively and is being diligently managed. However, it should be noted that previously stated guidance of typical margins from the managed services business will take longer to be realised than initially expected due to the strategic decision to bring forward investment, as we will not compromise on Customer Satisfaction during this process. However, MOQ is still confident with its revised revenue guidance of between \$52m – \$57m revenue in FY17 with an overall blended gross margin of 22%-25%.

In terms of investment, MOQ has incurred \$337,000 in H1FY17 on several non-repeatable Integration and Transitional activities, including dedicated personnel on work program implementation and planning, launching a successful inaugural conference for TETRAN/MOQdigital staff, and significant investments in travel for transfer of back-office functions as well as introduction of the managed services platform capabilities to key clients.

Skoolbag

MOQ also continues to invest in the Skoolbag platform (including Sportsbag and Bizbag products that leverage Skoolbag's market leading core technology) and recently hired a highly experienced consultant with vast industry and product management experience in the education vertical to fast track strategy execution.

Skoolbag (and related vertical products) continue to grow, with now over 3,000 customer subscriptions and over 1,000,000 end users.

With management, development and sales teams primarily located in NSW, additional development and customer services capability is now also fully operational out of MOQdigital's Centre of Excellence in Sri Lanka. Skoolbag continues to execute on its product roadmap and sales strategy to grow product revenue by adding functionality, expanding geographically and targeting new industry verticals. In the golf sector, our channel partner's product "Dint Golf App" is powered by Sportsbag technology and is now the market leading product in mobile communication platforms for golf clubs in Australia.

A new customer admin console has been well received by customers and provides a platform for adding additional value and services.

Please refer to the half year report for further details.

Additional information

Additional Appendix 4D disclosures can be found in the Notes accompanying the Statement of Profit or Loss and other comprehensive income and Statement of Financial Position.

This Appendix 4D is based on the 31 December 2016 half-yearly financial report, which is reviewed by Stantons International Audit and Consulting Pty Ltd (Stantons International).



**MOQ LIMITED
AND ITS CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

ABN: 94 050 240 330

INDEX

	Page Number
Directors' Report	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Condensed Notes to the Financial Statements	12
Directors' Declaration	20
Auditor's Independence Declaration	21
Independent Auditor's Review Report	22

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the “**Group**”) consisting of MOQ Limited (“**Company**”) and its controlled entities for the half-year ended 31 December 2016. The information in the preceding operating and financial review forms part of this directors’ report for the half-year ended 31 December 2016 and is to be read in conjunction with the following information.

General Information

Officers and Directors

The names and particulars of the Directors during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Mr David Shein	Non-Executive Chairman
Ms Nicola Page	Executive Director and Chief Executive Officer
Mr Joe D’Addio	Executive Director and Chief Operating Officer
Mr Scott McPherson	Executive Director and Director of Solutions
Mr Joseph Fridman	Non-Executive Director
Mr Jonathan Pager	Non-Executive Director
Mr Michael Pollak	Non-Executive Director
Mr Don Francis Nanayakkara	Executive Director

Operating and Financial Review

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DIRECTORS' REPORT (CONT.)

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DIRECTORS' REPORT (CONT.)

Our Business Model and Objectives

The Company's strategy is to develop, build and acquire complementary Cloud focused technology businesses. The Directors of the Company have extensive experience and a proven track record in acquiring and building businesses, and providing strategic direction, in order to generate long term sustainable returns for shareholders. The Company is actively pursuing suitable growth opportunities by either organic investment or through synergistic acquisitions in the technology sector.

The MOQdigital strategy and objectives include:

- Investment in the organic growth of MOQdigital and a build out of capability in the New South Wales and Queensland markets;
- Continued and increased focus on the growth of Managed Services and a range of recurring revenue streams;
- Market differentiation through continued investment and development of in-house products, tools and applications; and
- Growth via strategic acquisitions.

Significant Events after Balance Sheet Date

As a result of the integration of the Breeze, Technology Effect and TETRAN businesses, Don Francis Nanayakkara, and Mick Badran, the Chief Technology Officer, have stepped down from their executive positions, effective 27th and 28th February 2017.

However, Don Francis Nanayakkara will remain as a non-executive director of MOQ Limited. Their positions are not being replaced in the immediate future.

The directors are not aware of any other matters or circumstances that have arisen since the half-year ended 31 December 2016 that have significantly affected or may significantly affect the operations, results or state of affairs of the Group.

Options Exercised

6 December 2016: 900,000 options with exercise price of \$0.10

At the date of this report, the unissued ordinary shares of MOQ Limited under option are as follows:

Grant Date	Balance at 31/12/2016	Balance at the date of this report	Exercise price	Expiry
16/07/2014	1,600,000 ¹	1,600,000 ¹	\$0.10 ¹	30/06/2017
21/11/2012	16,667 ¹	-	\$7.00 ¹	12/02/2017 ²
21/11/2012	16,667 ¹	16,667 ¹	\$7.00 ¹	12/02/2018
01/09/2016	3,690,901 ³	3,690,901	\$0.275	01/09/2020
TOTAL	5,324,235	5,307,568		

¹Options consolidated on a 10:1 basis as at 23 May 2016

²*Expiry of options:*

As at the date of this report, these options have expired.

³*Issue of Employee Share Option Plan:*

On 1 September 2016, options were issued to selected staff at an exercise price of \$0.275 each, expiring by 1 September 2020.

Dividends Paid or Recommended

In respect of the current half-year, no dividends have been declared or paid and none are recommended (2015: \$nil).

DIRECTORS' REPORT (CONT.)

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2016 can be found on page 22 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in dark ink, appearing to read 'D Shein', with a stylized flourish extending from the bottom.

David Shein
Non-Executive Chairman
28 February 2017

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue			
Revenue		29,370,960	16,806,519
Other income		131,712	152,448
Total Revenue	3	29,502,672	16,958,967
Cost of sales	4	(22,892,760)	(14,177,189)
Gross Profit		6,609,912	2,781,778
Expenses			
Depreciation expenses	4	(109,032)	(43,492)
Amortisation expenses		(104,891)	-
Directors and Related Party Remuneration		(569,053)	(448,962)
Employee benefits	4	(2,544,497)	(1,225,677)
ASX and registry related expenses		(55,007)	(43,397)
Marketing expense		(208,935)	(141,647)
Occupancy expenses		(386,698)	(242,472)
Professional fees	4	(185,670)	(182,541)
Telecommunication expenses		(174,841)	(81,266)
Other expenses		(908,544)	(208,456)
Total expenses		(5,247,168)	(2,617,910)
Profit before income tax expense		1,362,744	163,868
Income tax expense	5	(500,134)	(80,017)
Profit after income tax		862,610	83,851
Other comprehensive income for the half-year			
Items that may be reclassified subsequently to profit and loss		-	-
Items that will not be reclassified to profit and loss		-	-
Other comprehensive income		3,866	-
Total comprehensive income for the half-year		866,476	83,851

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		\$	\$
Profit is attributable to			
MOQ Limited		866,476	83,851
		<u>866,476</u>	<u>83,851</u>
Total comprehensive income is attributable to			
MOQ Limited		866,476	83,851
		<u>866,476</u>	<u>83,851</u>
Earnings per share from continuing operations attributable to equity holders of the parent entity			
Basic earnings per share (cents per share)			
- Continuing operations	6	0.5589	0.0078
- Discontinuing operations	6	-	-
		<u>0.5589</u>	<u>0.0078</u>
Diluted earnings per share (cents per share)			
- Continuing operations	6	0.5417	0.0076
- Discontinuing operations	6	-	-
		<u>0.5417</u>	<u>0.0076</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		3,950,648	3,078,326
Trade and other receivables		6,805,421	6,298,691
Work In Progress		226,114	220,676
Other assets		481,683	273,602
		<u>11,463,866</u>	<u>9,871,295</u>
Non Current Assets			
Other assets		220,980	187,540
Deferred tax assets		608,362	723,847
Property, plant and equipment		477,301	452,350
Intangibles		14,350,092	14,455,829
		<u>15,656,735</u>	<u>15,819,566</u>
Total assets		<u>27,120,601</u>	<u>25,690,861</u>
Current Liabilities			
Trade and other payables		5,645,941	5,018,996
Deferred revenue		1,475,089	2,029,235
Provisions		1,414,968	1,352,621
Provision for income tax		265,840	
		<u>8,801,838</u>	<u>8,400,852</u>
Non - Current Liabilities			
Provisions		81,595	48,049
Total Liabilities		<u>8,883,433</u>	<u>8,448,901</u>
Net Assets		<u>18,237,168</u>	<u>17,241,960</u>
Equity			
Issued capital	7 (a)	49,455,752	49,365,752
Shares to be issued		-	-
Reserves		45,065	2,467
Accumulated losses		(31,263,649)	(32,126,259)
Total Equity		<u>18,237,168</u>	<u>17,241,960</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Shares to be Issued	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2015	33,285,143	8,333	8,665	(31,591,655)	1,710,486
Net (loss) for the half-year	-	-	-	83,851	83,851
Other comprehensive profit/(loss) for the half-year	-	-	-	-	-
Total comprehensive (loss) for the half-year	-	-	-	83,851	83,851
Issue of share capital	33,333	(8,333)	-	-	25,000
Option Premium Reserve	-	-	-	-	-
Balance as at 31 December 2015	33,318,476	-	8,665	(31,507,804)	1,819,337
Balance as at 1 July 2016	49,365,752	-	2,467	(32,126,259)	17,241,960
Net profit for the half-year	-	-	-	862,610	862,610
Other comprehensive income/(loss) for the half-year	-	-	3,866	-	3,866
Total comprehensive income for the half-year	-	-	3,866	862,610	866,476
Issue of share capital / exercise of options	90,000	-	-	-	90,000
Option Premium Reserve	-	-	38,732	-	38,732
Balance as at 31 December 2016	49,455,752	-	45,065	(31,263,649)	18,237,168

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Cash flow from operating activities			
Receipts from customers		30,859,398	17,829,797
Payments to suppliers and employees		(29,506,494)	(18,834,505)
Interest received		12,686	2,206
Income taxes refunded		-	84,531
Income taxes paid		(110,937)	(179,311)
Net cash provided by / (used in) operating activities		<u>1,254,653</u>	<u>(1,097,282)</u>
Cash flow from investing activities			
Payment for property plant and equipment		(133,983)	(328,739)
Payments for deposit		(31,151)	(75,803)
Working capital completion receipts / payments		(307,197)	
Net cash (used in) investing activities		<u>(472,331)</u>	<u>(404,542)</u>
Cash flow from financing activities			
Proceeds from issue of shares and options		90,000	25,000
Repayment of syndicate loan		-	-
Net cash provided by financing activities		<u>90,000</u>	<u>25,000</u>
Net increase / (decrease) in cash and cash equivalents		872,322	(1,476,824)
Cash and cash equivalents at beginning of the half-year		<u>3,078,326</u>	<u>2,722,299</u>
Cash and cash equivalents at end of the half-year		<u><u>3,950,648</u></u>	<u><u>1,245,475</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

This interim financial report of the Company and its controlled entities (the Group) for the half-year ended 31 December 2016 was authorised for issue at the date of the directors' report.

(a) Basis of preparation of the interim financial report

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by MOQ Limited (formerly Montech Holdings Limited) and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's financial report for the financial year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) New and revised accounting requirements applicable to the current half-year reporting period

There are no new and revised Standards and amendments thereof and Interpretations issued by the Australian Accounting Standards Board (the AASB) that is relevant to the Group's operations and effective for the current reporting period.

(c) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assumed a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates

Impairment of Non-Current Assets

The Company assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Debtors (Bad Debt Provision)

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, historical collection rates and specific knowledge of the individual debtors' financial position.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(d) Going Concern Basis

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The directors believe that preparation of the financial report on a going concern basis is appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 2: SEGMENT INFORMATION

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) to make financial and operational decisions and to allocate resources. We attribute sales to an operating segment based on the type of product or service provided to the customer.

We have identified three reportable segments, as follows:

- Technology Sales – provision of vendor hardware, software and associated licenses and maintenance contracts,
- Professional Services – provision of a range of specialist services including consulting, project management, systems and software engineering services to assist clients with strategy, architecture, design, development and implementation of ICT solutions.
- Recurring Services – a combination of managed services including operations, support and ICT management, as well as a range of in-house developed commercialised IP and Cloud (SAAS) based solutions.

The consolidated entity primarily services clients in one geographical segment being Australia, with support from Australia, Sri Lanka, Singapore and New Zealand. However, there are no material revenues generated outside of Australia, and as a result no additional geographical segment information has been provided.

The segment information provided to the Board of directors, for the reportable segments is as follows:

31 December 2016	Recurring Services \$	Professional Services \$	Technology Sales \$	Unallocated \$	Total \$
Revenue from external customers	5,117,215	7,575,535	16,678,210		29,370,960
Other income	-	-	-	131,712	131,712
Total Reportable Segment results (before tax)	1,784,843	1,651,746	3,041,611	(5,115,456)	1,362,744
Total segment assets				27,120,601	27,120,601
Total segment liabilities				8,883,433	8,883,433

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
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31 December 2015	Recurring Services	Professional Services	Technology Sales	Unallocated	Total
	\$	\$	\$	\$	\$
Revenue from external customers	1,883,046	4,894,908	10,048,926	(20,361)	16,806,519
Other income	-	-	-	152,448	152,448
Total Reportable Segment results (before tax)	714,179	237,007	1,698,505	(2,485,823)	163,868
Total segment assets				6,253,805	6,253,805
Total segment liabilities				4,434,468	4,434,468

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3: REVENUE

	2016	2015
	\$	\$
Revenue from services	29,370,960	16,806,519
Interest received	12,686	2,206
Other income	119,026	150,242
Total Revenue	29,502,672	16,958,967

NOTE 4: OPERATING PROFIT

	2016	2015
	\$	\$
Profit before income tax includes the following expenses:		
(a) Cost of sales		
Technology	13,636,599	8,350,421
Recurring services	3,332,372	1,168,867
Professional services	5,923,789	4,657,901
	22,892,760	14,177,189
(b) Depreciation – office equipment and software	109,032	43,492
(c) Employee benefits, other labour and related expenses		
Wages and salaries	1,960,621	943,090
Superannuation	232,381	95,130
Other employee benefits expenses	351,495	187,457
	2,544,497	1,225,677
(d) Professional services		
Consultants fees	30,503	53,301
Compliance fees	59,938	32,995
Other fees	95,229	96,245
	185,670	182,541

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 5: INCOME TAX

	2016	2015
	\$	\$
Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Profit/(loss) from continuing operations before income tax expense	1,362,744	163,868
Income tax calculated at 30% (2015: 30%)	408,823	49,161
Tax effect of amounts which are not taxable income (including R&D rebate)	82,393	114,424
Under/(over) provision previous period	8,918	(83,568)
Tax loss not recognised	-	-
Income tax expense/(benefit)	<u>500,134</u>	<u>80,017</u>

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets on unused tax losses were not recognised in the prior periods as the Directors have determined it was not probable that those tax losses will be recouped.

NOTE 6: EARNINGS PER SHARE

	Dec 2016	Dec 2015
	\$	\$
(a) Basic earnings per share (cents per share)		
From continuing operations	<u>0.5589</u>	<u>0.0078</u>
	<u>0.5589</u>	<u>0.0078</u>
(b) Diluted earnings per share (cents per share)		
From continuing operations	<u>0.5417</u>	<u>0.0076</u>
	<u>0.5417</u>	<u>0.0076</u>
(c) Reconciliation of profit in calculating earnings per share		
Basic and diluted profit per share		
Profit after tax from continuing operations attributable to ordinary equity holders	<u>866,476</u>	<u>83,851</u>
	<u>866,476</u>	<u>83,851</u>
(d) Total shares		
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share	<u>155,036,734</u>	<u>1,074,810,482</u>
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of diluted earnings per share	<u>159,963,902</u>	<u>1,100,310,482</u>

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016
ABN: 94 050 240 330

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 7: SHARE CAPITAL

(a) Details of share issues

For the half-year ended 31 December 2016:

Date	Details	Share Price \$	No. of Shares	Issue Value \$
	Total share capital as at 31 December 2015		1,077,004,545	33,318,476
Apr-16	Capital raising pursuant to the offer under the prospectus dated 24 March 2016	0.0275	161,454,545	4,440,000
May-16	Capital raising pursuant to the offer under the prospectus dated 24 March 2016	0.0275	165,818,182	4,560,000
May-16	Consideration shares for TETTRAN group of companies	0.035	142,857,144	5,000,000
May-16	Consolidation of shares on a 10:1 basis	-	(1,392,420,858)	-
Jun-16	Performance shares accrued Skoolbag	0.04	-	1,500,000
Jun-16	Performance shares accrued TETTRAN	0.035	-	1,000,000
	Capital raising costs			(452,724)
	Total share capital as at 30 June 2016 and 1 July 2016		154,713,558	49,365,752
Dec-16	Performance shares issued Skoolbag		1,250,000	-
Dec-16	Performance shares issued TETTRAN		2,857,144	-
Dec -16	Exercise of options		900,000	90,000
	Total share capital as at 31 December 2016		159,720,702	49,455,752

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 7: SHARE CAPITAL (CONT.)

(b) Options

ASX Code	Balance at 31 Dec 2016	Balance at 31 Dec 2015	Exercise price	Expiry
MOQOPT8	1,600,000 ¹	25,000,000	\$0.10 ¹	30/06/2017
MOQOPT5	-	166,667	\$0.70	12/02/2016
MOQOPT6	16,667 ¹	166,667	\$7.00 ¹	12/02/2017 ²
MOQOPT7	16,667 ¹	166,667	\$7.00 ¹	12/02/2018
Unlisted options	3,690,901 ³	-	\$0.275 ³	01/09/2020
Total Options	5,324,235	25,500,001		

¹ Options consolidated on a 10:1 basis as at 23 May 2016

² Options have expired as at 12th February 2017.

³ On the 1 September 2016, unlisted options were issued to selected staff at an exercise price of \$0.275 each, expiring by 1 September 2020. These options are unvested and will only vest after period of service has hit certain time milestones.

NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The company also notes that there may be a contingent liability in respect of the issue of shares related to performance hurdles in Skoolbag, subject to performance exceeding expectations.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

As a result of the integration of the Breeze, Technology Effect and TETRAN businesses, Don Francis Nanayakkara, and Mick Badran, the Chief Technology Officer, have stepped down from their executive positions, effective 27th and 28th February 2017.

However, Don Francis Nanayakkara will remain as a non-executive director of MOQ Limited. Their positions are not being replaced in the immediate future.

The directors are not aware of any other matters or circumstances that have arisen since the half-year ended 31 December 2016 that have significantly affected or may significantly affect the operations, results or state of affairs of the Company.

28 February 2017

Board of Directors
MOQ Limited
Suite 5A, 2 New McLean Street
Edgecliff NSW 2027

Dear Sirs

RE: MOQ LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MOQ Limited.

As Audit Director for the review of the financial statements of MOQ Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MOQ LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MOQ Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for MOQ Limited (the consolidated entity). The consolidated entity comprises both MOQ Limited ("the Company") and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of MOQ Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MOQ Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of MOQ Limited on 28 February 2017.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MOQ Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
28 February 2017