

ASX/NASDAQ Release

SYDNEY, November 2 2015



FORM 20-F ANNUAL REPORT

MOKO Social Media Limited advises that the following Form 20-F Annual Report for the year ended 30 June 2015 has been filed with the United States Securities and Exchange Commission

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LIMITED

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark one)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

Commission file number **001-36488**

MOKO Social Media Limited

(Exact name of the Registrant as specified in its charter)

Australia

(Jurisdiction of incorporation or organization)

320 King Street
Alexandria, VA 22314

(Address of principal executive offices)

Moko.mobi, Inc.
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Alexandria, VA 22314
Attn: Ian Rodwell
Tel: (571) 982-3000
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(Name, Telephone, E-mail and/or
Facsimile number and Address
of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class

American Depositary Shares
Ordinary Shares*

Name of each exchange on which registered

The NASDAQ Stock Market LLC
The NASDAQ Stock Market LLC*

* Not for trading, but only in connection with the listing of the American Depositary Shares on The NASDAQ Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

On June 30, 2015, the registrant had 755,486,679 ordinary shares outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes

☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of

1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

☐ Large Accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☐ US GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of the securities under a plan confirmed by a court.

☐ Yes ☐ No

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CERTAIN INFORMATION

As used in this Annual Report on Form 20-F (the “Annual Report”), unless otherwise indicated or the context otherwise requires, references to:

- “we,” “MOKO,” “us,” “our,” “the Company,” or “our company” are to MOKO Social Media Ltd, including its subsidiaries;
- “ordinary shares” are to our ordinary shares, no par value;
- “ADSs” or “American Depositary Shares” are to our American Depositary Shares each representing forty ordinary shares;
- “ASX” are to the Australian Stock Exchange or ASX; and
- “NASDAQ” are to the Nasdaq Global Market.

In this Annual Report on Form 20-F, references to “Australia” are to the Commonwealth of Australia. References to “\$,” “USD,” “dollars,” “USD\$” or “U.S. dollars” are to the legal currency of the United States and references to “A\$,” or “Australian Dollars” are to the legal currency of Australia.

Solely for the convenience of the reader, this Annual Report on Form 20-F contains translations of certain Australian dollar amounts into U.S. dollars at specified rates. Except as otherwise stated in this Annual Report on Form 20-F, all translations from Australian dollars to U.S. dollars are based on the noon buying rate of A\$1.00 per \$0.7704 in the City of New York for cable transfers of Australian dollars, as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2015. No representation is made that Australian dollar amounts referred to in this Annual Report on Form 20-F could have been or could be converted into U.S. dollars at such rates or any other rates. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

The audited consolidated financial statements and notes thereto as of and for fiscal 2015, 2014 and 2013 included elsewhere in this Annual Report on Form 20-F have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). References to a particular “fiscal year” are to our fiscal year ended June 30 of that year. Our fiscal quarters end on September 30, December 31 and March 31. References to a year other than a “fiscal” year are to the calendar year ended December 31.

We also refer in various places within this Annual Report on Form 20-F to “EBITDA,” which is a non-IFRS measure and is more fully explained in the section titled “Non-IFRS Financial Measure” in “Operating and Financial Review and Prospects.” The presentation of this non-IFRS information is not meant to be considered in isolation or as a substitute for our consolidated financial results prepared in accordance with IFRS as issued by the IASB.

FORWARD-LOOKING STATEMENTS

This Annual Report contains many statements that are “forward-looking” and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “future,” “intend,” “may,” “ought to,” “plan,” “possible,” “potentially,” “predicts,” “project,” “should,” “will,” “would,” negatives of such terms or other similar statements. You should not place undue reliance on any forward-looking statement due to its inherent risk and uncertainties, both general and specific. Although we believe the assumptions on which the forward-looking statements are based are reasonable and within the bounds of our knowledge of our business and operations as of the date of this Annual Report, any or all of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions could also be incorrect. The forward-looking statements in this Annual Report include, without limitation, statements relating to:

- our goals and strategies;
- our future business development, results of operations and financial condition;
- our ability to protect our intellectual property rights;
- projected revenues, profits, earnings and other estimated financial information;
- our ability to maintain strong relationships with our customers and suppliers;

- our planned use of proceeds; and
- governmental policies regarding our industry.

The forward-looking statements included in this Annual Report are subject to known and unknown risks, uncertainties and assumptions about our businesses and business environments. These statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results of our operations may differ materially from information contained in the forward-looking statements as a result of risk factors, some of which are described under the headings “Risk Factors”, “Operating and Financial Review and Prospects,” “Information on our Company” and elsewhere in this Annual Report, including, among other things:

- failure of our new products to attract a sufficient number of social groups to our mobile platforms;
- failure of advertisers to use us to reach their target audience even if our mobile social platforms are widely adopted by user groups;
- risks relating to generating almost all of our revenue from advertising;
- our incurrence of net losses since our inception and our anticipation that we will continue to incur net losses in the future;
- our ability to continue as a going concern;
- failure to maintain the resources and expertise necessary to keep up with the latest technologies in the industries in which we operate;
- dependence on the continued and unimpeded access to our products and services on the Internet by our partner’s users and advertisers;
- failure to identify suitable targets, acquire them on acceptable terms or successfully integrate them in accordance with our business strategy of making acquisitions;
- reliance on computer software and hardware systems to manage our operations;
- our business being subject to complex and evolving laws, regulations and self-regulatory principles and frameworks internationally;
- privacy concerns relating to our products and services which could damage our reputation and deter current and potential users and advertisers from using our products; and
- our need for additional capital and whether we may be able to obtain it on acceptable terms, or at all.

These risks and uncertainties are not exhaustive. Other sections of this Annual Report include additional factors which could adversely impact our business and financial performance. The forward-looking statements contained in this Annual Report speak only as of the date of this Annual Report or, if obtained from third-party studies or reports, the date of the corresponding study or report, and are expressly qualified in their entirety by the cautionary statements in this Annual Report. Since we operate in an emerging and evolving environment and new risk factors and uncertainties emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. Except as otherwise required by the securities laws of the United States and Australia, we undertake no obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not required.

B. Advisers

Not required.

C. Auditors

Not required.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not required.

ITEM 3. KEY INFORMATION

A. Selected financial data

The following selected financial data should be read in conjunction with Item 5 - the “Operating and Financial Review and Prospects” and the Financial Statements and Notes thereto included elsewhere in this Annual Report.

Certain factors that affect the comparability of the information set forth in the following table are described in the “Operating and Financial Review and Prospects,” and the Financial Statements and related notes thereto included elsewhere in this Annual Report.

	Fiscal Year Ended June 30				
	2015		2014	2013	2012
	A\$	USD\$	A\$	A\$	A\$
Statement of Profit or Loss Data					
Revenue from continuing operations	6,287,133	4,843,607	8,228,151	6,020,593	1,722,484
Other income and revenue	1,137,615	876,419	1,469,951	1,017,044	629,369
Fair value gain on deferred consideration	-	-	383,933	1,829,653	-
Expenses	(27,899,016)	(21,493,402)	(23,649,446)	(13,560,947)	(6,234,297)
Loss before income tax expense from continuing operations	(20,474,268)	(15,773,376)	(13,567,411)	(5,701,888)	(4,449,186)
Income tax benefit/(expense)	180,261	138,873	(29,048)	(17,637)	(893)
Loss after income tax benefit from continuing operations	(20,294,007)	(15,634,503)	(13,596,459)	(4,711,294)	(3,883,337)
(Loss)/profit after income tax benefit from discontinued operations	-	-	-	(1,566,785)	1,451,091
Loss after income tax for the year	(20,294,007)	(15,634,503)	(13,596,459)	(6,278,079)	(2,432,246)
Other comprehensive income:					
Exchange differences on translation of foreign operations	1,397,333	1,076,505	(244,676)	853,663	-
Total comprehensive loss for the year	(18,896,674)	(14,557,998)	(13,841,135)	(5,424,416)	(2,432,246)
Total comprehensive loss for the year is attributable to:					
Continuing operations	(20,013,288)	(15,418,237)	(13,841,135)	(3,857,631)	(3,883,337)
Discontinued operations	-	-	-	(1,566,785)	1,451,091
Owners of MOKO Social Media Limited	(20,013,288)	(15,418,237)	(13,472,361)	(5,424,416)	(2,432,246)
Loss attributable to:					
Owners of the Company	(20,013,288)	(15,418,237)	(13,472,361)	(6,278,079)	(2,432,246)
Non-controlling interests	(280,719)	(216,266)	(124,098)	-	-
Total comprehensive loss attributable to:					
Owners of the Company	(18,615,955)	(14,341,732)	(13,717,037)	(5,424,416)	(2,432,246)
Non-controlling interests	(280,719)	(216,266)	(124,098)	-	-
Earnings per share from continuing operations attributable to the owners of MOKO Social Media Limited:					
Basic / Diluted EPS	(3.28)	(2.53)	(2.85)	(1.54)	(3.00)

	As of June 30				
	2015		2014	2013	2012
	A\$	USD\$	A\$	A\$	A\$
Statement of Financial Position Data					
Current assets:					
Cash and cash equivalents	7,219,908	5,562,217	9,878,011	2,519,186	1,573,783
Trade and other receivables	501,472	386,334	927,852	823,898	2,677,021
Other current assets	1,017,204	783,654	298,716	153,236	341,718
Total current assets	8,738,584	6,732,205	11,104,579	3,496,320	4,592,522
Non-current assets					
Property, plant and equipment	255,961	197,192	87,726	72,662	793,339
Intangibles	3,814,088	2,938,373	3,613,433	4,410,248	974,681
Available-for-sale financial assets	1,297,811	999,834	-	-	-
Deferred tax assets	-	-	427,719	-	-
Total non-current assets	5,367,860	4,135,399	4,128,878	4,482,910	1,768,020
Total assets	14,106,444	10,867,604	15,233,457	7,979,230	6,360,542
Current liabilities					
Deferred consideration	-	-	-	1,430,252	-
Trade and other payables	2,569,262	1,979,359	2,563,611	1,814,544	2,141,895
Borrowings	-	-	-	1,136,390	-
Employee benefits	411,076	316,693	276,920	134,048	207,054
Provisions	-	-	-	264,912	-
Income tax provision	-	-	740,880	279,808	-
Total current liabilities	2,980,338	2,296,052	3,581,411	5,059,954	2,348,949
Non-current liabilities					
Employee benefits	45,530	35,076	35,348	45,904	29,714
Deferred tax liability	-	-	-	-	89,750
Total non-current liabilities	45,530	35,076	35,348	45,904	119,464
Total liabilities	3,025,868	2,331,129	3,616,759	5,105,858	2,468,413
Net assets	11,080,576	8,536,476	11,616,698	2,873,372	3,892,129
Equity					
Issued capital	58,214,371	44,848,351	41,679,662	24,656,473	20,685,557
Reserves	12,213,980	9,409,650	8,990,804	3,674,208	2,385,802
Accumulated losses	(58,942,958)	(45,409,655)	(38,929,670)	(25,457,309)	(19,179,230)
Non-controlling interest	(404,817)	(311,871)	(124,098)	-	-
Total equity	11,080,576	8,536,476	11,616,698	2,873,372	3,892,129

The total outstanding ordinary shares at June 30, 2015, is 755,486,679 (2014: 552,853,091).

The total Performance Shares outstanding at June 30, 2015, is 20,000,000 (2014: 20,000,000).

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The following table sets forth information concerning exchange rates between the Australian dollar and the U.S. dollar for the periods indicated based on the noon buying rate in the City of New York for cable transfers of Australian dollars, as certified for customs purposes by the Federal Reserve Bank of New York. As of September 30, 2015, the noon buying rate was A\$0.7020 per \$1.00.

Year Ended	A\$ Per USD\$	
	High	Low
June 30, 2011	1.0803	0.8380
June 30, 2012	1.1026	0.9453
June 30, 2013	1.0573	0.9165
June 30, 2014	0.9705	0.8715
June 30, 2015	0.9488	0.7566
Month Ended		
April 2015	0.7825	0.7566
May 2015	0.8118	0.7631
June 2015	0.7831	0.7613
July 2015	0.7664	0.7278
August 2015	0.7419	0.7087
September 2015	0.7222	0.6917

B. Capitalization and Indebtedness

Not required.

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk factors

Risks Related to Our Business

Our limited operating history may not serve as an adequate basis to predict our future prospects and results of operations.

Our current level of operations did not develop until early 2013. As a result, our operating history is limited and, accordingly, the revenue and income potential of our business and markets are unproven. Our historical operating results do not provide a meaningful basis for evaluating our business, financial performance and prospects, particularly in view of the fact that the last two years of operations were of businesses that have since ceased operations or been sold to other companies.

We also face numerous risks, uncertainties, expenses and difficulties frequently encountered by companies at an early stage of development. Some of these risks and uncertainties relate to our ability to:

- develop new customers or new business from existing customers;
- expand the technical sophistication of the products and services we offer;
- respond effectively to competitive pressures; and
- attract and retain qualified management and employees.

We may not meet internal or external expectations regarding our future performance. If we are not successful in addressing these risks and uncertainties, our business, operating results and financial condition may be materially adversely affected.

Our new products could fail to attract a sufficient number of social groups to our mobile platforms and we may not be able to retain organizations that are attracted to our platforms.

In order to create a meaningful level of activity in our target social groups, we need to attract and retain large user groups interested in our mobile social applications. Our ability to convince these social groups to adopt our mobile platform will depend in part on our ability to create successful new products and services. We may also introduce significant changes to our existing products and services or develop and introduce new and unproven products and services, including technologies with which we have little or no prior development or operating experience, which could affect users continued use of the products we develop. For example, in 2013, we began to develop REC*IT, a mobile application that includes a variety of social features and tools including the ability to register for team activities, check schedules, player standings, scores and individual performances and post photos and other content related to collegiate intramural sports. There can be no assurance that we will continue to identify and partner with social groups of the size and demographics that may be attractive to potential advertising customers. Even if we are able to attract groups and organizations to our platform, there can be no assurance that they will continue to use our platform, which would materially and adversely affect our financial condition, results of operations and prospects.

Even if our mobile social platforms are widely adopted by user groups, advertisers may determine not to use us to reach their target audience, which would adversely affect our financial condition, results of operations and prospects.

Our ability to achieve profitability is dependent upon the aggregation of significant numbers of users of our mobile social platforms and the attractiveness of the market they represent to advertisers. Our business model involves our development of mobile social platforms for user groups that we provide to the groups at no cost in exchange for the right to include advertisements in the content hosted on our platform. If our new or enhanced products or services fail to engage the targeted social groups, or we fail to attract or retain sufficient mobile communities to generate sufficient interest with potential advertising customers, we may not generate the revenue or operating profit to justify our investments, and our business, operating results and prospects could be materially adversely affected. In the future, we may invest in new products, services and initiatives to generate revenue or profit, but there is no guarantee these approaches will be successful.

We expect to generate almost all of our revenue from advertising. The inability to attract advertisers, or a general reduction in spending by advertisers, would harm our business and prospects.

We expect to generate almost all of our revenue from third parties advertising on our platforms. As is typical in our industry, we do not expect that we will have long-term commitments from advertisers, and our advertisers will spend only a relatively small portion of their advertising budget with us. If our platforms do not deliver ads in an effective manner, advertisers will not do business with us or will not be willing to pay the rates we anticipate, which would harm our business and prospects. Our ability to generate advertising revenue also could be adversely affected by numerous other factors, including:

- our inability to attract communities who desire to partner with us;
- lower than expected engagement by members of the communities with whom we partner;
- our ability to effectively manage advertising inventory for platforms we develop;
- the emergence of new competitors in our industry or our inability to effectively compete with existing competitors;
- adverse legal developments relating to mobile advertising, including legislative and regulatory developments and developments in litigation;
- adverse media reports or other negative publicity involving us, our partners, or other companies in our industry;
- changes in the way online advertising is priced;

- the impact of new technologies that could block or obscure the display of ads we place; and
- the impact of macroeconomic conditions and conditions in the advertising industry generally.

Our legacy operations incurred net losses since their respective inceptions and we anticipate that we will continue to incur net losses in the future.

Substantially all of our revenue to date has been derived from the provision of mobile content product and services from businesses we no longer operate and which historically incurred net losses. We incurred losses from continuing operations of A\$20.5 million (\$15.8 million) and A\$13.6 million, for the fiscal years ended June 30, 2015 and June 30, 2014, respectively. From our inception in 2004 through June 30, 2015, we have aggregate accumulated losses of A\$58.9 million (\$45.4 million). We expect our losses to continue as a result of ongoing project development, increased selling, marketing and corporate support costs. These losses have decreased our working capital, total assets and shareholders' equity. Because of the risks and uncertainties associated with our recent strategic focus on customized mobile social advertising development and the related commercialization efforts, we are unable to predict whether or not we will become profitable, and if so, when.

Our independent registered public accounting firm has taken an emphasis of matter qualification regarding our ability to continue as a going concern.

Our auditors have issued a "going concern" emphasis of matter qualification regarding their opinion on our June 30, 2015 financial statements, indicating the existence of a material uncertainty that may cast substantial doubt that we can continue as an ongoing business. There can be no assurance that our current cash reserves and anticipated revenues will be sufficient to enable us to reach a cash-flow positive position or fully finance our business plan. MOKO is and will, until such time as its profitability is achieved, remain reliant upon current cash reserves, ongoing funding and may also require additional funding. Such additional funding may not be available on terms favorable to us, or at all. Our financial statements do not include any adjustments as a result of this uncertainty. If we cannot continue as a viable entity, our shareholders may lose some or all of their investment in us.

User growth and engagement depend upon effective interoperation with operating systems, networks, devices, web browsers and standards that we do not control.

We plan to make our products available across a variety of operating systems and through websites. We will be dependent on the interoperability of our products with popular devices, mobile operating systems and web browsers that we do not control, such as Mac OS, Windows, Android, iOS, Chrome and Firefox. Any changes in such systems, devices or web browsers that degrade the functionality of our products and services or give preferential treatment to competitive products could adversely affect usage of our products. Further, if the number of platforms for which we develop our product expands, it is likely to result in an increase in our operating expenses. In order to deliver high quality products, it is important that our products work well with a range of operating systems, networks, devices, web browsers and standards that we do not control. In addition, because our users access our products and services through mobile devices, we are particularly dependent on the interoperability of our products and services with mobile devices and operating systems. We may not be successful in developing relationships with key participants in the mobile industry or in developing products that operate effectively with these operating systems, networks, devices, web browsers and standards. In the event that it is difficult for our users to access and use our products and services on their mobile devices, our user growth and engagement could be harmed, and our business and operating results could be materially adversely affected.

Our failure to maintain the resources and expertise necessary to keep up with the latest technologies in the industries in which we operate could have a material adverse effect on our business and results of operations.

The social media industry is characterized by continuing rapid technological advancement, changes in customer requirements, and evolving product standards. Accordingly, we devote a substantial amount of resources to product development. To compete successfully, we must develop and market new products that provide increasingly higher levels of performance and reliability. Product development is highly uncertain and we cannot guarantee that we will successfully develop new products. Our inability to develop and market these products or to achieve customer acceptance of these products could limit our ability to compete in the market or to grow revenues at satisfactory rates of growth.

If the design, manufacturing or marketing of a product offering is not successful and we must allocate more resources to ensure the product's success, it could lower the profitability of the product or affect customer perception as to the quality of the products we offer.

Our business depends on continued and unimpeded access to our products and services on the Internet by our partner's users and advertisers. If we or partners or the users experience disruptions in Internet service or if Internet service providers are able to block, degrade or charge for access to our products and services, we could incur additional expenses and the possible loss of users and advertisers.

We depend on the ability of our users and advertisers to access the Internet. Currently, this access is provided by companies that have significant market power in the Internet access marketplace, including incumbent mobile communications companies, device manufacturers and operating system providers, any of whom could take actions that degrade, disrupt or increase the cost of user access to our products or services, which would, in turn, negatively impact our business. The adoption of any laws or regulations that adversely affect the growth, popularity or use of the Internet, including laws or practices limiting Internet neutrality, could decrease the demand for, or the usage of, our products and services, increase our cost of doing business and materially adversely affect our operating results. We also rely on other companies to maintain reliable network systems that provide adequate speed, data capacity and security to us and our users. As the Internet continues to experience growth in the number of users, frequency of use and amount of data transmitted, the Internet infrastructure that we and our users rely on may be unable to support the demands placed upon it. The failure of the Internet infrastructure that we or our users rely on, even for a short period of time, could undermine our operations and harm our operating results.

Our business strategy contemplates additional acquisitions and continued integration, and we may fail to identify suitable targets, acquire them on acceptable terms or successfully integrate them.

We intend to enhance the profitability of our business by applying our integration strategy to a larger asset base and, towards that end, we need to identify suitable targets that would fit into our operations, acquire them on acceptable terms and successfully integrate them.

The acquisition and integration of new companies pose significant risks to our existing operations, including:

- additional demands placed on our senior management, who are also responsible for managing our existing operations;
- increased overall operating complexity of our business, requiring greater personnel and other resources;
- significant, initial cash expenditures to integrate new acquisitions; and
- incurrence of debt to finance acquisitions and higher debt service costs related thereto.

Moreover, despite our conducting the appropriate pre-acquisition inquiries and due diligence reviews, the successful integration of new businesses may also be difficult for a variety of reasons, including differing culture or management styles, poor records or internal controls and inability to establish control over cash flows. Furthermore, even if we are successful in integrating new businesses, expected synergies and cost savings may not materialize, resulting in lower than expected profit margins. Acquisitions also could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings.

We rely on computer software and hardware systems to manage our operations, the failure of which could adversely affect our business, financial condition and results of operations.

We are dependent upon sophisticated computer software and hardware systems to support our network and manage and monitor programs on the network and currently rely in large part on commercial providers for both system capacity and network maintenance. In addition, we rely on this computer hardware for the storage, delivery and transmission of the data on our network. Any loss of such services or system failure which interrupts the input, retrieval and transmission of data or increases the service time could disrupt our normal operation. Any failure in this computer software or the related hardware systems could decrease our revenues and harm our relationships with suppliers and customers, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to complex and evolving laws, regulations and self-regulatory principles and frameworks internationally. These laws, regulations and self-regulatory principles and frameworks are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations or declines in user growth, user engagement or ad engagement, or otherwise harm our business.

We are subject to a variety of laws, regulations and self-regulatory principles and frameworks in Australia, the United States and other jurisdictions in which we currently or will operate that involve matters central to our business, including privacy, data security, advertising, rights of publicity, data protection, content regulation, intellectual property, competition, protection of minors, consumer protection and taxation.

Many of these laws and regulations are still evolving and being tested in courts and could be interpreted or applied in ways that could harm our business, particularly in the new and rapidly evolving industry in which we operate. The introduction of new products, services or features may subject us to additional laws and regulations as well as self-regulatory frameworks, principles and industry guidelines. In addition, foreign data protection, privacy, consumer protection, content regulation and other laws and regulations of various applicable jurisdictions are often more restrictive than those in Australia and the United States. In particular, the European Union and its member states traditionally have taken broader views as to types of data that are subject to privacy and data protection, and have imposed greater legal obligations on companies in this regard. A number of proposals are pending before federal, state and foreign legislative and regulatory bodies that could significantly and adversely affect our business. For example, a regulation relating to the 1995 European Union Data Protection Directive is currently being considered by European legislative bodies that may affect companies who are not based in Europe but provides services to European citizens, and could include more stringent operational requirements for entities processing personal information of EU citizens and significant penalties for non-compliance. Similarly, there have been a number of recent legislative proposals in the United States, at both the federal and state level, that would impose new obligations in areas such as privacy, online and mobile tracking and geolocation, mobile applications, services provided to children and liability for copyright infringement by third parties. In particular, the U.S. government, including the Federal Trade Commission, and the Department of Commerce, has announced that it is reviewing the need for greater regulation for the collection of information concerning user behavior on the Internet, including regulation aimed at restricting certain online tracking and targeted advertising practices. Additionally, recent amendments to U.S. patent laws may affect the ability of companies, including us, to protect their innovations and defend against claims of patent infringement. We currently allow use of our platform without the collection of extensive personal information. We may expand our collection of personal information, which may subject us to additional regulation and increase our exposure to security incidents. Further, it is difficult to predict how existing laws and regulations will be applied to our business and the new laws and regulations to which we may become subject, and it is possible that they may be interpreted and applied in a manner that is inconsistent with and adverse to our current practices. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products and services, result in negative publicity, significantly increase our operating costs, require significant time and attention of management and technical personnel and subject us to inquiries or investigations, claims or other remedies, including fines or demands that we modify or cease existing business practices.

User trust regarding privacy is important to the growth of users and the increase in user engagement on our partners' platforms, and privacy concerns relating to our products and services could damage our reputation and deter current and potential users and advertisers from using our products.

From time to time, concerns have been expressed by governments, regulators and others about whether products, services or practices similar to ours compromise the privacy of users and others. Concerns about governmental or regulatory actions involving our practices or practices in our industry generally with regard to the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, could damage our reputation, cause us to lose partners, users and advertisers and materially and adversely affect our operating results. Any failure or perceived failure by us to comply with data protection laws and regulations or privacy policies may result in inquiries and other proceedings or actions being threatened or taken against us by governments, regulators or others, as well as negative publicity and damage to our reputation and brand, each of which could cause us to lose partners, users and advertisers, which could have a materially adverse effect on our business.

Any systems failure or compromise of our security that results in the unauthorized access to or release of our users' or advertisers' data could significantly limit the adoption of our products and services, as well as harm our reputation and brand and, therefore, our business. We expect to continue to expend significant resources to protect against security breaches. The risk that these types of events could seriously harm our business is likely to increase as we expand the number of products and services we offer, increase the size of our user base and operate in more countries.

Governments and regulators around the world are considering a number of legislative and regulatory proposals concerning data protection. In addition, the interpretation and application of consumer and data protection laws or regulations in Australia, the United States, Europe and elsewhere are often uncertain and in flux, and in some cases, laws or regulations in one country are inconsistent with, or contrary to, those of another country. It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our practices in the applicable jurisdiction, which could have a material adverse effect on our business and operating results. Complying with new laws and regulations could cause us to incur substantial costs or require us to change or even terminate our business practices, at least in the applicable jurisdiction, in a manner materially adverse to our business.

We are likely to need additional capital and we may not be able to obtain it at acceptable terms, or at all, which could adversely affect our liquidity and financial position.

We are likely to need additional cash resources due to changed business conditions or other future developments. If we need these resources to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of our company and other companies which operate in our industries;
- conditions of the U.S. capital and debt markets and other capital and debt markets in which we may seek to raise funds;
- our future results of operations, financial condition, cash flow and actual or forecasted profitability.

Future issuances of ordinary shares may cause a dilution in your shareholding or place restrictions on our operations.

If we successfully raise additional capital, your shareholding may be diluted or we may have significant restrictions placed on our operations. Any capital raised through issuance of new equity or equity-linked securities may cause a dilution in the percentage ownership of our then existing shareholders and holders of our ADSs. Our organizational documents do not place any limit on the number of equity securities we may issue. Alternatively, capital raised by way of additional debt financing may result in restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our business strategies;
- require us to dedicate a substantial portion of our cash flow from operations to service our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

In addition, we may issue additional ordinary shares for future acquisitions. If we pay for our future acquisitions in whole or in part with additionally issued ordinary shares, your ownership interests in our company would be diluted and this in turn could have a material adverse effect on the price of the ordinary shares or our ADSs.

We may become subject to intellectual property rights claims that are expensive and time consuming to defend, and, if resolved adversely, could have a materially adverse impact on our business, financial condition or operating results.

Companies operating in the Internet, technology and media industries typically own large numbers of patents, copyrights, trademarks and trade secrets, and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of those patents and other intellectual property rights. Many companies in these industries, including many of our competitors, have substantially larger patent and intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for patent, or other intellectual property infringement. We do not currently have any registered patents or trademarks and rely on a combination of license agreements, copyright, trade secrecy laws and confidentiality agreements to protect our intellectual property. In addition, various "non-practicing entities" that own patents and other intellectual property rights often attempt to aggressively assert claims in order to extract value from technology companies. Further, from time to time we may introduce new products and services, including in areas where we currently do not have an offering, which could increase our exposure to patent and other intellectual property claims from competitors and non-practicing entities.

In addition, although our standard terms and conditions for our products do not provide advertisers and platform partners with indemnification for intellectual property claims against them, some of our agreements with advertisers, platform partners and data partners require us to indemnify them for certain intellectual property claims against them, which could require us to incur considerable costs in defending such claims, and may require us to pay significant damages in the event of an adverse ruling. Such advertisers, platform partners and data partners may also discontinue use of our products, services and technologies as a result of injunctions or otherwise, which could result in loss of revenue and materially adversely impact our business.

While we are not currently the subject of any threatened or actual patent and other intellectual property claims, as we face increasing competition and increase our profile, the number of such claims against us may grow. There may be intellectual property or other rights held by others, including issued or pending patents, that cover significant aspects of our products and services, and we cannot be sure that we are not infringing or violating, and have not infringed or violated, any third-party intellectual property rights or that we will not be held to have done so or be accused of doing so in the future. Any claim or litigation alleging that we have infringed or otherwise violated intellectual property or other rights of third parties, with or without merit, and whether or not settled out of court or determined in our favor, could be time-consuming and costly to address and resolve, and could divert the time and attention of our management and technical personnel. Some of our competitors have substantially greater resources than we do and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. The outcome of any litigation is inherently uncertain, and there can be no assurances that favorable final outcomes will be obtained in all cases. In addition, plaintiffs may seek, and we may become subject to, preliminary or provisional rulings in the course of any such litigation, including potential preliminary injunctions requiring us to cease some or all of our operations. We may decide to settle such lawsuits and disputes on terms that are unfavorable to us. Similarly, if any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that may not be reversed upon appeal. The terms of such a settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party or both. In addition, we may have to seek a license to continue practices found to be in violation of a third party's rights. If we are required, or choose to enter into royalty or licensing arrangements, such arrangements may not be available on reasonable terms, or at all, and may significantly increase our operating costs and expenses. As a result, we may also be required to develop or procure alternative non-infringing technology or discontinue use of the applicable technology. The development or procurement of alternative non-infringing technology could require significant effort and expense or may not be feasible. An unfavorable resolution of the disputes and litigation referred to above could adversely affect our business, financial condition, and operating results.

Our products contain, and we expect our future products will contain, open source software, and we license some of our software through open source projects, which may pose particular risks to our proprietary software, products, and services in a manner that could have a material adverse effect on our business.

We use open source software in our products and will use open source software in the future. In addition, we regularly release internal software projects under open source licenses and we anticipate continuing to do so. In the future we may also contribute software source code to open source projects under open source licenses. The terms of many open source licenses to which we are subject have not, as far as we are aware, been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may from time to time face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Additionally, because any software source code we contribute to open source projects is publicly available, our ability to protect our intellectual property rights with respect to such software source code may be limited or lost entirely, and we are unable to prevent our competitors or others from using such contributed software source code. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and operating results.

The loss of key management personnel could negatively affect our business.

Our future success is dependent in large part on our ability to retain highly qualified managerial and other key personnel. In particular we depend on our Chief Executive Officer, Ian Rodwell. The loss of Mr. Rodwell or any other key personnel we might hire could have an adverse effect on our business, results of operations and financial condition.

Risks Related to the Company

For as long as we are an “emerging growth company,” we will not be required to comply with certain reporting requirements that apply to other public companies.

We are an “emerging growth company,” as defined in the JOBS Act, enacted on April 5, 2012. For as long as we continue to be an emerging growth company, we may choose to take advantage of certain exemptions from reporting requirements applicable to other public companies that are not emerging growth companies. These include: (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), (2) not being required to comply with any new requirements adopted by the Public Company Accounting Oversight Board (the “PCAOB”), requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (3) not being required to comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise, and (4) not being required to provide certain disclosure regarding executive compensation required of larger public companies. We could be an emerging growth company until June 30, 2019, although if the market value of our ordinary shares that is held by non-affiliates exceeds \$700 million as of the last business day of any completed second fiscal quarter, we issue \$1 billion in non-convertible debt securities or our revenues exceed \$1 billion at any time before the end of that five- year period, we would cease to be an emerging growth company as of the following June 30. We cannot predict if investors will find our ordinary shares or ADSs less attractive if we choose to rely on these exemptions. If some investors find our ordinary shares or ADSs less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our ordinary shares or ADSs and the market price may be more volatile. Further, as a result of these scaled regulatory requirements, our disclosure may be more limited than that of other public companies and you may not have the same protections afforded to shareholders of such companies.

We are a foreign private issuer and, as a result, we are not subject to U.S. proxy rules and will be subject to the Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those applicable to a U.S. issuer.

We report under the Exchange Act as a foreign private issuer. Because we qualify as a foreign private issuer under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time, and (iii) the rules under the Exchange Act requiring the filing with the Commission of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. We intend to furnish quarterly reports to the Commission on Form 6-K for so long as we are subject to the reporting requirements of Section 13(g) or 15(d) of the Exchange Act, although the information we furnish may not be the same as the information that is required in quarterly reports on Form 10-Q for U.S. domestic issuers. In addition, while U.S. domestic issuers that are not large accelerated filers or accelerated filers are required to file their annual reports on Form 10-K within 90 days after the end of each fiscal year, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. Although we intend to make interim reports available to our shareholders in a timely manner, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

As a foreign private issuer, we are permitted to, and we will, follow certain home country corporate governance practices in lieu of certain NASDAQ Global Market requirements applicable to U.S. issuers. This may afford less protection to holders of our ordinary shares.

As a foreign private issuer whose ordinary shares are listed on the NASDAQ Global Market, we are permitted to follow certain home country corporate governance practices in lieu of certain NASDAQ Global Market requirements. A foreign private issuer must disclose in its annual reports filed with the Commission, each NASDAQ Global Market requirement with which it does not comply followed by a description of its applicable home country practice. As a company incorporated in Australia and listed on the ASX, we expect to follow ASX Listing Rules and Australian corporations law and practice with respect to executive sessions of the independent members of our board of directors. Unlike the requirements of the NASDAQ Global Market, the corporate governance practice and requirements in Australia do not require us to hold regular executive sessions where only independent directors shall be present. We also seek exemption from NASDAQ’s quorum requirements applicable to meetings of shareholders and from the rules obligating issuers to obtain shareholder approval prior to the issuance of securities in connection with certain acquisitions, private placements of securities the establishment or amendment of certain stock option, purchase or other compensation plans, as we intend to follow applicable Australian law and the ASX Listing Rules in these matters. Such Australian home country practices may afford less protection to holders of our ordinary shares.

We may be subject to arbitrage risks.

Investors may seek to profit by exploiting the difference, if any, between the price of our ordinary shares on the ASX and the price of our ADSs on the NASDAQ Global Market. Such arbitrage activities could cause our share price in the market with the higher value to decrease to the price set by the market with the lower value and could also in certain circumstances affect the volatility in the price of our ordinary shares and our ADSs.

There is a risk that we may be classified as a passive foreign investment company (“PFIC”), which could result in adverse U.S. federal income tax consequences to U.S. investors.

In general, we will be treated as a PFIC for any taxable year in which either (1) at least 75% of our gross income (including our pro rata share of the gross income of our 25% or more-owned corporate subsidiaries) is passive income or (2) at least 50% of the average value of our assets (including our pro rata share of the assets of our 25% or more-owned corporate subsidiaries) is attributable to assets that produce, or are held for the production of, passive income. Passive income generally includes dividends, interest, rents, royalties, and gains from the disposition of passive assets. If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder (as defined in the section titled “Taxation — U.S. Federal Income Taxation — General”) of our ADSs or ordinary shares, the U.S. Holder may be subject to increased U.S. federal income tax liability upon a sale or other disposition of our ADSs or ordinary shares or the receipt of certain excess distributions from us and may be subject to additional reporting requirements. Based on the composition (and estimated values) of the assets and the nature of the income of us and our subsidiaries for our taxable year ended June 30, 2015, we do not believe that we will be treated as a PFIC for such taxable year. However, because we have not performed a definitive analysis as to our PFIC status for our 2015 fiscal year, there can be no assurance with respect to our status as a PFIC for such taxable year. U.S. Holders are urged to consult their own tax advisors regarding the possible application of the PFIC rules. For more information, see “Taxation — U.S. Federal Income Taxation — U.S. Holders — Passive Foreign Investment Company Rules.”

If we are unable to establish appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations, result in the restatement of our financial statements, harm our operating results, subject us to regulatory scrutiny and sanction, cause investors to lose confidence in our reported financial information and have a negative effect on the market price of our ADSs.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We maintain a system of internal control over financial reporting, which is defined as a process designed by, or under the supervision of, our principal executive officer and principal financial officer, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

As a public company in the U.S., we are subject to significant additional requirements for enhanced financial reporting and internal controls. We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal controls over financial reporting starting with this annual report on Form 20-F. In addition, an independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting beginning with our annual report on Form 20-F following the date on which we cease to qualify as an emerging growth company if we become an accelerated filer or large accelerated filer. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company.

We cannot assure you that we will not, in the future, identify areas requiring improvement in our internal control over financial reporting. We cannot assure you that the measures we will take to remediate any areas in need of improvement will be successful or that we will implement and maintain adequate controls over our financial processes and reporting in the future as we continue our growth. If we are unable to establish appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations, result in the restatement of our financial statements, harm our operating results, subject us to regulatory scrutiny and sanction, cause investors to lose confidence in our reported financial information and have a material adverse effect on the market price of the ordinary shares and ADSs.

Lack of experience as officers of U.S. publicly-traded companies of our management team may hinder our ability to comply with the Sarbanes-Oxley Act.

It may be time-consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance staff or consultants in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the Sarbanes-Oxley Act's internal controls requirements, we may not be able to obtain the independent auditor certifications that the Sarbanes-Oxley Act requires publicly-traded companies to obtain to the extent applicable to us.

Risks Related to our Securities

The market price of our ordinary shares and our ADSs could be subject to volatility.

The market price of our ordinary shares and our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors such as:

- variations in our actual and perceived operating results;
- announcements of new products or services by us or our competitors;
- technological breakthroughs by us or our competitors;
- news regarding gains or losses of customers or partners by us or our competitors;
- news regarding gains or losses of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry by us or our competitors;
- changes in earnings estimates or buy/sell recommendations by financial analysts;
- potential litigation;
- general market conditions or other developments affecting us or our industry; and
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the ordinary shares and our ADSs.

We may not be able to pay any dividends on our ordinary shares and, correspondingly, our ADSs.

Under Australian law, we may only pay dividends subject to our ability to service our debts as they become due and provided that our assets will exceed our liabilities after the dividend. Our ability to pay dividends will therefore depend on our ability to generate sufficient profits.

We can give no assurance that we will declare dividends of any amounts, at any rate or at all in the future. Our historical dividend payments are not indicative of the amount or timing of the payment of dividends that may be payable in the future and should not be used as a reference or basis to determine the amount of such dividends. The declaration of future dividends, if any, will be at the discretion of our board of directors and will depend upon our future operations and earnings, capital requirements, general financial conditions, legal and contractual restrictions and other factors that our board of directors may deem relevant.

Risks Relating to Takeovers

Australian takeovers laws may discourage takeover offers being made for us or may discourage the acquisition of large numbers of our ordinary shares.

We are incorporated in Australia and are subject to the takeovers laws of Australia. Among other things, we are subject to the Australian Corporations Act 2001 (the “Corporations Act”). Subject to a range of exceptions, the Corporations Act prohibits the acquisition of a direct or indirect interest in our issued voting shares if the acquisition of that interest will lead to a person’s aggregate voting power in us increasing from 20% or below to more than 20%, or increasing from a starting point that is above 20% and below 90%. Australian takeovers laws may discourage takeover offers being made for us or may discourage the acquisition of large numbers of our ordinary shares. This may have the ancillary effect of entrenching our board of directors and may deprive or limit our shareholders’ strategic opportunities to sell their ordinary shares and may restrict the ability of our shareholders to obtain a premium from such transactions. See Item 10.B. and “Description of Shares and Governing Documents” incorporated by reference therein.

Our Constitution and other Australian laws and regulations applicable to us may adversely affect our ability to take actions that could be beneficial to our shareholders.

As an Australian incorporated company we are subject to different corporate requirements than a corporation organized under the laws of the United States. Our Constitution, as well as the Corporations Act, set forth various rights and obligations that are particular to us as an Australian company. These requirements operate differently than from the equivalent legislation that is applicable to many U.S. incorporated companies and may limit or otherwise adversely affect our ability to take actions that could be beneficial to our shareholders. You should carefully review the summary of these matters set forth under the Item 10.B. and ‘Description of Shares and Governing Documents’ incorporated by reference therein, as well as our Constitution, which is included as an exhibit to this Annual Report, prior to investing in our ordinary shares.

You will have limited ability to bring an action against us or against our directors and officers, or to enforce a judgment against us or them, because we are incorporated in Australia, and the majority of our directors and officers reside outside the United States.

We are incorporated in Australia and certain of our directors and officers reside outside the United States and substantially all of the assets of those persons are located outside the United States. As a result, it may be impracticable or at least more expensive for you to bring an action against us or against these individuals in Australia in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. For more information regarding the relevant laws of Australia, see “Enforceability of Civil Liabilities.”

You may not have the same voting rights as the holders of our ordinary shares and must act through the depositary to exercise your rights.

Except as described in the deposit agreement related to our ADSs (the “Deposit Agreement”), holders of our ADSs will not be able to exercise voting rights attaching to the shares represented by our ADSs on an individual basis. Holders of our ADSs are entitled to instruct the depositary how to exercise the voting rights attaching to the ordinary shares represented by our ADSs. You may not receive voting materials in time to instruct the depositary to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. Upon our written request, the depositary will mail to you a shareholder meeting notice which contains, among other things, a statement as to the manner in which your voting instructions may be given, including an express indication that such instructions may be given or deemed given to the depositary to give a discretionary proxy to a person designated by us if no instructions are received by the depositary from you on or before the response date established by the depositary. However, no voting instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depositary that (i) we do not wish such proxy given, (ii) substantial opposition exists, or (iii) such matter materially and adversely affects the rights of shareholders. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but you may not receive the voting materials in time to ensure that you can instruct the depositary to vote. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if the ordinary shares are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call, attend or speak at a shareholders’ meeting.

You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we may not, and under the Deposit Agreement for our ADSs, the depositary will not, offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to rely on an exemption from registration under the Securities Act to distribute such rights and securities. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

You may be subject to limitations on transfer of our ADSs.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the Deposit Agreement, or for any other reason.

Your ability to protect your rights as shareholders through the U.S. federal courts may be limited because we are incorporated under Australian law.

Australian companies may not have standing to initiate a derivative action in a federal court of the United States. As a result, your ability to protect your interests if you are harmed in a manner that would otherwise enable you to sue in a United States federal court may be limited.

Anti-takeover provisions in our Constitution and our right to issue preference shares could make a third-party acquisition of us difficult.

Some provisions of our Constitution may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that require one-third of our board of directors to be elected annually and authorize our board of directors to issue an unlimited number of shares of capital stock and preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares by amending the Constitution.

We cannot assure you that our ADSs will not be delisted from the NASDAQ Global Market, which could negatively impact the price of our ADSs and our ability to access the capital markets.

Our ADSs are listed on the NASDAQ Global Market. We cannot give you any assurance that a broader or more active public trading market for our ADSs will develop on the NASDAQ Global Market or be sustained, or that current trading levels in ADSs will be sustained. In addition, if we fail to meet the criteria set forth in SEC regulations, by law, various requirements would be imposed on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our ADSs, which may further affect the liquidity of our ADSs.

The listing standards of the NASDAQ Global Market provide that a company, in order to qualify for continued listing, must maintain a minimum share price of \$1.00 and satisfy standards relative to minimum shareholders' equity, minimum market value of publicly held shares and various additional requirements. If we fail to comply with all listing standards applicable to issuers listed on the NASDAQ Global Market, our ADSs may be delisted. If our ADSs are delisted, it could reduce the price of our ADSs and the levels of liquidity available to our shareholders. In addition, the delisting of our ADSs could materially and adversely affect our access to the capital markets and any limitation on liquidity or reduction in the price of our ADSs could materially and adversely affect our ability to raise capital. Delisting from the NASDAQ Global Market could also result in other negative consequences, including the potential loss of confidence by suppliers, customers and employees, the loss of institutional investor interest and fewer business development opportunities.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company.

Corporate History and Operating Segment Evolution

We began as a company engaged in the development of proprietary mobile social community platforms and mobile content sales, delivering proprietary mobile social services and content to users within Australia, the United Kingdom, the Philippines, and Malaysia. Monetization historically occurred via user subscription models connecting MOKO's billing platform with the billing capabilities of our telephony or billing aggregator partners. This monetization and revenue stream is what MOKO identifies as the Social operating segment. The Social operating segment forms part of continuing operations in the historical financial statements although its significance has diminished measurably in the reported periods such that its continuing business operations are insignificant to MOKO's forward intentions.

Our current business model is to develop, manage, and commercialize online mobile social communities for large organized groups that need to share content and interact efficiently with their members. We plan to monetize these platforms with premium and targeted mobile advertising. Our perception is that our highly tailored mobile community applications differentiate MOKO from other generic social networks that do not offer such customized products. We are in the process of pursuing customized mobile community application opportunities with large common interest groups such as sporting events, clubs and associations, as well as other membership groups that congregate around a core content or information source such as political groups or motoring enthusiasts.

During 2012, 2013, 2014 and 2015 we expanded the reach of our platform to support intended global growth across four main business lines and revenue streams:

- Mobile Social
- Mobile Advertising
- Mobile Content; and
- Mobile Commerce

Mobile Social — MOKO's proprietary mobile social networks and community and chat within Australia, the U.K. and U.S. MOKO's revenues are generated through monthly user subscriptions that are typically billed directly to a user's mobile phone account which enables them to access and participate in mobile chat and share communities.

Mobile Advertising — MOKO's proprietary U.S. mobile adnetwork "MOKO Performance Network" (formerly referred to as "OfferMobi") which was acquired in August 2012 and historically worked with other adnetworks to obtain advertising offers for performance based advertisers seeking specific audiences for their offers and with publishers in identifying the right advertisement/offers for the audiences they had, rather than directly with the advertisers themselves. This is commonly referred to as "rebrokering" and creates a situation where advertisers are unaware of the locations that their ads are placed, called "blind" advertising.

Mobile Content — MOKO's U.K. division that bundles and sells entertainment products direct to mobile on a pay as you go basis. This business line was significant to the financial results in the reported periods although it ceased in the 2013 fiscal year following a strategic review and cessation before a re-focus on Customized Mobile Social Advertising in the U.S. market.

Mobile Commerce — MOKO's Australian based online, flash sales and aspiring e-commerce product sales business, DIL which sells merchant products to customers through its website, www.dealsilove.com.au. This business was acquired in July 2013 and was significant to MOKO's financial results for the six months ended December 31, 2013. Under the terms of the acquisition, MOKO was granted a call option to acquire the remaining 49% of DIL of the following key terms:

- Exercisable from 12 months after acquisition until January 31, 2016;

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- Subject to variation by mutual agreement;
- Subject to termination due to default by either party or by mutual agreement;
- Purchase price determined by reference to a formula of $49\% \times (1 \text{ minus an applied discount rate})$ multiplied by the greater of either 3 multiplied by $(\text{Gross Margin} \times 0.75 \text{ plus EBITDA} \times 0.25)$ or fair value as agreed by the parties.

The acquisition was made to grow DIL's overall market share of the total Australian, online flash sales business and to grow our e-commerce capability while assessing its possible application to the REC*IT user base.

Corporate Offices

Our principal executive offices are located at 320 King Street, Alexandria, VA 22314 and our telephone number is (571) 982-3000. Our registered office is Suite 5, 442-446 Beaufort Street, Highgate, Western Australia, 6003, Australia.

B. Business Overview

Overview

MOKO began as a company engaged in the development of proprietary mobile social community platforms and mobile content sales in Australia in 2004. During the following eight years, we expanded beyond Australia to the United Kingdom, United States and parts of South-East Asia, leveraging our platform's proprietary network architecture with a range of capabilities, including Customer Relationship Management (CRM), Data Mining, Moderation (censorship), Billing, Advertising Placement, Performance Monitoring, and Content Management. We believe that our current platform, which was built both through in-house development and by means of acquisition and integration of complementary intellectual property, represents technology that is potentially applicable to numerous social communities while being scalable within those communities.

In 2012, we made a strategic shift away from accessing a user base via third parties (involving revenue sharing agreements and other factors that rendered our business model unprofitable) to providing customized mobile social community platforms to large organized groups that need to share content and to interact efficiently with their members on a regular basis. These customized mobile platform solutions are developed entirely by us and then distributed at no charge to these groups and their members, in return for certain exclusive access and for advertising rights. We plan to commercialize these products with premium targeted mobile advertising.

We believe that we are different from traditional online social media because we build highly tailored mobile community applications that generic social networks generally do not. Our technology platform has been designed to enable a high degree of flexibility, permitting us to design and build customized applications.

We have entered into contractual relationships to serve a number of social communities, including those of U.S. university intramural sports participants, U.S. high school students, U.S. running enthusiasts, participants in progressive U.S. politics and millennial women (i.e. between the ages of 18-34).

We have recently defined three core markets to focus on and our product development and acquisition efforts will seek to expand products and activities within these core areas:

- Student Group —REC*IT, BigTeams powered by REC*IT and Speakiesy are key products in this group.
- Active Lifestyle Group —RunHaven is the main product in the Active Lifestyle Group.
- Political Group —BNR and VOYCIT are the main products in the political group.

We also have two other products called Tagroom and Deals I Love that are designed to assist in serving our three core markets.

I. Student Group

Our student group consists of three products:

REC*IT. REC*IT is a mobile application we designed as a student tool for U.S. colleges and universities. REC*IT represents our most mature application, having been launched in August 2014 in time for the 2014/2015 academic year. In October 2013, we entered an exclusive three-year agreement (with the possibility of extension) with IM Leagues ("IML") which operates the imleagues.com sports website used by recreational and intramural sports departments. Today, more than 950 colleges and universities across the U.S. use the IML sports software. Pursuant to this agreement, we have secured the exclusive mobile rights to IML's data, including student and team schedules, fixtures, standings, statistics and news feeds for the purposes of populating the REC*IT App. The significance of the exclusive mobile rights to IML's information relating to intramural activities on the campuses covered by IML is that REC*IT will be the only mobile App that will provide students with this information.

REC*IT. REC*IT is a mobile application we designed as a student tool for U.S. colleges and universities. We officially launched it in September 2014, in time for the 2014/2015 academic year. REC*IT represents our most mature application with respect to its development.

In March 2013, we entered an exclusive agreement with American Intramural Sports Group LLC ("AISG") with an initial three-year term (with the possibility of extension and earlier terminable should we fail to meet certain minimum net revenue requirements following June 1, 2014 or in certain other circumstances). AISG has expertise in providing opportunities for colleges, students and sponsors to benefit mutually through sports, recreation and fitness-related promotional activities on more than 200 colleges across the U.S. The agreement with AISG is for us to work jointly to develop our REC*IT product. In the event AISG sought to terminate our exclusive agreement prior to the completion of the initial three year term, we would seek to replace its portfolio of colleges and universities with other REC*IT participants or to launch REC*IT at such colleges and universities in a manner that would not violate the non-solicitation provisions that apply to us for 18 months following such termination. In October 2013, we entered an exclusive three-year agreement (with the possibility of extension) with IM Leagues ("IML") who operates the imleagues.com sports website used by recreational and intramural sports departments in more than 800 colleges and universities across the U.S. Pursuant to this agreement, we have secured the exclusive mobile rights to IML's data, including student and team schedules, fixtures, standings, statistics and news feeds for the purposes of populating the REC*IT App. The significance of the exclusive mobile rights to IML's information about intramural activities on the campuses covered by IML is that REC*IT will be the only mobile App that will provide students with this information.

In January 2015, we entered into an amended agreement with IML. This amended agreement automatically renews for an unlimited number of additional one year terms until we elect to terminate with the effect of providing us with exclusive rights in perpetuity, subject to us meeting the conditions of advance payments and standard operational responsibilities. The amended agreement also changes the commercial terms from a flat license fee to a minimum guarantee against a 10% revenue share on the net revenues from REC*IT.

The REC*IT mobile application has been developed for students interested in intramural sports, fitness, and other leisure activities on campus, and includes a variety of social features and tools, such as the ability to check team activities, schedules, player standings, scores and individual performances, and to post photos and other content related to campus sports and, recreational and leisure activities. REC*IT also enables students to share information and content via social network applications such as Facebook and Twitter.

As of October 2015, REC*IT reaches more than 950 US colleges, providing potential access to more than 11 million university students. This confirms REC*IT's position as the mobile app leader in college sports and recreational activities. As of June 2015, REC*IT had been downloaded just over 227,000 times.

Moko launched a second generation version of REC*IT in September 2015. REC*IT 2.0, as it is known, provides a number of improvements:

- Additional features and functionality enabling the offer of fitness-related and other ad-hoc campus recreational activities.
- Access to in-app discovery of teams, events and activities, including what's on at users' campus gym.
- Registration will now be possible for teams, clubs and fitness activities.
- Registration issues experienced by certain colleges will be addressed using the Innosoft Fusion technology to which MOKO acquired access in February 2015.

At present, students are required to register for intramural activities on IML's website. REC*IT 2.0 will allow students to log in and register on the spot (hence the term "in-app registration"), positioning the app as a must-have utility, and also improving convenience for students wishing to discover what sporting and recreational activities are available at their campus, on their mobile device.

BigTeams powered by REC*IT. In April 2015, we announced an exclusive agreement with U.S. group BigTeams, under which we will expand into the U.S. high school market. The deal will enable us to launch a version of our REC*IT app to students and their parents in more than 4,000 U.S. high schools. BigTeams provides these schools with online tools and data for sports team administration, event management and fundraising and will provide the data for the new REC*IT app.

Under the agreement, we have acquired an effective 10% interest in BigTeams for \$1 million and have the option to increase this to 23% for an additional \$1.5 million by February 1, 2016, which if exercised, will make us BigTeams's second largest shareholder.

Speakiesy. Speakiesy is our new closed campus community app that allows students to record and share funny, curious or noteworthy things around school. Speakiesy has been designed in response to student demand for a service that is separate from Facebook and will block outsiders. Speakiesy can only be joined by using a student's .edu email address for the campus they attend, making it an exclusive "VIP club" that can only be joined by the students at a particular university.

During the March 2015 quarter, the Speakiesy app was successfully beta tested in eight colleges with approximately 4,000 users. This provided useful insights ahead of the proposed September 2015 launch. The rollout strategy will see Speakiesy being released to 60 campuses accompanied by the appointment of a Speakiesy Campus Manager at each college. Communities within the college community, such as Greek life members (i.e. fraternities and/or sororities) and other significant influencers, will also be appointed to promote the app and post content. This strategic market roll-out will target highly engaged colleges before a full national rollout in the spring semester, January 2016.

II. Active Lifestyle Group

RunHaven. In December 2013, we announced plans to develop RunHaven, a proposed mobile digital community for running enthusiasts in the United States. According to the Sport & Fitness Industry Association, 51,450,000 individuals were designated as running participants in 2012, and in 2013, a total of 26,370 running events were scheduled to occur. It is our intention that RunHaven will be a "go to" destination that will enable runners to find, research, register for, and book travel to races around the country. The platform has been designed to offer industry news, including training tips, nutritional guidance, injury treatment and prevention, and product reviews and suggestions. Our RunHaven partners include Bill Reifsnnyder, a former professional road racer and former Head of U.S. Sports Marketing at adidas, and Virtual Roster, a registration and database management company that provides services to U.S. road races.

At October 2015, the development of the RunHaven App is in the beta phase. We have created and implemented a RunHaven web site (www.runhaven.com) to provide proprietary content and to build and serve the target audience both now and after launch of the RunHaven mobile app. As of June 2015, RunHaven attracted 2.1 million unique visitors per month.

III. Political Group

Blue Nation Review. We have entered into an exclusive agreement with Mr. Jimmy Williams, a noted political commentator, to co-develop an App known as Blue Nation Review, which is a mobile digital community for progressive political commentators, observers, grass-root activists, and watchers of the political scene in the U.S. According to the U.S. Census Bureau, 153 million people registered to vote in 2012, and 57% voted in the last presidential election. Moreover, expenditures outside of traditional political party channels are substantial; in the 2012 election cycle, 1,310 SuperPACs spent more than \$609 million, according to openSecrets.org. This mobile political portal provides a hub for political news and conversation, and enables the creation of sub-committees and groups around specific issues or political campaigns.

In May 2014, we created and launched bluenationreview.com, a website, as well as a related BNR Facebook page (and its sister page “Progressive America”), to serve as an initial outlet for Blue Nation Review and to consolidate the target community prior to launch of the Blue Nation Review mobile app. In September 2014, we launched the first native iOS BNR App which was followed by an Android version that was released in October 2014.

Since launching in May 2014, BNR has grown to attract over 4.4 million unique visitors a month as of October 2015, making it one of the top political news and commentary sites in the US. As of October 2015, the BNR Facebook page (and its sister page “Progressive America”) had over 795,000 fans combined and our content reaches more than 129 million people every week, with 47% of our fans being women.

VOYCIT. The positive growth of BNR has led to the development of VOYCIT, the non-partisan political group and community app. VOYCIT product features and rollout strategy have been put on hold as MOKO looks at relevant political trends that will drive the 2016 presidential election cycle as well as allow us to focus all mobile application resources on the Fall 2015 rollout for the student vertical. We expect to revisit the VOYCIT launch in Spring 2016. VOYCIT is designed to be a non-partisan, user-generated content app that empowers users to create and/or choose to follow “Groups” devoted to specific issues, candidates or causes. VOYCIT is designed to enable both active office holders and aspiring candidates to create customized content channels within the VOYCIT platform. This will enable them to engage and interact with other members/users. In addition to message propagation, the app can dramatically impact local and national fundraising, petition awareness, the establishment of localized activist groups and/or the organizing of local protests and rallies.

Other Businesses

Tagroom

In September 2014, we announced that we had executed a binding term sheet to acquire an 80% controlling interest in Tagroom Pty Ltd. (<http://tagroom.com>). The consideration for the deal was a combination of cash and shares in Moko, plus an option based incentive package against agreed performance targets over 2 years. The consideration paid for the acquisition did not have a material impact on the financial position or issued capital of MOKO. The transaction was effective as from October 1st.

The key Tagroom personnel have also agreed to a 2-year employment and management agreement with us. Nirojan Yamunarajan, Tagroom’s chief operating officer has become a divisional head within our senior management team.

Tagroom is our news and viral infotainment, mobile responsive, website (tagroom.com) that targets female millennials. This demographic, ie. ages 18 to 34, currently accounts for 66% of Tagroom users. Tagroom allows us to cross-pollinate content across different community groups, extending user engagement and driving user metrics higher.

Tagroom monthly unique visitors increased to 3.6 million in June 2015 from 1.1 million at January 2015, with content reaching 27 million people per month.

In January 2015, we announced, in partnership with Pinstripe Media, that we will launch Tagroom Success to teach young adults how to make money, how to take care of their money and how to enjoy their wealth wisely.

This new media destination will soon be launched for Australia’s Gen Y audience aiming to be the nation’s first and foremost source of informative and inspirational media covering topics from personal finance, savings and investment, business and entrepreneurship, through to career and lifestyle.

Our partner in Tagroom Success is Pinstripe Media, a company that was founded by business and finance media commentator David Koch. Pinstripe Media has long been specialising in business and finance production and publishing across various outlets from broadcast television to print and digital content.

Tagroom Success will initially launch as a vertical within the existing Tagroom site. Tagroom Success remains in the early planning phase, as we are working on our content strategy, launch phase and social media influencer marketing strategy.

Deals I Love

In July 2013, MOKO acquired a 51% controlling interest in Deals I Love (Australia) Pty Limited (“DIL”), an Australian based online, flash sales and e-commerce product sales business. DIL sells internationally and domestically sourced merchant products to customers across the internet and mobile interfaces through its website, www.dealsilove.com.au. The purpose of this acquisition was to build a better understanding of mobile commerce and its possible application to the REC*IT user base. We plan to evaluate synergies based on the student data that will be collected in the Fall 2015 semester to see how MOKO can best leverage this asset in the mobile application launches for the Fall 2016 semester.

Industry Background and Market Opportunity

Mobile digital advertising is a large and growing industry. The industry is predicated on a very simple value proposition: mobile advertising pays for the development and implementation of tools and games that mobile device users desire, while providing advertisers access to potential customers.

Because different tools and games (applications or “apps”) may be used by populations with distinct demographic characteristics, advertisers or their agents can broadly direct their message to the people they hope to reach, essentially in the same manner that, for example, a manufacturer of cutlery may choose to advertise in a cooking magazine. Some digital companies like Facebook and Google have a sophisticated understanding of the characteristics of their end-users and therefore can direct advertising with great precision. The unprecedented level of direct consumer access now available through mobile devices is transitioning traditional advertising dollars, including print, radio, and TV, to the mobile channel. According to Magna Global, total mobile advertising spend in the U.S. alone is expected to reach \$13.4 billion in 2017 from \$3.4 billion in 2012, representing a compounded annual growth rate of 31.8% per year. Several factors are expected to contribute to this growth, including the following:

- *There has been a dramatic increase in the number and functionality of mobile devices.* Increased functionality, efficiency, and economic feasibility continue to drive user adoption of connected mobile devices. Smartphones and tablets, in particular, offer users perpetual Internet access and greatly influence the way users consume media.
- *Users spend an increasing portion of their time on mobile platforms at the expense of time spent on traditional personal computer, print, radio, and TV-based channels, which will likely lead to an increase in the mobile advertising spend.* Digital content is becoming increasingly accessible via mobile devices. Entertainment, e-commerce, and personal finance, among other activities, are all available at a click of a button. According to eMarketer, in 2012, users spent 12% of their time consuming media via their mobile device, up from 10% in 2011. Mobile represented 3% of total advertising spend in these categories in 2012, up from 1% in 2011. We believe that continued adoption of smart devices, coupled with increasing accessibility of mobile data and time spent on mobile devices, will lead to overall growth and more evenly distributed advertising expenditures.
- *There has been a general increase both in the number of applications for mobile devices and in the number of developers of such applications.* The popularity and accessibility of social media, gaming, and e-commerce on mobile devices has driven an increase in both mobile applications and mobile application developers. Ranging from entrepreneurs to corporations, the market recognizes the opportunity in mobile, and its ability to target its users and customers precisely. According to Mobilewalla, at the end of 2011, there were nearly one million applications available across the four major smartphone platforms (iOS, Android, BlackBerry, and Windows), with the number increasing at a rate of 2,000 applications per day. In mid-2013, Apple and Google both announced surpassing the one million available application mark on their iOS and Android platforms, respectively.

Some electronic platforms such as Facebook have positioned themselves as tools for social communities, in most cases by providing a service that organizes and defines a previously diverse and unorganized array of community relationships. However, many social communities exist that are already tightly defined and have needs that are not adequately met by current mobile platforms. Such predefined social communities represent the target audience for us and our custom applications.

These existing social communities have certain recognizable characteristics, which include the following:

- The community possesses essential information that all members of the group need, which often, but not always, is disseminated from a central node;
- Typically, the group currently uses web-based systems that are not designed to be portable and thus are inconvenient to use on mobile devices;
- Group members are united by an interest in a particular activity or pursuit, for example, by political inclination or a sporting activity, and thus naturally represent a definable demographic audience for advertisers; and
- Group members likely would value enhanced social features, such as chatting, peer-to-peer and member-to-group postings, which are not provided by current web-based systems and could be included in a mobile app.

Our Strategy

Our strategy is to be identified as a community builder through providing mobile community platforms to large organized groups of people that need to share content and interact efficiently with their members on a regular basis. We then plan to commercialize these platforms with premium targeted mobile advertising.

We target large groups that satisfy several key criteria:

- Target partners must possess a large membership or user-base that has coalesced around a specific suite of information or content;
- Information or content is needed by members of the group for participation in the group, which motivates them to access this information or content frequently;
- Ideally the information or content is not available elsewhere;
- Members of the group want or need to share this information or to interact with other members of the peer group; and
- There is a parent body or central administrator that we can engage to define the organization's needs and to enter into contractual relationships giving us exclusivity with respect to mobile applications within the community.

Once these factors have been reviewed and deemed to satisfy the core criteria, we must also be in a position to secure exclusivity to access the content and the right to advertise to the membership via our mobile app. We refer to our activities centered on the identification, engagement, and partnering of a social organization as business development, and we have a dedicated team focused on such activities. The business development team, in concert with representatives of the social group, will assess the specific needs of the organization and will outline the minimal specifications of the bespoke app required. The following points summarize the structure of the app that we would then develop:

- A high degree of customization to suit the needs of the partner and its audience/membership;
- Integration of social features and tools;
- Potential to be repurposed in whole or part to other sub-groups; and
- Capability to be wrapped in custom "skin" when the partner's social group represents a constellation of component subgroups, such as different universities within a multi-university consortium.

After the specifications of an app are defined, our technical and product development team creates the app using our proprietary network architecture to facilitate development. After building a critical audience mass, our sales team can then monetize the new customized mobile app via a blend of mobile advertising models, including:

- The sale of advertising on a sponsorship basis within sections or across a whole application; and
- The sale of advertising across a hybrid of the existing marketplace ad types, including:

CPM — cost per thousand page views (most common for basic banner ads); and

CPA — performance-based ad placement such as "cost-per-click" or "cost-per-acquisition/action."

Our sales team sells or intends to sell the advertising either directly to the advertising client or through agencies or brokers such as Millennial Media or MoPub. We anticipate advertising will represent our principal source of revenue in future periods, and we expect in some circumstances we will share revenue with the contracted social organization in exchange for exclusivity. However, in all current contractual arrangements, we maintain all or a great majority of advertising revenue, and we intend to do so in future contracts.

We believe that these highly segmented and profiled audiences that are using the customized mobile apps will command premium pricing because of the transparent composition of the audience and its relevancy to a particular advertiser. Moreover, due to the nature of the content and the app itself functioning as a tool rather than as a toy, we believe the users will be considered a premium audience, compared to random users that might be viewing ads within a game or news app.

Our number one priority for the next twelve months is to focus on building unique visitor numbers in each of our three core markets, through intensified marketing of existing products and the development of new products to attract new users within these markets. As of July 31, 2015, we had 10.1 million monthly unique visitors.

In recognition of our key priority of achieving growth in the number of unique visitors to our products, MOKO continually assesses the ongoing contribution of each of our operations towards this objective. Depending on the opportunities and resources available, MOKO may allocate resources away from some activities, even at the expense of short-term revenue growth, in favor of our longer term strategic goals of developing and enhancing our unique visitor base.

In September 2015, MOKO made a strategic decision to focus the Company's resources on its products aimed at the student market, REC*IT and SPEAKIESY and reduce cash burn from the Company's other platforms. This decision has been made on the basis that the U.S. student audience is among the most valuable to brands and advertisers and provides huge potential for future monetization and the current state of the securities markets which has posed some challenges to raising additional capital.

Business Development Structure and Pipeline

We have a dedicated business development team operating under the direction of our Chief Executive Officer.

Our pursuit of new partnerships or projects is governed by four main criteria:

- Large incumbent user group or membership base (minimum expectation of 500,000 members);
- Unique content or information that these members need to access;
- Frequency of activity and access to that information/content; and
- Information/content that is not readily supplied or easily available from alternate sources.

Once the above initial criteria have been met, there must also be the opportunity to secure the partnership on an exclusive basis so that we can benefit from the advertising revenues to be generated in connection with developing a customized mobile app for the community.

Given the specific criteria that we have set for our target business development partnerships, we expect that the potential targets would number only a few hundred relevant candidates. Within that relatively small group, our business development team initially intends to focus on the 50 targets we deem most attractive based on the criteria described above.

In 2013 and 2014, we closed four development agreements that meet our business development criteria. Additionally, we have an existing pipeline of target partners. We have advanced to commercial negotiations with some of these target partners, and we are at early stages of inquiry or discussion with others.

Our Technology Platform

The MOKO Social Media platform is a base set of proprietary source code, services, infrastructure and administrative tools that allows us to build customized applications for each project. The platform has been built with extensibility and customization in mind to reduce maintenance requirements and to shorten development timelines for new projects.

As our product suite grows, the platform will allow us to efficiently roll out new features and services to other applications or to the entire suite of products.

Currently all services are hosted at Rackspace datacenters using a hybrid of cloud and dedicated servers. Rackspace also provides support for all of our server infrastructure (both cloud and dedicated).

The cloud segment allows rapid deployment to permit on demand capacity and a more cost effective solution (as compared to dedicated hardware). Most of our services are hosted in the cloud and we expect to scale our operations in the cloud as we require increased capacity.

The dedicated segment contains networking, database and storage facilities. This arrangement gives us full control over networking and security aspects of the environment. Both segments are able to communicate based on security policies set by us. Database and storage facilities are shared between our products to maximize cost effectiveness.

We are party to Rackspace's standard Hosting Services Agreement regarding these facilities on a month-to-month basis, pursuant to which Rackspace is obligated to provide the hosting services in accordance with an agreed service description, service level guarantees and other technological specifications. Under the standard terms, we are required to use reasonable security precautions in connection with our use of Rackspace's services and to cooperate with Rackspace's reasonable investigation of service outages, security problems and any suspected breach of the Hosting Services Agreement, including any violation of Rackspace's Acceptable Use Policy, which mandates Rackspace's networks or services not be used to engage in, foster, or promote illegal, abusive or irresponsible behavior. Rackspace may terminate the standard Hosting Services Agreement for breach if we fail to make timely payments or if we violate the Acceptable Use Policy more than once (even if we cure each violation).

Competition

We are focused on specific and exclusive agreements to develop our apps and mobile community platforms, and we do not know of any direct competitor with a similar objective. We are, however, aware that there are other companies looking to enter the college intramural mobile App space, although these other companies typically seek to sell schools an "enterprise solution" for a fee, rather than MOKO's model of providing the App and platform for free with compensation in the form of mobile advertising. For those colleges and universities covered by the IM Leagues agreement, we also enjoy an exclusive grant of rights during the duration of that agreement with respect to the data feeds that would be necessary to make any similar intramural sports App functional.

We also could face competition from companies that develop software for mobile devices and may seek to develop mobile apps for communities other than college and university intramural sports that we will target, although we expect they would do so for an upfront payment for their services rather than exclusive advertising rights. In addition, we face indirect competition from social networking platforms generally, such as Facebook, Twitter or LinkedIn.

We will also have general competition in the market place potentially from companies that focus on tailored digital communities that are seeking to monetize that audience with mobile advertising or mobile commerce. Examples of such companies are Sugar Publishing, Meredith Media, and Mode Media. Each of these companies targets interest groups and provides websites that also may be made available via mobile devices. With respect to advertising sales, our indirect competitors and others may solicit the same or similar advertisers that we might also seek, and therefore they will be in competition with us for the advertiser's marketing spend. Many of these competitors are better capitalized than we are, which could give them a competitive advantage.

Corporate Organization and History

We have been a publicly traded company on the ASX since 2007. As of September 30, 2015, MOKO has three operating subsidiaries: MOKO.mobi, Inc. ("MOKO US"), Deals-I-Love (Australia) Pty Ltd. ("DIL") and Tagroom Pty Ltd ("Tagroom").

MOKO US is 100% owned by us and its current business is the business strategy and marketing operations of the Customized Mobile Social Advertising (CMSA) projects within the Mobile Advertising operating segment. It is our single U.S. corporate vehicle and as such employs and administers all U.S. staff including the sales and technical staff working on OfferMobi's activity within the Mobile Advertising operating segment, which includes CMSA business.

DIL was acquired in July 2013 and is 51% owned and is controlled by our company. DIL is a Sydney, Australia based online, flash sales and aspiring e-commerce product sales business. DIL sells merchant product to customers that is sourced internationally and domestically through its

website, www.dealsilove.com.au in Australia. We purchased DIL to build a better understanding of mobile commerce and its possible application to the REC*IT user base.

Tagroom is a news and entertainment service that harnesses social, mobile and visual technologies used by contemporary consumers, (www.tagroom.com). Tagroom is 80% owned and controlled by our company and has been allocated to the Mobile Advertising segment in Australia. The acquisition had an effective transaction date of October 1, 2014.

Sales, Marketing and Key Customers

Our sales, marketing and business development teams are principally based in New York, NY and are headed by our Chief Revenue Officer (“CRO”). Additionally, in Australia, there is a sales and marketing team in relation to mobile commerce.

Our advertising and affiliate marketing business, MOKO Performance Network, is based in New York and is integrated as part of our customized mobile social advertising business development strategy. Our key existing brands include REC*IT, RunHaven, and BlueNationReview.com, and our primary operational team has offices in Alexandria, Virginia. Our key partners for the REC*IT app are IML and BigTeams. Our partners for RunHaven include Bill Reifsnyder and ProVentures, and our partner for Blue Nation Review is Mr. Jimmy Williams.

IML

On October 10, 2013, we entered into an exclusive agreement with IML. IML operates the imleagues.com sports website used by recreational and intramural sports departments. Over 950 colleges and universities across the U.S. use IML’s website as of October 2015. The IML website offers a suite of tools from online signup to comprehensive scheduling required to manage college intramural leagues. Pursuant to the agreement, we have secured the exclusive mobile rights to IML’s data, including student and team schedules, fixtures, standings, statistics and news feeds in exchange for fees that vary generally based on the number of participants in the IML portfolio that implement REC*IT. The agreement includes an initial three-year term of exclusivity, which may be extended at the option of IML for an additional term of a duration to be mutually agreed upon, and obligates us to maintain, to develop, and with the assistance of IML, to promote REC*IT free of charge to all the colleges and universities in the IML portfolio. We are also responsible for the development, pricing and inclusion of mobile digital advertising, which we plan to manage through our U.S. mobile advertising division. IML is entitled to a minority share of the revenue generated from the IML portfolio colleges.

In January 2015, we entered into an amended agreement with IML. This amended agreement automatically renews for an unlimited number of additional one year terms until we elect to terminate with the effect of providing us with exclusive rights in perpetuity, subject to us meeting the conditions of advance payments and standard operational responsibilities. The amended agreement also changes the commercial terms from a flat license fee to a minimum guarantee against a 10% revenue share on the net revenues from REC*IT.

RunHaven

On December 23, 2013 we announced an exclusive agreement to develop RunHaven, a mobile digital community for running enthusiasts in the United States. Signatories to the agreement include Mr. William (Bill) Reifsnyder. Under the agreement, we are responsible for providing online and mobile tools to advance communication and efficiencies within the running community. The tools are intended to enable runners to find, research, register for, and book travel to races around the country. The platform will also offer industry news, including training tips, nutritional guidance, injury treatment and prevention, and product reviews and suggestions. Our partners have transferred to MOKO the rights to the RunHaven App and are obligated to develop it for the benefit of MOKO. Bill Reifsnyder is entitled to a minority share in the revenue generated from the RunHaven platform as well as a portion of the proceeds in the event MOKO sells the RunHaven App.

Bill Reifsnyder is a full-time employee of MOKO and will lead the RunHaven team. He has been engaged in many facets of running for the last three decades. As a professional road racer, Reifsnyder was ranked as high as #2 in the world by Runner’s World magazine (1991) and was twice the U.S. National Marathon champion (1989 and 1991). After retiring from professional racing, he oversaw the running category for adidas, having responsibility for managing more than 60 sponsored runners and track and field athletes and implementing more than 100 running events, including the sponsorship of the Boston Marathon. In 2008, Reifsnyder founded VO2 Marketing, a marketing consultancy in Philadelphia specializing in endurance sports, and was also the Executive Director of the National Marathon and Half Marathon in Washington, DC.

Additionally, ProVentures, a sports and entertainment agency based in Alexandria, Virginia, agreed to be the exclusive marketing agency. The company will assist RunHaven with the overall strategic direction of the property, including branding, marketing, and promotions.

Blue Nation Review

On January 1, 2014 we entered an exclusive agreement with Mr. Jimmy Williams, a noted political commentator, to co-develop (through his affiliated consulting entity) a mobile digital community for progressive political commentators, observers, grass-root activists, and watchers of the political scene in the U.S. This project is called Blue Nation Review. Under the agreement, which as an initial term of three years, MOKO will design and implement a mobile political portal that will provide a hub for political news and conversation, and will enable the creation of sub-committees and groups around specific issues or political campaigns. Mr. Williams is obligated to publish a certain number of commentary articles each week and join the social interaction (including through tweets) on issues including minority rights, immigration, marriage equality, women’s interests, social and economic equality, and libertarian and privacy issues. Additionally, Mr. Williams is obliged to recruit specialist contributors to create and to feed content for Blue Nation Review.

Mr. Williams is associated with Politico and MSNBC, and writes daily for USnews.com, hypervocal.com, and jimmyspolitics.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. As a lobbyist, Jimmy represented multiple interests before the U.S. Congress and Executive branch, including the real estate, banking, wine and spirits, and speed- racing industries.

We will own the application and all intellectual property surrounding the mobile property developed. Mr. Williams receives a monthly retainer, options and a minority share of the net revenues of Blue Nation Review commencing May 1, 2014.

Research and Development

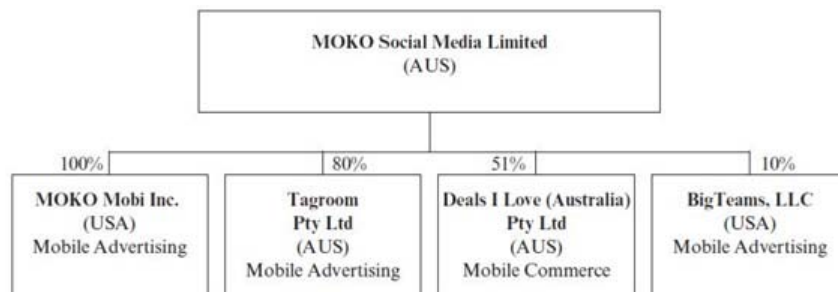
Our Technical and Product Development teams perform our research and development. These teams comprise seventeen full time employees located in Perth, Western Australia. They are led by our Chief Technical Officer. Since 2007, we have expanded our research and development effort to focus on designing, building and commercializing our core mobile internet platform. Historically and principally, this activity has consisted of internal labor efforts and technological expenditures. Our accounting policy has always been to expense such expenditures. The research and development activity has historically been supported by Australian federal government grants and by concessional income taxation treatment under the Income Tax Act, 1936 (Cth) in Australia (the Act), which has provided cash rebates to us through its annual income taxation filings. In April 2015, we received \$957,615 as a cash rebate for our 2014 fiscal year.

We expect our future research and development activities to relate to leveraging our core mobile platform through development of specific community platforms for common interest groups in the U.S. and commercializing and monetizing these developments via customized mobile social advertising.

The ongoing availability of Australian government financial support for research and development activities is subject to various tests and legislative change, and there can be no assurance that such financial support will be available to support our expected future research and development activities.

C. Organizational Structure

We have been a publicly traded company on the ASX since 2007. The organizational structure of our operating entities is set forth below:



D. Property, plant and equipment

We currently lease the following properties:

Location	Use of Property	Area
New York, New York	Sales & Operations	3,600 sq ft
Perth, Western Australia, Australia	R&D and Registered Office	100 sq m
Alexandria, Virginia	HQ	6,166 sq ft
Sydney City, Sydney, Australia	Finance & Admin	40 sq m

On November 7, 2014, we entered into a three-year lease in New York City for a property to serve as our Sales & Operations center. Our advertising sales team and affiliate marketing business MOKO Performance Network are based in New York City. They are integrated as part of the custom mobile social advertising business development strategy.

On August 26, 2014, we entered into a three-year lease in Alexandria, VA for a property to serve as our corporate headquarters. In addition, the Virginia office houses our business development function as well as project operations, including the operational teams for REC*IT, RunHaven, and Blue Nation Review.

The Perth office is on a monthly agreement with the landlord as a long-standing arrangement. The Perth facility houses personnel focused on research and technology development.

The month-to-month Sydney office agreement is with an entity related to our Chairman, Greg McCann.

Our key existing brands include REC*IT, RunHaven, and Blue Nation Review. The operational teams for these brands are located in Alexandria, Virginia.

Government Regulation

We are subject to a number of U.S. federal and state and foreign laws and regulations that involve matters central to our business. These laws and regulations may involve privacy, data security, advertising, rights of publicity, data protection, content regulation, intellectual property, competition, protection of minors, consumer protection, taxation or other subjects. Many of these laws and regulations are still evolving and being tested in courts and could be interpreted in ways that could harm our business. In addition, the application and interpretation of these laws and regulations often are uncertain, particularly in the new and rapidly evolving industry in which we operate.

We are also subject to federal, state and foreign laws regarding privacy and the protection of user data. Foreign data protection, privacy, consumer protection, content regulation and other laws and regulations are often more restrictive than those in the United States. There are also a number of legislative proposals pending before the U.S. Congress, various state legislative bodies and foreign governments concerning data protection, tracking, behavioral advertising and consumer protection that could affect us.

In recent years, other social media companies, to resolve investigations into various incidents, have entered into settlement agreements and consent decrees with the Federal Trade Commission that, among other things, require them to establish an information security program designed to protect non-public consumer information and also require that they obtain periodic independent security assessments. Violation of any regulatory orders, settlements, or consent decrees that we may be required to enter into could subject us to substantial monetary fines and other penalties that could negatively affect our financial condition and results of operations.

For additional information, see the section titled “Risk Factors — Our business is subject to complex and evolving laws, regulations and self-regulatory principles and frameworks internationally. These laws, regulations and self-regulatory principles and frameworks are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations or declines in user growth, user engagement or ad engagement, or otherwise harm our business.”

Intellectual Property Rights

We protect our intellectual property through a combination of license agreements, copyright, trade secrecy laws, and other methods of restricting disclosure and transferring title. We developed most of our intellectual property internally by our employees and under work for hire arrangements with third parties. We enter into confidentiality agreements with our employees, consultants, vendors, and partners. We also enter into license agreements with third parties and generally seek to control access to and distribution of our technology, documentation, and other proprietary information. You should be aware that the legal status of intellectual property on the internet is currently subject to various uncertainties.

We currently have neither patents nor any pending patent applications in either Australia or the U.S. for our current mobile services. We presently rely on copyright protection for our various trade names including “REC*IT,” “MOKO.Chat,” and “Griffin.” We are seeking trademark protection for certain trade names that we believe are important to our business, and we intend to seek trademark protection in the future for new brands and products as we develop them.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included in this Annual Report beginning on page F-1. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and elsewhere in this Annual Report.

Overview

We began as a company engaged in the development of proprietary mobile social community platforms and mobile content sales, delivering proprietary mobile social services and content to users within Australia, the United Kingdom, the Philippines, and Malaysia. Monetization historically occurred via user subscription models connecting MOKO’s billing platform with the billing capabilities of our telephony or billing aggregator partners. This monetization and revenue stream is what MOKO identifies as the Social operating segment. The Social operating segment forms part of continuing operations in the historical financial statements although its significance has diminished measurably in the reported periods such that its continuing business operations are insignificant to MOKO’s forward intentions.

Our current business model is to develop, manage, and commercialize online mobile social communities for large organized groups that need to share content and interact efficiently with their members. We plan to monetize these platforms with premium and targeted mobile advertising. Our perception is that our highly tailored mobile community applications differentiate MOKO from other generic social networks that do not offer such customized products. We are in the process of pursuing customized mobile community application opportunities with large common interest groups such as sporting events, clubs and associations, as well as other membership groups that congregate around a core content or information source such as political groups or motoring enthusiasts.

During 2012, 2013 and 2014 we expanded the reach of our platform to support intended global growth across four main business lines and revenue streams:

- Mobile Social
- Mobile Advertising
- Mobile Content; and
- Mobile Commerce.

Mobile Social — MOKO’s proprietary mobile social networks and community and chat within Australia, the U.K. and U.S. MOKO’s revenues are generated through monthly user subscriptions that are typically billed directly to a user’s mobile phone account which enables them to access and participate in mobile chat and share communities.

The flag-ship social product that MOKO has offered in this operating segment is ‘MOKO Chat and Share’, which is a proprietary community offering developed by the Company and launched in 2007. This product has accounted for the majority of revenue in the Mobile Social segment in all reported periods.

The Mobile Social business represents legacy activities of MOKO’s initial platform monetization efforts and is of less significance and priority than it has been historically.

The results from Mobile Social are reported as continued operations and include insignificant results for m-Buzzy, a U.S mobile community offering acquired in mid-2011 and sold for US\$100,000 in August 2013. The ‘MOKO CHAT and Share’ business is the single business included in the Mobile Social segment as part of continuing operations. As a result, future revenues and results from Mobile Social are expected to reduce through the 2016 fiscal year and are insignificant to our intentions.

Mobile Advertising — MOKO’s proprietary U.S. mobile adnetwork “MOKO Performance Network” (formerly referred to as “OfferMobi”) which was acquired in August 2012 and historically worked with other adnetworks to obtain advertising offers for performance based advertisers seeking specific audiences for their offers and with publishers in identifying the right advertisement/offers for the audiences they had, rather than directly with the advertisers themselves. This is commonly referred to as “rebrokering” and creates a situation where advertisers are unaware of the locations that their ads are placed, called “blind” advertising.

MOKO Performance Network has recently been transitioning its business strategy to work directly with advertisers. Whilst re-focusing its strategy on building direct advertiser relationships, it is targeting specific industry sectors (or verticals) including Mobile Games, Mobile Apps, Financial Services and Digital Publishing. Building direct relationships with advertisers allows MOKO Performance Network to provide advertisers with direct opportunities to place ads in MOKO properties of REC*IT, RunHaven, Blue Nation Review, Speakiesy and VOYCIT.

MOKO Performance Network’s advertising network provides advertisers reach into over 2,000 active publishers across the globe covering various demographics of end user traffic.

Currently, the Company has several offers from advertisers in verticals such as Mobile Applications, Mobile Games, Mobile Utilities, Consumer Goods, Retail and Entertainment. MOKO Performance Network has contracts with advertisers that are direct and in some cases exclusive to MOKO Performance Network. Terms of payment range from net 7 days to net 30 days and in some cases, the Company has negotiated prepayments with advertisers for high volume performance. This type of arrangement allows us a competitive advantage in the market to pay publisher partners quickly on their delivery of high quality traffic.

Mobile Advertising also reflects MOKO's controlling interest in Tagroom Pty Ltd., a news and entertainment service that harnesses social, mobile and visual technologies used by contemporary consumers, (www.tagroom.com).

The Mobile Advertising operating segment is significant to MOKO's business, financial results and intentions. The results from Mobile Advertising form a part of continuing operations.

Mobile Content — MOKO's U.K. division of the Paper Tree Group including Antiphony Management Holdings Limited (AMH) and its operating subsidiaries (the AMH Group) and All Night Media Limited (ANM), who bundled and sold entertainment products direct to mobile on a pay as you go basis. This business was significant to the financial results in the reported periods although it ceased in the 2013 fiscal year following a strategic review and re-focus on Customized Mobile Social Advertising in the U.S. market. The vast majority of the segment results are from the AMH Group which is reported as discontinued operations. In the 2013 fiscal year minor revenues of A\$368,118 form part of continuing operations for the insignificant results of ANM which MOKO has ceased operating. This operating segment is discontinued and trailing business activity has ceased.

Mobile Commerce — MOKO's Australian based online, flash sales and aspiring e-commerce product sales business, Deals-I-Love (Australia) Pty Ltd ("DIL"), of which MOKO has a controlling economic interest of 51%, which sells merchant product to customers across the internet via pc's and mobile interfaces through its website, www.dealsilove.com.au. This business was acquired in July 2013 and was significant to MOKO's financial results for the six months ended December 31, 2013. Before the DIL acquisition, there was no activity in this segment. The results from Mobile Commerce form a part of continuing operations. We have not determined when or if our Mobile Commerce operations will become profitable.

This segmentation reflects the underlying revenue and cash generating units within MOKO and reflects the internal reports that are reviewed and used by the chief operating decision makers with MOKO, in assessing performance and in determining the allocation of resources.

For the 2013 fiscal year, operating segment revenues were as follows:

	Continuing Operations			Continued Operations	Discontinued Operations
	Mobile Social	Mobile Advertising	Mobile Content	Total	Mobile Content
Sales to external customers A\$	1,251,864	4,400,611	368,118	6,020,593	9,128,887
Sales to external customers USD\$	964,436	3,390,231	283,598	4,638,265	7,032,895

For the 2014 fiscal year, operating segment revenues were as follows:

	Mobile Social	Mobile Advertising	Mobile Content	Mobile Commerce	Total
Sales to external customers A\$	882,393	3,102,132	(39,945)	4,274,571	8,228,151
Sales to external customers USD\$	680,216	2,389,882	(30,774)	3,293,129	6,338,968

For the 2015 fiscal year, operating segment revenues were as follows:

	Mobile Social	Mobile Advertising	Mobile Content	Mobile Commerce	Total
Sales to external customers A\$	723,690	3,573,152	—	1,990,291	6,287,133
Sales to external customers USD\$	557,531	2,752,756	—	1,533,320	4,843,607

Strategic Transition

For the fiscal years ended June 30, 2014 and 2015, MOKO was unprofitable and a net user of cash and cash equivalents in the absence of ongoing sources of financing. MOKO has needed to rely on its ability to successfully raise cash proceeds from issuing new equity or debt financing to sustain its operations and ensure the business remains a going concern. Historically, the capital has been sourced primarily from within Australia and to a lesser extent internationally including more recently equity funding from within the U.S. as a result of our NASDAQ listing in 2014. MOKO, as of the date of this annual report, has no outstanding indebtedness, other than trade creditors and as otherwise disclosed in the financial statements and related notes included elsewhere in this annual report.

On March 6, 2013, MOKO secured an agreement with American Intramural Sports Group LLC and on October 10, 2013, MOKO secured an agreement with IMLeagues LLC. Under these agreements, MOKO gained the exclusive mobile rights for intermural sport, fitness and recreational activity data for more than 700 colleges and universities across the U.S. with a combined enrolled population of approximately 10 million students. The number of colleges and universities has since increased to over 950, and the enrolled population of students now exceeds 11 million. MOKO intends to commercialize this platform with premium and targeted mobile advertising. This customized mobile social advertising project is branded REC*IT. The REC*IT brand and the REC*IT mobile community platform and its respective device applications ("Apps") are owned by MOKO.

Subsequent to June 30, 2013, MOKO entered into an agreement for its technology platform to underlay RunHaven, a mobile digital community for running enthusiasts in the United States, and an exclusive agreement with Mr. Jimmy Williams, a noted political commentator, to co-develop Blue Nation Review.

To date, MOKO has not generated significant revenue from REC*IT. The development of the RunHaven and Blue Nation Review user base is in relatively early stages and no significant revenues have been generated to date, nor are any anticipated until the 2016 calendar year.

It should be noted that the strategic focus on projects such as REC*IT, RunHaven and Blue Nation Review and the recently discontinued operations reduces the revenues being generated within MOKO and necessitates development expenditure in advance of commercialization and the realization of new revenue and cash inflows. It is expected that in the immediate future, the historical revenue streams within Mobile Advertising and Mobile Commerce will continue at approximate rates to those reported for the most recent fiscal year and that Mobile Social will continue to generate revenue in a reduced and insignificant capacity in the future. The Mobile Content segment has been ceased and will not generate revenue in future periods. As such, to pursue this business strategy MOKO requires funding sources in advance of accepting additional projects.

Factors Affecting Comparability of Our Historical Results

Our historical results of operations for the periods presented may not be comparable with prior periods or to our results of operations in the future for the reasons discussed above and below.

From the fourth quarter of fiscal 2013, MOKO has been actively de-emphasizing and divesting non-core businesses and assets that do not fit within the revised strategy of monetizing its mobile communities within the U.S. To this end, MOKO divested itself of the Paper Tree Limited Group (including Antiphany Management Holding Limited and its operating subsidiaries) on April 29, 2013 and the net assets and financial performance results of which are reported as discontinued operations for fiscal 2013. MOKO has ceased operation of All Night Media Limited, its second and smaller Mobile Content business in the United Kingdom. In addition in August 2013, the Mobile Social assets of mBuzzy were also divested.

Accordingly, the businesses that operated to produce revenue during fiscal 2013 that have continuing operations are MOKO Performance Network within the Mobile Advertising segment and MOKO Chat and Share, within the Mobile Social operating segment.

MOKO also acquired a 51% controlling interest in Deals-I-Love (Australia) Pty Ltd (“DIL”), a Sydney, Australia based online, flash sales and aspiring e-commerce product sales business, and an 80% controlling interest in Tagroom. DIL sells merchant product to customers that is sourced internationally and domestically across the internet via pc’s and mobile interfaces through its website, www.dealsilove.com.au in Australia while Tagroom is an infotainment channel serving millenials. MOKO purchased DIL and Tagroom to expand its market share within Australia and to investigate the possible application to the REC*IT user base.

Non-IFRS Financial Measure

In evaluating our business, we consider and use EBITDA, a non-IFRS measure as a supplemental measure to review and assess our operating performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. We define EBITDA as Earnings (being Net Profit or Loss from continuing operations), Before Interest, Tax, Depreciation and Amortization. We use EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis, as measures for planning and forecasting overall expectations and for evaluating actual results against such expectations and as performance evaluation metrics, including as part of assessing and administering our executive and employee incentive compensation programs.

We believe that the use of this non-IFRS measure facilitates investors’ assessment of our operating performance from period to period and from company to company by backing out potential differences caused by variations in items such as capital structures (affecting relative finance or interest expenses), the book amortization of intangibles (affecting relative amortization expenses), the age and book value of property and equipment (affecting relative depreciation expenses) and other non-cash expenses (affecting one-time transition charges). We also present this non-IFRS measure because we believe this non-IFRS measure is frequently used by securities analysts, investors and other interested parties as measures of the financial performance of companies in our industry.

This non-IFRS financial measure is not defined under IFRS and is not presented in accordance with IFRS. This non-IFRS financial measure has limitations as an analytical tool, and when assessing our operating performance, investors should not consider it in isolation, or as a substitute for profit (loss) or other consolidated statements of operation data prepared in accordance with IFRS. Some of these limitations include, but are not limited to:

- it does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the finance or interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;
- it does not reflect income taxes or the cash requirements for any tax payments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and EBITDA do not reflect any cash requirements for such replacements; and
- other companies may calculate EBITDA differently than we do, limiting the usefulness of this non-IFRS measure as a comparative measure.

We compensate for these limitations by relying primarily on our IFRS results and using EBITDA only as a supplemental measure. The following is a reconciliation of profit for the year to EBITDA:

	Fiscal Year Ended June 30				
	2015		2014	2013	2012
	A\$	US\$	A\$	A\$	A\$
Statement of Profit or Loss Data					
Loss after income tax benefit from continuing operations	(20,294,007)	(15,634,503)	(13,596,459)	(4,711,294)	(3,883,337)
Interest expense /(income)	(189,770)	(146,199)	(101,012)	201,759	(35,441)
Tax expense/(benefit)	(180,261)	(138,873)	29,048	17,637	893
Depreciation and Amortization expense	1,017,657	784,003	1,224,238	1,067,523	179,433
EBITDA	(19,620,723)	(15,115,805)	(12,444,185)	(3,424,375)	(3,738,452)

Results of Operations

Comparison of Twelve Months Ended June 30, 2015 to Twelve Months Ended June 30, 2014

Revenue

Twelve Months Ended June 30, 2015	Twelve Months Ended June 30, 2014	Increase / (Decrease)	% Change
A\$ 6,287,133	A\$ 8,228,151	A\$ (1,941,018)	(23.6)

For 2015, revenue was represented by Mobile Social of A\$723,690 (\$557,531), Mobile Advertising of A\$3,573,152 (\$2,752,756) and Mobile Commerce of A\$1,990,291 (\$1,533,320).

Mobile Social decreased its revenue to A\$723,690 (\$557,531) (2014: A\$882,393) given its decreasing focus within our activities and the continuation of divesting of products and services within this operating segment during the year. Ongoing revenues are earned within this segment from our MOKO-CHAT product in Australia.

Mobile Commerce became active on July 1, 2013 when MOKO completed a business combination by acquiring a controlling 51% share interest in a Sydney based e-commerce business, Deals I Love (Australia) Pty Ltd ('DIL') for the purpose of expanding into the growing mobile commerce sector. This acquisition represents the Mobile Commerce segment. During the fiscal year, DIL contributed consolidated revenue of A\$1,990,291 (\$1,533,320) (2014: A\$4,274,571). The 2015 fiscal year underperformed the 2014 year due to challenging competitive conditions and business focus on the Mobile Advertising segment.

Mobile Advertising revenue for the 2015 fiscal year was A\$3,573,152 (\$2,752,756) (2014: A\$3,102,132). The increase reflected a re-positioning by the Board to focus Mobile Performance Network (MPN) as a service provider to customized mobile social advertising projects such as REC*IT, Run-Haven and Blue Nation Review.

Ongoing revenues in this segment are expected to be earned from the monetization of MOKO's student products, including REC*IT and SPEAKIESY, following a strategic decision to focus the Company's resources on the student market. As these products are not yet commercialized there remains uncertainty over this expectation.

The Mobile Content segment did not operate during the year. A minor revenue adjustment of (A\$30,945) (\$(30,774)) was recognised in 2014 after the sale and cessation of MOKO's U.K. operations in the fourth quarter of 2013. There are presently no active plans to re-activate this operating segment.

Interest income

Twelve Months Ended June 30, 2015	Twelve Months Ended June 30, 2014	Increase / (Decrease)	% Change
A\$ 189,770	A\$ 104,850	A\$ 84,920	81.0

For 2015, Other Income comprises interest income of A\$189,770 (\$146,199) (2014: A\$104,850) which reflects higher average cash and cash equivalent balances held during the year.

Other Income

Twelve Months Ended June 30, 2015	Twelve Months Ended June 30, 2014	Increase / (Decrease)	% Change
A\$ 947,845	A\$ 1,365,101	A\$ (417,256)	(30.6)

For 2015, MOKO's received a Research & Development tax refund of A\$937,845 (\$722,516) from the Australian Taxation Office (2014: A\$1,082,953). The comparative year also included A\$172,655 of government grant revenue for Mobile Social, A\$109,493 proceeds and gain from the sale of a Mobile Social business, mBuzzy in August 2013.

Fair value gained on deferred contingent consideration

Twelve Months Ended June 30, 2015	Twelve Months Ended June 30, 2014	Increase / (Decrease)	% Change
A\$ -	A\$ 383,933	A\$ (383,933)	(100.0)

The comparative year included a fair value gain on deferred contingent consideration of A\$383,933 (\$295,782) which was the reversal of previously recognised deferred contingent consideration in relation to the acquisition of the Mobile Advertising business, OfferMobi (renamed to Mobile Performance Network in 2015, “MPN”).

Expenses

Twelve Months Ended June 30, 2015	Twelve Months Ended June 30, 2014	Increase / (Decrease)	% Change
A\$ 27,899,016	A\$ 23,649,446	A\$ 4,249,570	18.0

Expenses are classified, discussed and analysed below in three sections as (i) costs of providing goods and services, (ii) selling, general and administrative expenses, and (iii) depreciation and amortisation.

Costs of providing goods and services

Twelve Months Ended June 30, 2015	Twelve Months Ended June 30, 2014	Increase / (Decrease)	% Change
A\$ 6,117,942	A\$ 6,536,820	A\$ (418,878)	(6.4)

For 2015, costs of providing goods and services related to the operating segments of Mobile Social of A\$364,608 (\$280,894) (2014: A\$403,260), Mobile Content of nil (2014: (A\$24,974)), Mobile Commerce of A\$1,486,057 ((2014: A\$3,092,258) and Mobile Advertising of A\$4,267,277 (2014: A\$3,066,276). The movement in costs was commensurate with the movement in revenues for Mobile Social, Mobile Commerce and Mobile Advertising. Mobile Content was inactive.

Selling, general and administrative expense

Twelve Months Ended June 30, 2015	Twelve Months Ended June 30, 2014	Increase / (Decrease)	% Change
A\$ 20,763,417	A\$ 15,888,388	A\$ 4,875,029	30.7

For 2015, MOKO’s selling, general and administrative expenses increased primarily as a result of a general expansion in MOKO’s business operations within the Mobile Advertising segment in the US. The investment in Tagroom as well as expenses related to the NASDAQ listing and share based payments expense, also contributed.

Particularly large movements in expenses for 2015 versus 2014 year were as follows:

—Marketing expenses: an increase of A\$2,532,863 (\$1,951,318) or 193.5% from A\$1,308,959 in 2014 to A\$3,841,822 (\$2,959,740) in 2015 due mostly to an increase in Mobile Advertising User acquisition costs for the customised mobile social advertising business.

—Travel and entertainment expenses: an increase of A\$353,074 (\$272,008) or 62.4% from A\$566,259 in 2014 to A\$919,333 (\$708,254) in 2015 primarily because of the migration of the business to the U.S.

—Legal and professional fees: a decrease of A\$1,039,698 (\$800,983) or 32.3% from A\$3,223,803 in 2014 to A\$2,184,105 (\$1,682,634) in 2015. The comparative year included various fees related to the NASDAQ listing and corporate restructuring.

—Employee benefits expense: the largest cash component of selling, general and administrative expense increased by A\$4,881,481 (\$3,760,693) or 128.6% from A\$3,796,520 in 2014 to A\$8,678,001 (\$6,685,532) in 2015 due to a large increase in average headcount as a result of the expansion in the Mobile Advertising segment (particularly in the US).

—Share based payments: a decrease of A\$3,215,703 (\$2,477,378) or 62.5% from A\$5,144,968 in 2014 to A\$1,929,265 (\$1,486,306) in 2015, mostly due to a decrease in share based remuneration to directors, U.S. employees and contractors.

—Product costs are A\$996,986 (\$768,078) in 2015 (2014: Nil). They relate to the investment by the Consolidated Entity in the continued customization of mobile social advertising products including REC*IT, Run-Haven and Blue Nation Review. With the move to the US and the rapid growth in products, external contractors have been engaged to further the process. Previously this work was largely completed internally.

Depreciation and amortisation

Twelve Months Ended June 30, 2015		Twelve Months Ended June 30, 2014		Increase / (Decrease)	% Change
A\$	1,017,657	A\$	1,224,238	A\$	(206,581) (16.9)

Depreciation decreased by A\$3,706 (\$2,855) from A\$42,475 in 2014 to A\$38,769 (\$29,868) in 2015 due to decreased levels of computer equipment depreciation associated. Amortization decreased by A\$202,875 (\$156,295) from prior year A\$1,181,763 to A\$978,888 (\$754,135) due to lesser value of finite life intangible assets relating to the “Deals I Love” and MPN acquisitions, which were fully amortised in 2014.

Income tax benefit / (expense)

Twelve Months Ended June 30, 2015		Twelve Months Ended June 30, 2014		Increase / (Decrease)	
A\$	180,261	A\$	(29,048)	A\$	209,309

The income tax benefit included a release of A\$131,074 (\$100,979) tax liability in All Night Media (MOKO’s UK subsidiary which ceased operations in 2013) and reversal previous year US tax provisions A\$49,187 (\$37,894) in 2015 versus A\$29,048 tax expense for US state taxes in 2014.

MOKO has not and does not recognize the carry forward of unused tax losses and unused tax credits and given it has historically traded unprofitably, it is currently less than probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Subject to continuing to satisfy AusIndustry and Australian Taxation Office regulations and laws, we currently expect to receive concessional income tax treatment in the current financial year similar to that which we have had historically.

Comparison of Twelve Months Ended June 30, 2014 to Twelve Months Ended June 30, 2013 for continuing operations

MOKO earned total revenue for the year ended June 30, 2014 of A\$8,228,151 versus A\$15,149,480 in the prior year ended June 30, 2013 and the comparative year included A\$9,128,887 from discontinued operations which related to the Mobile Content business segment. The fiscal 2014 revenues from continuing operations increased by 37% to A\$8,228,151 (fiscal 2013: A\$6,020,593). The loss for the fiscal 2014 year was A\$13,596,459 compared with a fiscal 2013 loss of A\$6,278,079 and the comparative year included a loss of A\$1,566,785 from discontinued operations. The fiscal 2014 loss from continuing operations increased by 189% to A\$13,596,459 (fiscal 2013: A\$4,711,294).

MOKO’s net asset position at June 30, 2014 was A\$11,616,698, an increase of 304.3% over the prior year, at A\$2,873,372 and largely reflecting the increased cash and equivalent assets, due to proceeds from sales of our stock, of A\$9,878,011 up from A\$2,519,186.

Revenue

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	8,228,151	A\$	6,020,593	A\$	2,207,558 36.7

For fiscal 2014, revenue from continuing operations was represented by Mobile Social of A\$882,393, Mobile Content of (A\$30,945), Mobile Advertising of A\$3,102,132 and Mobile Commerce of A\$4,274,571.

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Mobile Social decreased its revenue to A\$882,393 (fiscal 2013: A\$1,251,864) given its decreasing focus within our activities and the continuation of divesting of products and services within this operating segment during the year, including the sale of mBuzzy, which was sold in August 2013. Ongoing revenues are earned within this segment from our MOKO-CHAT product in Australia.

The Mobile Content segment did not operate during the period, although a minor negative revenue adjustment of (A\$30,945) was recognised after the sale and cessation of MOKO's U.K. operations in the fourth quarter of fiscal 2013 (fiscal 2013: A\$368,118). There are presently no active plans to re-activate this operating segment.

Mobile Commerce became active on July 1, 2013 when MOKO completed a business combination by acquiring a controlling 51% share interest in a Sydney based e-commerce business, Deals I Love (Australia) Pty Ltd ("DIL") for the purpose of expanding into the growing mobile commerce sector. This acquisition represents the Mobile Commerce segment. During the fiscal year, DIL contributed consolidated revenue of A\$4,274,571 (fiscal 2013: nil). The second half of fiscal 2014 underperformed the first half due to seasonality fluctuations and challenging competitive conditions.

Mobile Advertising revenue for the fiscal 2014 was A\$3,102,132 (fiscal 2013: A\$4,400,611). The decrease reflected dampening market conditions for the historical business activities of OfferMobi (OM) and a re-positioning by the Board to focus OM as a service provider to customized mobile social advertising projects such as REC*IT, Run-Haven and Blue Nation Review, which are on the cusp of being monetised. Pleasingly, the second half of the fiscal year outperformed the first half as a result of new management and a renewed business model.

We expect consolidated revenues to increase upon commercialization of the customized mobile social advertising projects such as REC*IT, RunHaven and Blue Nation Review towards the end of calendar 2014 and into early 2015, but because these projects are not yet commercialized there remains a material uncertainty over this expectation.

Interest Income

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	104,850	A\$	8,813	A\$	96,037
					1,089.7

For fiscal 2014, MOKO has received interest income of \$104,850 (fiscal 2013: \$8,813) which reflects higher average cash and cash equivalent balances held during the year.

Other income

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	1,365,101	A\$	1,008,231	A\$	356,870
					35.4

For fiscal 2014, Other income comprises \$172,655 of government grant revenue for Mobile Social (fiscal 2013: nil), \$109,493 proceeds and gain from the sale of a Mobile Social business, mBuzzy in August 2013 (fiscal 2013: nil), and a Research & Development tax refund \$1,082,953 from the Australian Taxation Office (2013: \$1,008,231).

Fair value gained on deferred contingent consideration

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	383,933	A\$	1,829,653	A\$	(1,445,720)
					(79.0)

For fiscal 2014, the fair value gain on deferred contingent consideration of A\$383,933 is the reversal, due to early settlement in October 2013 of previously recognised deferred contingent consideration payable to Howmark Mobile, LLC ('Howmark') shareholders in relation to the August 2012 acquisition of the Mobile Advertising business, OfferMobi. For 2013, this comprised the reversal of previously recognised deferred contingent acquisition consideration payable as a result of being unearned. For OfferMobi, A\$1,123,843 was unearned consideration which resulted from certain financial performance results in fiscal 2013 being less than required maximum hurdle rates; and for All Night Media Limited (Mobile Content), A\$631,572 deferred contingent consideration was cancelled and A\$74,238 initial consideration was reimbursed as a result of a post- acquisition agreement with the seller.

Expenses

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	23,649,446	A\$	13,560,947	A\$	10,088,499
					74.4

Expenses are classified, discussed and analysed below in four sections as (i) costs of providing goods and services, (ii) selling, general and administrative expenses, (iii) depreciation and amortisation, and (iv) impairment of goodwill.

Costs of providing goods and services

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	6,536,820	A\$	4,330,167	A\$ 2,206,653	51.0

For fiscal 2014, costs of providing goods and services related to the operating segments of Mobile Social of A\$403,260 (2013:A\$578,571), Mobile Content of (A\$24,974) (2013:A\$321,046), Mobile Commerce of A\$3,092,258 (fiscal 2013: nil) and Mobile Advertising of A\$3,066,276 (fiscal 2013:A\$3,430,550). The movement in costs was commensurate with the movement in revenues for Mobile Social and Mobile Advertising. Mobile Commerce had no prior comparative costs as it was acquired on July 1, 2013 and Mobile Content was inactive.

Selling, general and administrative expense

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	15,888,388	A\$	6,676,120	A\$ 9,212,268	138.0

For fiscal 2014, MOKO's selling, general and administrative expenses increased as a result of a general expansion in MOKO's business operations within the Mobile Advertising segment and in the US particularly and the Mobile Commerce segment in Australia as a result of an acquisition. The corporate expenses of the 2014 NASDAQ listing and share based payments expense, also contributed.

Particularly large increases in expenses for fiscal 2014 versus fiscal 2013 were as follows:

—Legal and professional fees: an increase of A\$1,583,476 or 96.5% from A\$1,640,327 in fiscal 2013 to A\$3,223,803 in fiscal 2014 due primarily to one-off legal and advisory fees in relation to the NASDAQ offering as well as increased accounting, audit and company secretarial fees, share registry fees and a general increase in communications, financial and investment community engagement fees (particularly from within the United States of America).

—Share based payments: an increase of A\$4,710,225 or 1,083.5% from A\$434,743 in fiscal 2013 to A\$5,144,968 in fiscal 2014 due principally to director and American employee and contractor option issuances as a substitute for cash based remuneration.

—Marketing expenses: an increase of A\$988,478 or 308.4% from A\$320,481 in fiscal 2013 to A\$1,308,959 in fiscal 2014 due mostly to the acquisition of DIL which operated as MOKO's subsidiary for the whole of fiscal 2014 (fiscal 2013: nil) as well as an increase in Mobile Advertising User acquisition costs for the customised mobile social advertising business of A\$471,691 (fiscal 2013: nil).

—Administration expenses: an increase of A\$695,010 from A\$332,800 in fiscal 2013 to A\$1,027,810 in fiscal 2014 mostly due to one-off listing and printing fees in relation to the NASDAQ offering and a general increase in insurance costs for US coverage.

The largest cash component of selling, general and administrative expense (employee benefits expenses) increased by A\$1,286,074 or 51.2% from A\$2,510,446 to A\$3,796,520 in fiscal 2014 due to a large increase in average headcount as a result of the expansion in the Mobile Advertising segment (and particularly in the US) and the Mobile Commerce business segment, via the DIL acquisition. The employee benefits expenses incurred in Mobile Social operating segment declined in fiscal 2014 versus fiscal 2013 as there was a higher segment cost base for part of fiscal 2013 that was subsequently reduced via terminations and re-allocation of remaining costs into Mobile Advertising.

Depreciation and amortisation

Twelve Months Ended June 30, 2014		Twelve Months Ended June 30, 2013		Increase (Decrease)	% Change
A\$	1,224,238	A\$	1,067,523	A\$ 156,715	14.7

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Depreciation decreased by A\$185,063 in fiscal 2014 to A\$42,475 due to decreased levels of computer equipment depreciation associated particularly with the mBuzzy disposition. Amortization increased by A\$341,778 above the prior year to A\$1,181,763 due to greater values of finite life intangible assets being held and periodically amortized as a result of the DIL and OfferMobi acquisitions.

Impairment of goodwill

Twelve Months Ended June 30, 2014	Twelve Months Ended June 30, 2013	Increase (Decrease)	% Change
A\$ -	A\$ 1,487,137	A\$ (1,487,137)	(100.0)

Impairment of goodwill for fiscal 2014 was nil and for fiscal 2013 was A\$1,487,137 which related to the write-down of the previously unrecoverable carrying value of assets for mBuzzy of A\$772,675 (which has been subsequently disposed) and All Night Media Limited of A\$714,462 after the business reflected post-acquisition underperformance and was legally claimed on by MOKO's against the seller before being closed down.

Income tax benefit

Twelve Months Ended June 30, 2014	Twelve Months Ended June 30, 2013	Increase (Decrease)
A\$ 180,261	A\$ (29,048)	A\$ 209,309

The income tax benefit included a release of \$131,074 tax liability in All Night Media (MOKO's UK subsidiary which ceased operations in 2013) and reversal of previous year US tax provisions \$49,187 in 2015 versus \$29,048 tax expense for US state taxes in 2014. MOKO has not and does not recognize the carry forward of unused tax losses and unused tax credits and given it has historically traded unprofitably, it is currently less than probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Subject to continuing to satisfy AusIndustry and Australian Taxation Office regulations and laws, we currently expect to receive concessional income tax treatment in the current financial year similar to that which we have had historically.

Liquidity and Financial Position

MOKO's June 30, 2015 reporting date cash and cash equivalents ('cash') was A\$7,219,908 (\$5,562,217) (2014: \$9,878,011) and the net assets were A\$11,080,576 (\$8,536,476) (2014: \$11,616,698). Working capital, (defined as current assets less current liabilities) decreased to A\$5,758,246 (\$4,436,153) (2014: \$7,523,168) and pertained largely to the decrease in balance date cash.

The operating cash outflow for the year increased by 159% to \$18,272,620 (2014: \$7,067,727) reflecting the increased losses. Investing cash outflows increased by 8% to \$755,134 (2014: \$699,506) due to the investments in Big Teams LLC and Tagroom Pty Ltd. The financing cash inflows increased by 7% to \$16,219,370 (2014: \$15,151,403) as a result of net share issue proceeds of \$16,219,370 (2014: \$16,269,600) and net debt repayment of nil (2014: \$1,118,197).

As part of its U.S. Initial Public Offering ("U.S. IPO"), on June 27, 2014, MOKO listed 1,100,000 American Depositary Shares on NASDAQ. The public offering price was \$7.50 per ADS, representing a total amount raised of \$8,250,000 before underwriting commissions and transaction costs. The cash proceeds from the U.S. IPO were received on July 1, 2014 and are part of the cash, net asset or working capital figures in 2015.

On July 14, 2015, the Company filed a Form F-3 Registration Statement with the United States Securities and Exchange Commission for a maximum aggregate public offering of up to \$40,000,000. The Form F-3 is used by foreign private issuers in the U.S. to register offerings of securities and can be utilised in stages over three years. This provides MOKO with additional flexibility to approach the U.S. market for capital over the medium term.

Our cash and cash equivalents at June 30, 2015 were held for working capital purposes. We do not enter investments for trading or speculative purposes. Accordingly, our cash and cash equivalents are primarily invested in demand deposit accounts with high-grade financial institutions and currently provide only minimal returns.

Outlook

MOKO has made a strategic decision to focus the Company's resources on the student market. The results from the monetization of MOKO's student focused products, REC*IT and SPEAKIESY, are not yet reflected in MOKO's operating results or cashflows. MOKO's decision to focus on the student market has been made on the basis that the U.S. student audience is among the most valuable to brands and advertisers and provides huge potential for future monetization. As these products are not yet commercialized there remains uncertainty over this expectation.

In September 2015, MOKO made a strategic decision to focus the Company's resources on its products aimed at the student market, REC*IT and SPEAKIESY and reduce cash burn from the Company's other platforms. This decision has been made on the basis that the U.S. student audience is among the most valuable to brands and advertisers and provides huge potential for future monetization and the current state of the securities markets which has posed some challenges to raising additional capital.

Sources of Liquidity

To date, we have funded our operations principally through:

- an initial public offering in Australia on the ASX;
- private placements or rights issues of our fully paid ordinary shares;

- issuing equity-linked securities such as convertible notes;
- taking unsecured loans including from related parties;
- having a revolving credit facility for our U.S. operations; and
- an initial public offering in United States of America on NASDAQ.

We have also benefited to a limited extent from the exercise of share options although we expect to do more in the future, as such securities are exercised by holders.

Since our inception and to June 30, 2015 we have raised a total of A\$41.7 million (\$32.1 million), net of costs and expenses, from the issuance of fully paid ordinary shares through an initial public offering in Australia and numerous subsequent private placements or rights issues.

As of June 30, 2015 our consolidated cash and cash equivalents were A\$7,219,908 (\$5,562,217).

We currently hold no outstanding debt. At June 30, 2015, MOKO's significant non-cancellable forward commitments relate only to operating lease payments, and total A\$977,711 (\$753,229) which are payable as A\$414,406 (\$319,258) within one year and A\$563,305 (\$433,970) within one year and five years.

MOKO is operating on a negative operating cash flow basis. Net cash used in operations for the year ended June 30, 2015 was A\$18,231,444 (2014: A\$7,067,727). MOKO made an operating loss of A\$20,294,007 for the year ended June 30, 2015 (2014: A\$13,596,459).

In order to continue as a going concern, MOKO 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 MOKO to continue as a going concern.

To initiate the capital raising process, on July 14, 2015 MOKO filed a Form F-3 Registration Statement with the Securities and Exchange Commission for a maximum aggregate public offering of up to US \$40,000,000.

The current state of the securities markets has posed some challenges to this capital raising process. In the light of this, the directors are pursuing a number of funding possibilities ranging from working with brokers (both institutional and retail investors), strategic stakeholders and major shareholders. Through one of, or a combination of these, together with a reduction in expenditure, the directors expect that sufficient funds will be raised to continue trading with a view to reassessing MOKO's mid-term working capital requirements in the new calendar year.

The directors are confident that following successful capital raising MOKO can continue to meet its debts as and when they become due and payable. MOKO's financial report has therefore been prepared on a going concern basis.

Should MOKO 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 MOKO be unable to continue as a going concern and meet its debts as and when they fall due.

Operating and capital expenditure requirements

Our future working capital requirements will depend on many factors, including the rate at which new projects are activated, and the commercialization and monetization success of existing projects within the Customized Mobile Social Advertising strategy. The corresponding amount and timing of our investments in personnel, operating infrastructure and capital equipment as well as the timing and extent of our introduction of new products and product enhancements will further vary our working capital requirements. If our cash and cash equivalents balances and cash flows from operating activities are insufficient to satisfy our liquidity requirements, we may need to raise additional funds through equity, equity-linked or debt financings to support our operations, and such financings may not be available to us on acceptable terms, or at all. We may also need to raise additional funds in the event we determine in the future to effect one or more acquisitions of businesses, technologies, assets or products. If we are unable to raise additional funds when needed, our operations and ability to execute our business strategy could be adversely affected. If we raise additional funds through the incurrence of indebtedness, such indebtedness would have rights that are senior to holders of our equity securities and could contain covenants that restrict our operations. Any additional equity financing will be dilutive to our shareholders.

Historical cash flows

The following table sets forth our cash flows for fiscal 2015, 2014 and 2013:

	Year ended June 30			
	2015		2014	2013
Cash flows used in operating activities	A\$ (18,231,444)	US\$ (14,045,504)	A\$ (7,067,727)	A\$ (1,768,876)
Cash (used in) / provided by investing activities	A\$ (775,134)	US\$ (597,163)	A\$ (699,506)	A\$ (1,785,110)
Cash provided by financing activities	A\$ 16,219,370	US\$ 12,495,403	A\$ 15,151,403	A\$ 4,496,858

Cash Flows from Operating Activities

Cash flows used in operating activities is primarily influenced by the number of customers or users engaging with our products or services and by the amount of cash we invest in pursuit of growth, personnel and infrastructure to support the anticipated growth of our business. Cash used in operating activities has typically resulted from net losses and from changes in our operating assets and liabilities, particularly in the areas of accounts receivable and accounts payable and accrued expenses, adjusted for non-cash and non-operating expense items such as depreciation and amortization, goodwill impairment, gains or losses on acquisitions and disposals and share-based compensation.

In fiscal 2015, operating cash outflow for the year increased by 158% to A\$18,231,444 (\$14,045,504) (2014: A\$7,067,727) reflecting the increased losses.

In fiscal 2014, net cash used in operating activities was A\$(7,067,727) (\$(6,662,746)) and consisted of a net loss of A\$(13,596,459) (\$(12,817,382)), A\$5,926,031 (\$5,586,469) in adjustments for non-cash and non-operating items, a disposal gain of A\$109,493 (\$103,219) on the sale of the mBuzzy business and A\$712,194 (\$671,385) provided by working capital. Adjustments for non-cash and non-operating items consisted of depreciation and amortization expense of A\$1,224,238 (\$1,154,089), share-based payments and related costs expense of A\$5,144,969 (\$4,850,162), a partial offset for non-cash revenue items of A\$475,460 (\$448,216), which were predominantly fair value gains on deferred acquisition consideration where a liability value that was previously recognized was no longer required, and foreign exchange differences of A\$32,284 (\$30,434). The working capital cash provided was primarily the result of an increase in payables and provisions of A\$1,395,046 (\$1,315,110), and an increase in receivables and other assets of A\$682,852 (\$643,725).

In the twelve months ended June 30, 2013, net cash used in operating activities was A\$1,768,876 and consisted of a net loss of A\$6,278,079, A\$4,624,572 in adjustments for non-cash and non-operating expense items, which was partially offset by adjustment for a non-cash revenue item of A\$1,829,653 and A\$1,714,284 of cash provided by working capital. Adjustments for non-cash and non-operating items primarily consisted of depreciation and amortization expense of A\$1,161,869, goodwill impairment of A\$1,487,137, share-based payments and related costs expense of A\$434,743, a loss on disposal of discontinued operations of A\$761,020 and foreign exchange differences of A\$586,125. The non-cash revenue item represented a fair value gain on deferred acquisition consideration where a liability value no longer required has been previously recognized. The working capital cash provided was largely the result of a decrease in trade and other receivables of A\$2,119,368 which was partially offset by a decrease in payables of A\$590,960.

The trend for MOKO to have a net use of cash as a result of its operating activities is expected to remain and may increase while the Company pursues the goals of its Customised Mobile Social Advertising business plan. In the short term, it is expected to be necessary to increase project expenditures on technical development resources and sales and marketing resources particularly, which will result in larger operating cash outflows. In addition, customer receipts may trail the expenditure outflows for the development and implementation of the mobile community project applications (which MOKO typically expects to provide for free to its community partners) by periods of between six to twelve months, and this may result in future operating cash flow usage being larger than historical results.

Furthermore, given the realization of customer receipts will reflect MOKO's successes across multiple business risks in the new business stream of Customised Mobile Social Advertising, the historical results may not reflect future outcomes. Receipts from customers may differ adversely to the historical results and anticipated outcomes, which may further increase the size of operating cash flow usage.

Cash Flows from Investing Activities

In the twelve months ended June 30, 2015, investing cash outflows increased by 5% to A\$775,134 (\$597,163) (2014: A\$699,506) due to the investments in Big Teams LLC and Tagroom Pty Ltd.

In the twelve months ended June 30, 2014, net cash used in investing activities was A\$699,506 (\$659,424) and consisted of payments for the deferred consideration for the acquisition of the OfferMobi business of A\$406,997 (\$383,676), payments for disposal of the AMH Group of A\$339,996 (\$320,514), payments for property, plant and equipment of A\$62,006 (\$58,453) and a partial offset from proceeds received via the sale of mBuzzy, of A\$109,493 (\$103,219).

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In the twelve months ended June 30, 2013, net cash used in investing activities was A\$1,785,110 and consisted of payments for the acquisition of OfferMobi of A\$1,444,760 which net of cash acquired for the acquisition of OfferMobi and All Night Media Limited was A\$1,352,620, and the disposal of the operating entities of the Paper Tree Limited group of A\$342,636. Purchases of property, plant and equipment was A\$89,854 and historically has not formed a major component of investing cash outflows.

Historically, given the high rate of internal asset generation, investing expenditures on assets has been relatively low, other than by acquisition. This trend may discontinue as MOKO's customized mobile social advertising business plan gains traction as increased headcount and volumes of data under management are expected to mandate larger capital investment expenditures, particularly on information technology infrastructure.

Conversely, where historically investing activity expenditures for acquisition consideration has been relatively high, this trend may discontinue if no new acquisition activity is undertaken by MOKO as a result of focusing the available cash and cash equivalent resources on the intended execution of the customized mobile social advertising business plan.

Cash Flows from Financing Activities

Our financing activities have consisted primarily of the issuance of fully paid ordinary shares and for the fiscal year ended June 30, 2014 included repayment of a revolving note debt facility.

In fiscal 2015, the financing cash inflows increased by 7% to A\$16,219,370 (\$12,495,403) (2014: A\$15,151,403) as a result of net share issue proceeds of A\$16,219,370 (\$12,495,403) (2014: A\$16,269,600) and net debt repayment of nil (2014: A\$1,118,197).

In fiscal 2014, net cash provided by financing activities was A\$15,151,403 (\$14,283,228) represented by net proceeds from the issue of ordinary shares of A\$16,269,600 (\$15,337,352) and net debt repayments of A\$1,118,197 (\$1,054,124).

For clarity, the cash proceeds from our U.S. Initial Public Offering ("U.S. IPO"), on June 27, 2014 when we listed 1,100,000 American Depositary Shares on NASDAQ, at a public offering price of \$7.50 per ADS for a total amount raised of \$8,250,000 before underwriting commissions and transaction costs, were received subsequent to the fiscal year ended June 30, 2014.

In fiscal 2013, net cash provided by financing activities was A\$4,496,858 represented by net proceeds from the issue of ordinary shares of A\$3,227,293 and proceeds from borrowings of A\$1,269,565 (which has been fully repaid subsequent to the statement of financial position date).

Contractual Obligations

As of June 30, 2015, our contractual obligations and other commitments were as follows:

	Payments due by period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More Than 5 years
Premises leases	A\$ 977,711	A\$ 414,406	A\$ 563,305	—	—

Effects of Inflation

Inflation generally affects us by increasing costs of raw materials, labor and equipment. We do not believe that inflation had any material effect on our results of operations in the periods presented in our financial statements.

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared in accordance with IFRS. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of revenue, assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates. Our most critical accounting policies are summarized below. See note 1 to our consolidated financial statements beginning on page F-1 for a description of our other significant accounting policies.

Share-based payment transactions

We measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

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

Fair value and hierarchy of financial instruments

We are required to classify financial instruments, measured at fair value, using a three level hierarchy, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgment is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

We determine the estimated useful lives and related depreciation and amortization charges for our property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

We test annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1 to our consolidated financial statements beginning on page F-1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. All cash generating units have been deemed recoverable and not at risk.

Long service leave provision

As discussed in note 1 to our consolidated financial statements beginning on page F-1, the liability for long service leave is recognized and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in note 1 to our consolidated financial statements beginning on page F-1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalization of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortization reported.

Recent Accounting Pronouncements

As discussed in Note 1 to our consolidated financial statements beginning on page F-1, the financial statements included in this annual report have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by MOKO for the annual reporting period ended 30 June 2015, unless noted in the notes to our consolidated financial statements beginning on page F-1. MOKO's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to MOKO, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. MOKO will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by MOKO.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. MOKO will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by MOKO.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and senior management

The following discussion sets forth information regarding our directors and executive officers as of October 15, 2015. Our board of directors is comprised of only one class. All of the directors will serve until the next annual meeting of shareholders at which one third of the directors (or if their number is not divisible by three, then the number nearest to one third), other than the Managing Director, are required to submit for re-election in accordance with the terms of our Constitution and the applicable provisions of the Corporations Act, or until their earlier death, retirement, resignation or removal. Mr. Rodwell is currently our Managing Director. Provided below is a brief description of our directors' and executive officers' business experience during the past five years.

Name	Age	Position
Greg McCann	62	Non-Executive Chairman
Ian Rodwell	53	Chief Executive Officer and Managing Director
Jeff White	60	Non-Executive Director
Leo Hindery, Jr.	67	Non-Executive Director
Mark Hauser	57	Non-Executive Director
Emma Waldon	39	Executive Director and Company Secretary
Diana Rhoten, Ph.D.	48	Non-Executive Director
Shripal Shah	38	Chief Operating Officer

Greg McCann has been our Chairman and a director since April 2007. Since April 2007, Mr. McCann has also been the Chairman of Tel.Pacific Limited since August 2009 and was Chairman of NBN Tasmania Limited from August 2009 until April 2014, each of which is a public company in Australia. Mr. McCann also acts as Chairman for a number of private companies, including Executive Computing Pty Limited (an information technology sales and services company), Total Resource Solution Pty Ltd (a recruitment company) and Consortio Pty Ltd (a contractor management company). Mr. McCann is also on the board of the Australian law firm Lander & Rogers. He is a fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Ian Rodwell has been our Chief Executive Officer, Managing Director and a director since 2008. Mr. Rodwell's background is in corporate design and multimedia and has owned/operated several businesses in this field. He has worked in Australia, Singapore, the U.K. and the United States, managing projects for many international companies including McKinsey, BMW, UniLever and MTV. In the consumer digital media area, Mr. Rodwell led projects for several of world's biggest names in sport, including Manchester United FC, All Blacks, adidas and the Australian Football League.

Jeff White has been director of MOKO since February 2015. Mr. White is a principal of Longreach Pty Ltd, an independent corporate advisory firm based in Sydney, Australia. Mr. White has over thirty years of experience advising a wide range of public and private companies on mergers, acquisitions, divestments and equity raisings. He has also advised the Australian and several State governments on major privatisations. Prior to Longreach, Mr. White held senior positions at several large international investment banks including Baring Brothers and ABN AMRO. Mr. White is a Non-Executive Director of the Anika Foundation, a charity that raises funds for research into youth suicide and depression. Mr White holds a Bachelor of Commerce and a Bachelor of Laws from UNSW and is a Graduate of the Australian Institute of Company Directors.

Leo Hindery, Jr. has served as one of our directors since April 2015. Currently, he is Managing Partner of InterMedia Partners, a series of media industry private equity funds he founded in 1988 and ran continuously until February 1997, when he was elected President and CEO of Tele-Communications, Inc. (TCI) and Liberty Media, at the time the world's largest combined cable television system operator and programming entity. In March 1999 TCI merged into AT&T, and he became President and CEO of AT&T Broadband until he resigned in November 1999. In December 1999, Mr. Hindery was elected Chairman and Chief Executive Officer of GlobalCenter Inc., a major Internet services company, which in January 2001 merged into Exodus Communications, Inc. From 2001 until October 2004, he was Chairman and CEO of The YES Network which he founded to be the regional television home of the New York Yankees.

In early 2005 he reconstituted InterMedia Partners. Mr. Hindery has also served as a director on the board of Hemisphere Media Group, Inc. since April 2013. Mr. Hindery, formerly Chairman of the National Cable Television Association (NCTA) and of C-SPAN, has been recognized as International Cable Executive of the Year, NCTA's Distinguished Vanguard Award Recipient for Leadership, Cable Television Operator of the Year, one of the cable industry's "25 Most Influential Executives Over the Past 25 Years", one of the "30 Individuals with the Most Significant Impact on Cable's Early History", and a member of the Cable Hall of Fame. Mr. Hindery is a Director of the Paley Center for Media and a member of the Board of Visitors of the Columbia School of Journalism. He has an MBA from Stanford University's Graduate School of Business and was an undergraduate of Seattle University, and has received an honorary Doctor of Humane Letters degree from Emerson College.

Mark Hauser has been a director since February 2014. He is a Senior Managing Director of OFS Management, responsible for OFS' SBIC fund. Mr. Hauser is also the founder and Managing Director of Tamarix Capital, an investment firm dedicated to using flexible financing solutions to support management teams in lower-middle-market companies, and oversees its investment activities. Prior thereto, he was a Senior Managing Director at Sandell Asset Management, an international multi-strategy alternative asset manager, where he founded and was global head of the firm's private equity practice as well as a member of its investment committee. Prior to joining Sandell, he was a Managing Director at FdG Associates, a New York-based middle-market private equity fund focused on investing in family owned businesses. Previously, he was a Managing Director at Ocean Capital Corporation, a private international investment banking firm. Mr. Hauser has served as an officer and on the boards of directors of various private and public portfolio companies, both in the U.S. and abroad. Mr. Hauser began his career as a corporate attorney, practicing in New York, Sydney and London. He holds a Bachelor of Economics Degree and a Bachelor of Law Degree from Sydney University and a Master of Law Degree from the London School of Economics & Political Science.

Emma Waldon has been MOKO's Company Secretary since 1st January 2015 and a director since October 1, 2015. Ms. Waldon also holds the role of Company Secretary of Hazer Group Limited. Ms. Waldon has over 18 years global corporate experience and has diverse financial, corporate advisory and risk management skills from previous roles at Ernst & Young (Perth) where she qualified as a Chartered Accountant in 2000, Euroz Securities, Lloyds Banking Group (London) and as a Director within Deloitte's advisory services division in Perth. Ms. Waldon holds a Bachelor of Commerce degree from the University of Western Australia majoring in accounting and finance, is a Member of the Australian Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia and a Certificated Member of the Governance Institute of Australia.

Diana Rhoten, Ph.D. has been a director since October 1, 2015 and is an Associate Partner of IDEO's New York office, an award-winning global design firm focused on helping organizations innovate and grow. Ms Rhoten actively assists IDEO's clients through the design of new businesses, ventures, and partnerships. In addition to her role at IDEO, Ms Rhoten is also a Senior Advisor to Purpose, experts in creating and scaling social movements powered by technology and enabled by people, and an Advisor to Kam.io, a social networking platform for creating, mixing, and sharing digital assets. Ms Rhoten's experience spans business, government and philanthropy. Her previous roles include Chief Strategy Officer for Amplify Education, Founder and Director of the New Youth City Learning Network, Founder and Managing Director of Startl, and Founder and Director of the Knowledge Institutions Program, an initiative of the Social Science Research Council. Ms Rhoten has been published in numerous academic journals and co-authored several manuscripts. She has a Ph.D. and an M.A. from Stanford University, as well as a M.Ed. from Harvard University and a B.A. from Brown University. She is both a Fulbright Scholar and a Sigma Xi Distinguished Lecturer.

Shripal Shah has been the Chief Operating Officer of MOKO since March 2015. Mr. Shah has more than sixteen years experience in digital strategy, development and execution. He joins MOKO after seven years as Chief Strategy Officer with the Washington Redskins, one of the top NFL professional football teams and the third highest grossing team in the NFL behind the Dallas Cowboys and the New England Patriots. Mr. Shah reported to Mitch Gershman, Chief Marketing Officer of the Redskins where he was tasked with maximizing the team's strategic and business prospects and overseeing the organization's marketing strategy and digital and social media platforms. He played an instrumental role in bringing various digital and social media platforms to the Redskins, resulting in a significantly improved brand profile for the team. Prior to the Redskins, Mr. Shah was with Catalyst Public Relations, where he was the architect of multiple award-winning digital marketing programs. This included one for Dick's Sporting Goods Foundation, which earned "Best Cause Related Marketing Campaign of the Year" honors at the 2012 SABRE Awards. He also developed digital marketing strategies for Kenneth Cole, Seagram's, Bank of New York and Morgan Stanley, among others.

B. Compensation

Employment Agreements

The compensation we paid to all current directors and executive officers (including the Company Secretary) for the year ended June 30, 2015 was A\$2,020,171 (\$1,556,340) and on an individual basis in A\$ is set forth in the tables below.

Fiscal 2014 (A\$'s)	SHORT-TERM				POST-EMPLOYMENT		SHARE-BASED		
	Salary & Fees	Consultancy Fees	Bonus	Other	Super-annuation	Retirement benefits	Shares	Options	Total A\$
G McCann ¹	109,970	—	—	—	10,447	—	759,577	—	879,994
P Yates	11,417	—	—	—	—	—	—	—	11,417
J De Back ²	22,500	—	—	—	—	—	—	78,737	101,237
M Hauser ³	62,101	—	—	—	—	—	—	118,105	180,206
J White	15,221	—	—	—	1,446	—	—	—	16,667
L Hindery	12,879	—	—	—	—	—	—	—	12,879
I Rodwell ⁴	388,129	—	—	91,014	—	—	—	308,628	787,771
E Waldon	27,397	—	—	—	2,603	—	—	—	30,000
A W Bursill	—	—	—	—	—	—	—	—	—
TOTAL	649,614	—	—	91,014	14,496	—	759,577	505,470	2,020,171

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1. G McCann's remuneration was paid in his capacity as a Non-Executive Director and did not change during his temporary occupation as Executive Chairman in 2014 for the purposes and completion of the NASDAQ listing.
2. J De Back, former director, is a director of Dutchman Capital who provided consulting services to MOKO until September 30, 2013. The contract between MOKO and Dutchman Capital was based on normal commercial terms. J De Back resigned on 13th April 2015.
3. Mark Hauser was appointed as a Non-Executive Director on February 1, 2014 and prior to which, he provided consulting services to MOKO for two years until January 31, 2014. The consulting contract between MOKO and Mark Hauser was based on normal commercial terms and this remuneration is not included.
4. I Rodwell was paid STI bonuses of \$22,883 excluding superannuation in June 2014 upon Rec*IT launch and \$22,884 excluding superannuation in June 2014 upon NASDAQ listing. Other short term remuneration in the year ended 30 June 2015 includes rental assistance of US\$5,000 per month and payment of health related insurance.
5. A W Bursill, Company Secretary until 31st January 2015, is an associate of Franks & Associates Pty Ltd who provides Company secretarial services to MOKO. The contract between MOKO and Franks & Associates is based on normal commercial terms. A total of \$56,670 (2014: \$97,793) was received by Franks & Associates in relation to this contract for the year.

Share Based Compensation

We use two practices for granting share based compensation to executive directors, senior executives and employees. Share options (listed and unlisted) to purchase our ordinary shares are issued periodically at the board's discretion and Performance Shares may also be issued under a Performance Share Plan.

Option Compensation

As of June 30, 2105, our unissued ordinary shares subject to options totaled 67,420,000 as follows.

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Director Options	30-Jul-16	\$ 0.042	5,000,000
Unlisted Options	30-Jul-16	\$ 0.042	5,000,000
Unlisted Employee Options	31-Jul-16	\$ 0.06	500,000
Unlisted Employee Options	31-Jul-16	\$ 0.17	4,250,000
Unlisted Options	24-Oct-15	\$ 0.155	3,450,000
Unlisted Director Options	28-Nov-15	\$ 0.40	15,000,000
Unlisted Options	28-Nov-15	\$ 0.40	1,000,000
Unlisted Options	28-Nov-15	\$ 0.10	6,400,000
Unlisted Director Options	31-Jan-16	\$ 0.20	2,000,000
Unlisted Employee Options	31-Dec-15	US\$ 0.15	1,000,000
Unlisted Employee Options	30-Jun-16	US\$ 0.17	250,000
Unlisted Director Options	26-Nov-17	\$ 0.19	7,500,000
Unlisted Director Options	26-Nov-16	\$ 0.19	3,000,000
Unlisted Employee Options	31-Jan-17	\$ 0.196	1,000,000
Unlisted Employee Options	20-Dec-16	\$ 0.20	1,000,000
Unlisted Employee Options	31-Dec-16	\$ 0.17	700,000
Unlisted Employee Options	31-Dec-16	\$ 0.075	750,000
Unlisted Employee Options	30-Jun-16	US\$ 0.05	1,000,000
Unlisted Employee Options	30-Jun-16	US\$ 0.075	1,000,000
Unlisted Options over American Depositary Shares	Refer to table below		7,620,000
Total			67,420,000

Options granted over American Depositary Shares (where one ADS = 40 ordinary shares)

Class	Expiry Date	Exercise Price (per ADS in US\$)	Number of Options	Number of Shares
Unlisted ADS Options	31-Dec-15	\$ 4.07	25,000	1,000,000
Unlisted ADS Options	31-Dec-16	\$ 6.29	25,000	1,000,000
Unlisted ADS Options	30-Jun-16	\$ 7.50	41,750	1,670,000
Unlisted ADS Options	30-Jun-16	\$ 6.66	2,500	100,000
Unlisted ADS Options	30-Jun-16	\$ 7.50	11,250	450,000
Unlisted ADS Options	31-Dec-15	\$ 5.55	7,500	300,000
Unlisted ADS Options	30-Jun-16	\$ 4.00	25,000	1,000,000
Unlisted ADS Options	3-Dec-16	\$ 4.58	7,500	300,000
Unlisted ADS Options	31-Jul-17	\$ 4.00	20,000	800,000
Unlisted ADS Options	22-Sep-17	\$ 3.00	25,000	1,000,000
Total			190,500	7,620,000

C. Board Practices

Board Committees and Practices

Our Board has an audit committee and compensation committee, a copy of the relevant charters of which are available on MOKO's website. Jeff White, Mark Hauser and Leo Hindery, Jr. each satisfy the "independence" requirements of the NASDAQ Marketplace Rules and accordingly we are currently in compliance with applicable SEC rules as well as the NASDAQ Marketplace Rules in this regard.

Audit Committee

The audit committee oversees and monitors the company's accounting and financial reporting processes and the audit and integrity of the Company's financial statements.

The audit committee has had the following three members: Mark Hauser who is the chairman and an independent Non-Executive Director, Leo Hindery, Jr. (non-independent Non-Executive Director) and Jeff White (non-independent Non-Executive Director), each of which satisfies the "independence" requirements of the NASDAQ Marketplace Rules. The audit committee is responsible for, among other things:

- Selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- Reviewing and approving all proposed related-party transactions;
- Discussing the annual audited financial statements with management and the independent auditors;
- Reviewing the adequacy and effectiveness of the Company's internal control policies and procedures;
- Reviewing and discuss guidelines and policies with respect to risk assessment and risk management;
- Annually reviewing and reassessing the adequacy of our audit committee charter;
- Meeting separately and periodically with management and the independent auditors;
- Reviewing such other matters that are specifically delegated to our audit committee by our Board of Directors from time to time; and
- Reporting regularly to the full Board of Directors.

Compensation Committee

The compensation (remuneration) committee assists the Board in reviewing and approving the compensation forms and structure of MOKO's Directors and officers.

The compensation committee has had the following three members: chairman Mark Hauser (independent Non-Executive Director), Leo Hindery, Jr. (non-independent Non-Executive Director) and Gregory McCann (Non-Executive Chairman). Each of Messrs. Hindery and Hauser satisfies the "independence" requirements of the NASDAQ Marketplace Rules. Our compensation committee assists our board in reviewing and approving the compensation structure of our directors and officers, including all forms of compensation to be provided to our directors and officers.

The compensation committee is responsible for, among other things:

- Reviewing and determining the compensation package for our senior executives;
- Reviewing and making recommendations to our board with respect to the compensation of our directors;
- Reviewing and approving officer and director indemnification and insurance matters;
- Reviewing and approving any employee loan in an amount equal to or greater than \$20,000;
- Reviewing periodically and approving any long term incentive compensation or equity plans, and
- Programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Code of Ethics

We adopted a Code of Business Conduct and Ethics in accordance with Section 406 of the Sarbanes-Oxley Act of 2002 and Item 406 of Regulation S- K that constitutes our code of ethics for our principal executive officer, our principal financial and accounting officer and our other senior financial officers. The Code of Business Conduct and Ethics is intended to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters. A printed copy of the Code of Business Conduct and Ethics may be obtained free of charge by writing to Ms. Emma Waldon, Company Secretary MOKO Social Media Limited, Suite 5, 442-446 Beaufort Street, Highgate, Western Australia, 6003, Australia, and is available on our website.

Duties of Directors

Under Australian law, our directors have a duty to act honestly, in good faith and in the best interests of all shareholders. Our directors also have a duty to exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their fiduciary duty to the shareholders of MOKO, our directors must ensure compliance with our Constitution. MOKO shareholders may have the right to seek damages from either MOKO, the directors personally, or both, if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of the company and mortgaging the property of the company;
- executing checks, promissory notes and other negotiable instruments on behalf of the company;
- maintaining or registering a register of mortgages, charges or other encumbrances of the company; and
- authorizing the payment of donations to religious, charitable, public or other bodies, clubs, funds or associations as deemed advisable.

Interested Transactions

Provided that a director has fully disclosed his or her material personal interest to all of our other directors and received the necessary approval or authorization of the majority of disinterested directors, such director may vote, attend a board meeting or sign a document in respect of any contract or transaction in which he or she is interested.

Remuneration and Borrowing

The directors may receive such remuneration as our board of directors may determine from time to time up to the aggregate limit that is approved by shareholders from time to time. That limit currently is A\$250,000, but excludes any remuneration payable to a director who is employed by the Company in an executive role, such as Mr. Rodwell. In addition, each director is entitled to be repaid or prepaid for all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred in attending meetings of our board of directors or committees of our board of directors or shareholder meetings or otherwise in connection with the discharge of his or her duties as a director.

Our board of directors may exercise all the powers of the company to borrow money and to mortgage or charge our undertakings and property or any part thereof, to issue debentures, debenture shares and other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party.

Qualification

A director is not required to hold shares as a qualification to office.

Limitation on Liability and Other Indemnification Matters

Under our Constitution, we may indemnify our directors, officers and liquidators against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with civil, criminal, administrative or investigative proceedings to which they are party or are threatened to be made a party by reason of their acting as our director, officer or liquidator. To be entitled to indemnification, these persons must have acted honestly and in good faith with a view to the best interest of the company and, in the case of criminal proceedings, they must have had no reasonable cause to believe their conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Following completion of this offering, we plan to continue to pay our directors annual fees consistent with our existing practise whereby fixed aggregate non-employee fees are fixed at no more than A\$250,000 per annum. We may also from time to time issue options to purchase ordinary shares (or ADSs as applicable), in amounts and on terms to be determined by our board of directors or a committee thereof.

Other than non-employee directors, we do not compensate directors for serving on our board of directors or any of its committees. We do, however, intend to reimburse each member of our board of directors for out-of-pocket expenses incurred by each director in connection with attending meetings of the board of directors and its committees.

The following table sets forth the cash compensation for future services expected to be paid to our non-employee directors, other than Mr. Hauser who we expect will receive an annual stipend of \$60,000.

	Compensation
Annual Stipend	
Director – (U.S. residents)	\$40,000 per annum
Director – (non U.S. residents)	A\$40,000 per annum
Chairman	A\$135,000 per annum

D. Employees

As of June 30, 2015, we had 67 full time equivalent employees, including independent contractors. Our employees are all contracted to us through individual employment agreements. Management considers labor relations to be good. At each date shown, we had the following employees, broken out by department and geography:

	At June 30, 2015
Function:	
Technical and product development	29
Sales, Marketing and operations	25
Corporate, Finance and administration	13
Total:	67
Geography:	
Australia	29
United States of America	38
United Kingdom	67
Total:	

E. Share Ownership

See Item 6.A and 6.B above.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major shareholders

The following table sets forth information with respect to the beneficial ownership of the Ordinary Shares as of September 30, 2015 by each person who beneficially owns more than 5% of Ordinary Shares and each officer, each director and all officers and directors as a group.

Ordinary Shares which an individual or group has a right to acquire within 60 days pursuant to the exercise or conversion of options, warrants or other similar convertible or derivative securities are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

The address of each director and executive officer shown in the table below is Suite 5, Level 1, 442-446 Beaufort Street, HIGHGATE West Australia, 6003, Australia.

Name of Beneficial Owner	Beneficial Ownership of our Ordinary Shares ⁽¹⁾	Percentage of Class (1)
Greg McCann	25,944,444 ⁽²⁾	3.4%
Ian Rodwell	16,032,917 ⁽³⁾	2.1%
Jeff White	580,000	*
Leo Hindery, Jr.	2,638,500	*
Mark Hauser	9,910,000 ⁽⁴⁾	1.3%
Emma Waldon	800,000	*
Diana Rhoten, Ph.D.	-	-
Shripal Shah	-	-
All directors and executive officers as a group (8 persons)	55,905,861	7.2%
Trevor Douglas Nairn	114,528,662	15.2%
Peter Yates	50,163,402	6.6%

* less than 1%

(1) On September 30, 2015, MOKO's ordinary shares on issue total 58,214,171 and ordinary shares issuable upon the exercise of outstanding options are 67,420,000.

(2) Includes 10,000,000 ordinary shares issuable upon the exercise of outstanding options. Does not include 20,000,000 performance shares issued to Mr. McCann on November 28, 2013 following approval by MOKO's shareholders at the annual general meeting held on November 26, 2013 as the performance event has not been met.

(3) Includes 10,000,000 ordinary shares issuable upon the exercise of outstanding options. Does not include 7,500,000 ordinary shares issuable upon the exercise of outstanding options as the vesting event has not been met.

(4) Includes 5,000,000 ordinary shares issuable upon the exercise of outstanding options.

B. Related Party Transactions

We have not during the most recently completed financial year entered into transactions or loans with any (a) enterprises that are directly or indirectly controlled by or under common control with us; (b) our associates; (c) individuals directly or indirectly owning voting right which give them significant influence over us or close members of their respective families, (d) our directors, senior management or close members of their respective families or (e) enterprises in which a substantial interest in the voting power is held or significantly influenced by any of the foregoing individuals (a "Related Party"), except as indicated below:

Andrew Bursill, former Company secretary, is also an associate of Franks & Associates Pty Ltd, who provided accounting and secretarial services to MOKO. The contract between MOKO and Franks & Associates was based on standard commercial terms. The Company paid an aggregate of A\$56,670 to Franks & Associates in fiscal 2015.

Greg McCann, non-executive Chairman, is an associate of Consortio Pty Limited (“Consortio”) who leases office space in Sydney to MOKO. The lease agreement between MOKO and Consortio is based on normal commercial terms. A total of A\$20,047 (\$15,444) (2014: A\$13,368) was received by Consortio in relation to this agreement for the year ended June 30, 2015.

On August 16, 2012, the Company entered into an agreement with Mr. McCann for up to A\$80,000 in funding by issuance of convertible notes. The convertible notes were to be repayable in full at maturity, being six months from date of issuance. At the discretion of MOKO, at any time during the term, the convertible notes could be repaid in ordinary shares at an issue price of A\$0.04 per share, subject to shareholder approval. On December 14, 2012, following shareholder approval at MOKO’s annual general meeting, convertible notes of A\$80,000 were repaid by way of issuance of 2,000,000 fully paid ordinary shares.

On December 7, 2012, Messrs. De Back and Yates each subscribed for a twelve month, 10% convertible note in principal amount of A\$100,000 which is convertible at MOKO’s discretion at A\$0.04 per share and with 10% additional penalty interest at conversion, subject to shareholder approval. Mr. Yates was repaid in the form of 2,500,000 fully paid ordinary shares as part of MOKO’s rights issue, which closed on June 4, 2013. Mr. De Back was paid in the form of 2,500,000 fully paid ordinary shares as part of MOKO’s rights issue, which closed on September 11, 2013.

On March 5, 2012, Mr. Hauser was contracted as a strategic and financing corporate consultant to MOKO for a 24 month period from January 1, 2012 through 2014. Under the contract, Mr. Hauser was remunerated with a total of 8,000,000 unlisted options over ordinary MOKO shares, for services provided and in lieu of retainer fees, priced at the then prevailing share price at the beginning of each quarter. The estimated fair value of the options received by Mr. Hauser in the 2014 fiscal year was A\$99,519.

On May 2, 2013, Messrs. McCann, De Back and Yates agreed to advance a total of A\$265,000 as an interest free unsecured loan to MOKO, with an option to the loan against future rights issues undertaken by MOKO. On June 4, 2013, following the closing of MOKO’s rights issue, convertible notes totaling A\$165,000 were repaid by way of the issuance of 4,125,000 fully paid ordinary shares and 4,125,000 options exercisable at A\$0.05 each on or before June 13, 2015. Mr. De Back’s convertible notes totaling A\$100,000 were repaid by way of the issuance of 2,500,000 fully paid ordinary shares and 2,500,000 options exercisable at A\$0.10 each on or before November 28, 2015.

On July 1, 2013, MOKO completed the acquisition of a controlling 51% share interest in a Sydney based e-commerce business, Deals I Love (Australia) Pty Limited (“DIL”). The business combination was made for the purpose of MOKO expanding into the growing mobile commerce sector. The share acquisition included a purchase of shares from a MOKO non-executive director, Mr. Johannes De Back, who after the acquisition has no further equity interest in DIL. Acquisition date fair value of total consideration transferred was A\$40,000. The fair value consideration was settled by way of issue of 400,000 options exercisable at A\$0.10 each on or before November 28, 2015.

Under the terms of the acquisition, MOKO was also granted an option to acquire the remaining 49% of DIL and as a separate transaction agreed to loan funds to DIL for marketing purposes, which loan bears interest of 10% per annum and is repayable on arms-length terms. On November 7, 2013, Mr. Johannes De Back executed a personal letter of support to indemnify DIL in respect of its debts to a total liability value of A\$500,000 and which may only be revoked with DIL’s prior written agreement. On April 9, 2015, the letter of support was revoked, a A\$50,000 loan from Mr. De Back to DIL was written-off and 2 million options were forfeited with Mr. De Back’s written agreement.

During the year ended June 30, 2014, Mr. De Back provided consulting services to MOKO through Dutchman Capital, of which he is a director, on normal commercial terms, for which Dutchman Capital was paid \$39,000 in fees (2013: \$156,045).

C. Interests of Experts and Counsel

Not Applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information.

The Company's consolidated financial statements are stated in Australian dollars and are prepared in accordance with IFRS.

Audited Financial Statements

Our consolidated financial statements for the 2015, 2014 and 2013 fiscal years ended June 30th as required under Item 17 are included immediately following the text of this Annual Report. The audit reports of the Company are included herein immediately preceding the financial statements.

Legal/Arbitration Proceedings

We have instituted legal proceedings against one supplier regarding an account payable over which there is a disagreement. While we do not expect the resolution of this dispute to have a significant effect on our financial position or profitability, there can be no assurance that we will prevail in these proceedings, and we may be required to pay damages to such supplier, which would adversely affect our financial position.

Policy on Dividend Distributions

The Company has not paid any dividends on its outstanding ordinary shares since its incorporation and does not anticipate that it will do so in the foreseeable future. The payment of dividends in the future, if any, is within the discretion of the Board of Directors of Dynasty and will depend upon our earnings, our capital requirements and financial condition and other relevant factors. We do not anticipate declaring or paying any dividends in the foreseeable future.

B. Significant Changes

None.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Not Applicable.

B. Plan of Distribution

Not Applicable.

C. Markets

Our American Depositary Shares are listed on NASDAQ under the symbol MOKO. The closing price for the ADSs on September 30, 2015 on NASDAQ was \$3.10 per ADS.

The principal trading market for our ordinary shares is the ASX in Australia, where the ordinary shares have been listed since June 2007. Prior to July 2014, ADSs representing the ordinary shares traded on the OTCBB in the U.S., although the trading was inactive and illiquid. The following table sets forth, for the periods indicated, the reported high and low closing prices on the ASX for our ordinary shares in Australian dollars. See "Exchange Rate Information" for the exchange rates applicable to the periods set forth below.

Year Ended	High	Low	High	Low
	(A\$ per share)		(US\$ per ADS)	
June 30, 2011	0.09	0.04		
June 30, 2012	0.05	0.02		
June 30, 2013	0.05	0.02		
June 30, 2014	0.33	0.04		
June 30, 2015	0.20	0.11	7.79	3.50
Quarter Ended				
September 30, 2013	0.14	0.04		
December 31, 2013	0.33	0.12		
March 31, 2014	0.33	0.20		
June 30, 2014	0.27	0.14	7.70	6.75
September 30, 2014	0.20	0.15	7.79	5.42
December 31, 2014	0.17	0.13	6.05	4.29
March 31, 2015	0.17	0.14	5.80	4.00
June 30, 2015	0.18	0.11	5.94	3.50
Month Ended				
January 2015	0.17	0.15	5.80	4.60
February 2015	0.17	0.14	5.30	4.25
March 2015	0.16	0.14	4.80	4.00
April 2015	0.18	0.14	5.94	4.50
May 2015	0.17	0.14	5.40	4.22
June 2015	0.14	0.11	4.25	3.50
July 2015	0.13	0.10	3.85	3.01
August 2015	0.13	0.12	3.70	3.40
September 2015	0.12	0.10	3.44	2.90

Status of Outstanding Ordinary Shares. As of September 30, 2015, we had a total of 755,486,679 ordinary shares issued and outstanding.

Options and Warrants. See Item 6.B above.

Holders. Based upon information available from the ASX, as of September 30, 2015, we had 3,767 holders of record of the ordinary shares, of which 8 had registered addresses in the U.S. and held a total of 13,924,980 ordinary shares. The principal Melbourne office of National Australia Bank, as custodian, is the registered holder for the holders of ADSs representing ordinary shares. According to the principal Melbourne office of National Australia Bank's registry, there was one registered holder of ADSs representing 60,038,846 ordinary shares as of September 30, 2015. Holders of record of having registered addresses in the U.S., together with the registered holders of ADSs representing ordinary shares in the principal Melbourne office of National Australia Bank's registry, held an aggregate of approximately 9.8% of the total number of ordinary shares outstanding on such date. The above numbers may not be representative of the actual number of U.S. beneficial holders or the number of ordinary shares beneficially held by U.S. persons.

D. Selling Shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the Issue

Not Applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of association

The description of certain terms and provisions of our Constitution is incorporated by reference to our Registration Statement filed on Form F-1 (File No. 333-196073) filed with the SEC and as declared effective on June 26, 2014.

C. Material Contracts

During the fiscal years ended June 30, 2015, 2014 and 2013, the Company entered into the material contracts listed below, the material provisions of which are described under Item 4.B. above:

Letter of Agreement between American Intramural Sports Group LLC and the Registrant dated March 4, 2013

Amended and Restated License and Services Agreement between IMLeagues LLC and the Registrant dated January 26, 2015

Asset Purchase Agreement dated August 10, 2012 between Howmark Mobile LLC and the Registrant

Memorandum dated April 9, 2013, as revised on April 15, 2013

Memorandum of Confirmation dated October 2013

Second Memorandum of Confirmation dated November 2013

Clarification Agreement dated as of April 30, 2014

Share Purchase Agreement (Series B-2) dated April 24, 2015 between Big Teams LLC and the Registrant

License and Services Agreement dated April 24, 2015 between Big Teams LLC and the Registrant

D. Exchange controls

Not applicable.

E. Taxation

Australian Tax Consequences

In this section we discuss the material Australian tax considerations that apply to non-Australian tax residents with respect to the acquisition, ownership and disposal of the absolute beneficial ownership of ADSs, which are evidenced by ADRs. This discussion is based upon existing Australian tax law as is currently in effect, which is subject to change, possibly retrospectively. This discussion does not address all aspects of Australian income tax law which may be important to particular investors in light of their individual investment circumstances, such as ADSs or ordinary shares held by investors subject to special tax rules (for example, financial institutions, insurance companies or tax exempt organizations). In addition, this summary does not discuss any foreign or state tax considerations, other than stamp duty. Prospective investors are urged to consult their tax advisors regarding the Australian and foreign income and other tax considerations of the purchase, ownership and disposition of our ADSs or ordinary shares.

References to “MOKO” in this section headed “Australian Tax Consequences” refer to MOKO Social Media Limited.

Nature of ADSs for Australian Taxation Purposes

Holders of our ADSs are treated as the owners of the underlying ordinary shares for Australian income tax and capital gains tax purposes. Therefore, dividends paid on the underlying ordinary shares will be treated for Australian tax purposes as if they were paid directly to the owners of ADSs that represent those underlying ordinary shares, and the disposal of ADSs will be treated for Australian tax purposes as the disposal of the underlying ordinary shares. In the following analysis we discuss the application of the Australian income tax and capital gains tax rules to non-Australian resident holders of ADSs.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be ‘franked’ to the extent of tax already paid on company profits. Fully franked dividends are not subject to dividend withholding tax. Dividends that are not franked or are partly franked and are paid to non-Australian resident shareholders may (subject to the relevant tax treaties — see below) be subject to dividend withholding tax, but only to the extent the dividends are not franked. Unfranked dividends paid to a non-Australian resident shareholder are subject to withholding tax at 30%, unless the shareholder is a resident of a country with which Australia has a double taxation agreement. In accordance with the provisions of the Double Taxation Convention between Australia and the United States, the maximum rate of Australian tax on unfranked dividends to which a resident of the United States is beneficially entitled, is 15%, where the U.S. resident is not a company or holds less than 10% of the voting rights in the applicable company, or 5% where the U.S. resident is a company and holds 10% or more of the voting rights in the applicable company. The Double Taxation Convention between Australia and the United States does not apply to limit the tax rate on dividends where our ADSs are effectively connected to a permanent establishment or a fixed base carried on by the holder of our ADSs in Australia and through which that holder carries on business.

Tax on Sales or other Dispositions of Shares — Capital Gains Tax (CGT)

Australian capital gains derived by non-Australian residents in respect of the disposal of capital assets that are not taxable Australian property will be disregarded. A non-Australian resident shareholder will not be subject to Australian capital gains tax on the capital gain made on a disposal of our ADSs or ordinary shares, unless it, together with associates, holds 10% or more of MOKO’s issued capital, tested either at the time of disposal or over any continuous 12 month period in the 24 months prior to disposal, and the value of those ADSs or shares at the time of disposal are wholly or principally attributable to Australian real property assets.

Australian capital gains tax applies to net capital gains at a taxpayer’s marginal tax rate. Previously, certain shareholders, such as individuals were entitled to a discount of 50% for capital gains on shares held for greater than 12 months. However, as part of the 2012 – 2013 Federal Budget measures, the Australian Government announced changes to the application of the CGT discount for foreign resident individuals on taxable Australian assets, including shares. These changes became effective on June 29, 2013.

The effect of these changes is to:

- Retain access to the full CGT discount for discount capital gains of non-Australian resident individuals in respect of the increase in the value of a CGT asset that occurred before May 9, 2013; and
- Remove the CGT discount for discount capital gains for non-Australian resident individuals that arise after May 8, 2013.

Non-Australian resident individuals will still have access to a discount on discount capital gains accrued prior to May 8, 2012 provided they choose to obtain a market valuation for their assets as at that date.

Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains.

Tax on Sales or other Dispositions of Shares — Shareholders Holding Shares on Revenue Account

Some non-Australian resident shareholders may hold shares or ADSs on revenue rather than on capital account, for example, share traders. These

shareholders may have the gains or losses made on the sale or other disposal of the shares or ADSs included in their assessable income under the ordinary income tax provisions of the income tax law, if the gains or losses are sourced in Australia.

Non-Australian resident shareholders assessable under these ordinary income provisions in respect of gains made on shares or ADSs held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 32.5% for non-Australian resident individuals. Some relief from the Australian income tax may be available to such non-Australian resident shareholders under the Double Taxation Convention between the United States and Australia, for example, because the shareholder does not have a permanent establishment in Australia.

To the extent an amount would be included in a non-Australian resident shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the shareholder would not be subject to double tax on any part of the income gain or capital gain.

Dual Residency

If a shareholder was a resident of both Australia and the United States under those countries' domestic taxation laws, that shareholder may be subject to tax as an Australian resident. If, however, the shareholder is determined to be a U.S. resident for the purposes of the Double Taxation Convention between the United States and Australia, the Australian tax applicable would be limited by the Double Taxation Convention. Shareholders should obtain specialist taxation advice in these circumstances.

Conduit Foreign Income (CFI)

CFI is that part of MOKO's earnings which are derived from operations located outside Australia. Australian withholding tax is not payable on unfranked dividends to non-Australian resident shareholders, to the extent that those dividends represent CFI. To the extent that MOKO's revenues are earned from operations located outside Australia, no franking credits will be available.

Stamp Duty

A transfer of shares or ADSs of a company listed on the ASX — as is MOKO — is not subject to Australian stamp duty except in some circumstances where one person, or their associate, acquires 90% or more of the shares.

Australian Death Duty

Australia does not have estate or death duties. No capital gains tax liability is realized upon the inheritance of a deceased person's shares or ADSs. The disposal of inherited shares or ADSs by beneficiaries may, however, give rise to a capital gains tax liability.

Goods and Services Tax

The issue or transfer of shares or ADSs will not incur Australian goods and services tax and does not require a shareholder to register for Australian goods and services tax purposes.

U.S. Federal Income Taxation

General

The following is a summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our ADSs or ordinary shares. As used in this discussion, references to "we," "us" or "our" refer to MOKO Social Media Limited.

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply to a beneficial owner of our ADSs or ordinary shares that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A beneficial owner of our ADSs or ordinary shares that is described above is referred to herein as a "U.S. Holder." If a beneficial owner of our ADSs or ordinary shares is not described as a U.S. Holder and is not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, such owner will be considered a "Non-U.S. Holder." The material U.S. federal income tax consequences applicable specifically to Non-U.S. Holders are described below under the heading "Non-U.S. Holders."

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, Treasury regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change or differing interpretations, possibly on a retroactive basis.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such

holder's individual circumstances. In particular, this discussion considers only holders that own and hold our ADSs or ordinary shares as capital assets within the meaning of Section 1221 of the Code, and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

- financial institutions or financial services entities;
- broker-dealers;
- persons that are subject to the mark-to-market accounting rules under Section 475 of the Code;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- persons that actually or constructively own 5% or more of our voting shares (including as a result of ownership of our ADSs);
- persons that acquired our ADSs or ordinary shares pursuant to an exercise of employee options, in connection with employee incentive plans or otherwise as compensation;
- persons that hold our ADSs or ordinary shares as part of a straddle, constructive sale, hedging, conversion or other integrated transaction;
- persons whose functional currency is not the U.S. dollar;
- passive foreign investment companies; or
- controlled foreign corporations.

The discussion below assumes that the representations contained in the Deposit Agreement are true and that the obligations in the Deposit Agreement and any related agreement will be complied with in accordance with their terms. This discussion also assumes that our ADSs will represent only ordinary shares in us and will not represent cash or any other type of property. For U.S. federal income tax purposes, a holder of our ADSs will be treated as the beneficial owner of the underlying ordinary shares represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to U.S. federal income tax.

The U.S. Treasury has expressed concerns that parties to whom ADSs are pre-released may be taking actions that are inconsistent with the claiming, by U.S. Holders of ADSs, of foreign tax credits for U.S. federal income tax purposes. Such actions also would be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate U.S. Holders, as described below. Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends received by certain non-corporate U.S. Holders could be affected by actions that may be taken by parties to whom ADSs are pre-released, or by future actions of the U.S. Treasury Department.

This discussion does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws or, except as discussed herein, any tax reporting obligations applicable to a holder of our ADSs or ordinary shares. This discussion also does not address the tax treatment of any taxes, fees or expenses that may be payable by an ADS holder pursuant to the Deposit Agreement. Additionally, this discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our ADSs or ordinary shares through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of ADSs or ordinary shares, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. This discussion also assumes that any distribution made (or deemed made) to a holder in respect of our ADSs or ordinary shares and any consideration received (or deemed received) by a holder in connection with the sale or other disposition of our ADSs or ordinary shares will be in U.S. dollars.

We have not sought, and will not seek, a ruling from the Internal Revenue Service (the "IRS") or an opinion of counsel as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court. Moreover, there can be no assurance that future legislation, regulations, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

THIS DISCUSSION IS ONLY A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF OUR ADSs OR ORDINARY SHARES. EACH HOLDER OF OUR ADSs OR ORDINARY SHARES IS URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF OUR ADSs OR ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS AND ANY APPLICABLE TAX TREATIES.

U.S. Holders

Taxation of Cash Distributions Paid on ADSs or Ordinary Shares

Subject to the passive foreign investment company (“PFIC”) rules discussed below, a U.S. Holder generally will be required to include in gross income as ordinary income the amount of any cash dividend paid in respect of our ADSs or ordinary shares. A cash distribution on our ADSs or ordinary shares generally will be treated as a dividend for U.S. federal income tax purposes to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Such dividend generally will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. The portion of such cash distribution, if any, in excess of such earnings and profits will be applied against and reduce (but not below zero) the U.S. Holder’s adjusted tax basis in our ADSs or ordinary shares. Any remaining excess generally will be treated as gain from the sale or other taxable disposition of such ADSs or ordinary shares.

With respect to non-corporate U.S. Holders, any such cash dividends may be subject to U.S. federal income tax at the lower applicable regular long-term capital gains tax rate (see “—Taxation on the Disposition of ADSs or Ordinary Shares” below) provided that (a) our ADSs or ordinary shares are readily tradable on an established securities market in the United States or we are eligible for the benefits of the Double Taxation Convention between Australia and the United States (the “U.S.-Australia Tax Treaty”), (b) we are not a PFIC, as discussed below, for either the taxable year in which the dividend was paid or the preceding taxable year, and (c) certain holding period requirements are met. Therefore, if our ADSs and ordinary shares are not readily tradable on an established securities market in the United States, and we are not eligible for the benefits of the U.S.-Australia Tax Treaty, then cash dividends paid by us to non-corporate U.S. Holders will not be subject to U.S. federal income tax at the lower regular long term capital gains tax rate. Under published IRS authority, shares (including ADSs) are considered for purposes of clause (a) above to be readily tradable on an established securities market in the United States only if they are listed on certain exchanges, which presently include the NASDAQ Global Market. Although our ADSs are currently listed on the NASDAQ Global Market, we cannot guarantee that our ADSs will continue to be listed and traded on the NASDAQ Global Market. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for any cash dividends paid with respect to our ADSs or ordinary shares.

If an Australian withholding tax applies to cash dividends paid to a U.S. Holder on our ADSs or ordinary shares, as discussed in “*Australian Tax Consequences*” above, such tax may be treated as a foreign tax eligible for a deduction from such holder’s U.S. federal taxable income or a foreign tax credit against such holder’s U.S. federal income tax liability (subject to applicable conditions and limitations). In addition, if such Australian tax applies to any such dividends, a U.S. Holder may be entitled to certain benefits under the U.S.-Australia Tax Treaty, if such holder is considered a resident of the United States for purposes of, and otherwise meets the requirements of, the U.S.-Australia Tax Treaty. U.S. Holders should consult their own tax advisors regarding the deduction or credit for any such Australian tax and their eligibility for the benefits of the U.S.-Australia Tax Treaty.

Taxation on the Disposition of ADSs or Ordinary Shares

Upon a sale or other taxable disposition of our ADSs or ordinary shares, and subject to the PFIC rules discussed below, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder’s adjusted tax basis in our ADSs or ordinary shares.

The regular U.S. federal income tax rate on capital gains recognized by U.S. Holders generally is the same as the regular U.S. federal income tax rate on ordinary income, except that long term capital gains recognized by non-corporate U.S. Holders generally are subject to U.S. federal income tax at a maximum regular rate of 20%. Capital gain or loss will constitute long-term capital gain or loss if the U.S. Holder’s holding period for our ADSs or ordinary shares exceeds one year. The deductibility of capital losses is subject to various limitations.

If an Australian capital gains or income tax applies to any gain from the disposition of our ADSs or ordinary shares by a U.S. Holder, as discussed in “*Australian Tax Consequences*” above, such tax may be treated as a foreign tax eligible for a deduction from such holder’s U.S. federal taxable income or a foreign tax credit against such holder’s U.S. federal income tax liability (subject to applicable conditions and limitations). In addition, if such Australian tax applies to any such gain, a U.S. Holder may be entitled to certain benefits under the U.S.-Australia Tax Treaty, if such holder is considered a resident of the United States for purposes of, and otherwise meets the requirements of, the U.S.-Australia Tax Treaty. U.S. Holders should consult their own tax advisors regarding the deduction or credit for any such Australian tax and their eligibility for the benefits of the U.S.-Australia Tax Treaty.

Additional Taxes

U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally will be subject to a 3.8% Medicare contribution tax on unearned income, including, without limitation, dividends on, and gains from the sale or other taxable disposition of, our ADSs or ordinary shares, subject to certain limitations and exceptions. Under applicable Treasury Regulations, in the absence of a special election, such unearned income generally would not include income inclusions under the qualified electing fund (“QEF”) rules discussed below under “—Passive Foreign Investment Company Rules,” but would include distributions of earnings and profits from a QEF. U.S. Holders should consult their own tax advisors regarding the effect, if any, of such tax on their ownership and disposition of our ADSs or ordinary shares.

Passive Foreign Investment Company Rules

A foreign (i.e., non-U.S.) corporation will be a PFIC if either (a) at least 75% of its gross income in a taxable year of the foreign corporation, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value, is passive income, or (b) at least 50% of its assets in a taxable year of the foreign corporation, ordinarily determined based on fair market value and averaged quarterly over the year, including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than certain rents or royalties derived from the active conduct of a trade or business), and gains from the disposition of passive assets.

Based on the composition (and estimated values) of the assets and the nature of the income of us and our subsidiaries for our taxable year ended June 30, 2015, we do not expect to be treated as a PFIC for such taxable year. However, because we have not performed a definitive analysis as to our PFIC status for our 2015 fiscal year, there can be no assurance with respect to our status as a PFIC for such taxable year.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of our ADSs or ordinary shares, and the U.S. Holder did not make a timely QEF election for our first taxable year as a PFIC in which the U.S. Holder held (or was deemed to hold) our ADSs or ordinary shares, a QEF election along with a purging election, or a mark-to-market election, each as described below, such holder generally will be subject to special rules for regular U.S. federal income tax purposes with respect to:

- any gain recognized by the U.S. Holder on the sale or other disposition of its ADSs or ordinary shares; and
- any “excess distribution” made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of our ADSs or ordinary shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder’s holding period for our ADSs or ordinary shares).

Under these rules,

- the U.S. Holder’s gain or excess distribution will be allocated ratably over the U.S. Holder’s holding period for our ADSs or ordinary shares;
- the amount allocated to the U.S. Holder’s taxable year in which the U.S. Holder recognized the gain or received the excess distribution or to the period in the U.S. Holder’s holding period before the first day of our first taxable year in which we qualified as a PFIC will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such other taxable year of the U.S. Holder.

In general, if we are determined to be a PFIC, a U.S. Holder may avoid the PFIC tax consequences described above with respect to our ADSs or ordinary shares by making a timely QEF election (or a QEF election along with a purging election). Pursuant to the QEF election, a U.S. Holder generally will be required to include in income its pro rata share of our net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year of the U.S. Holder in which or with which our taxable year ends if we are treated as a PFIC for that taxable year. A U.S. Holder may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC annual information statement, to a timely filed U.S. federal income tax return for the taxable year to which the election relates. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS.

In order to comply with the requirements of a QEF election, a U.S. Holder must receive certain information from us. Upon request from a U.S. Holder, we will endeavor to provide to the U.S. Holder no later than 90 days after the request such information as the IRS may require, including a PFIC annual information statement, in order to enable the U.S. Holder to make and maintain a QEF election. However, there is no assurance that we will have timely knowledge of our status as a PFIC in the future or of the required information to be provided.

If a U.S. Holder has made a QEF election with respect to our ADSs or ordinary shares, and the special tax and interest charge rules do not apply to such ADSs or ordinary shares (because of a timely QEF election for our first taxable year as a PFIC in which the U.S. Holder holds (or is deemed to hold) such ADSs or ordinary shares or a QEF election, along with a purge of the PFIC taint pursuant to a purging election, as described below), any gain recognized on the sale or other taxable disposition of such ADSs or ordinary shares generally will be taxable as capital gain and no interest charge will be imposed. As discussed above, for regular U.S. federal income tax purposes, U.S. Holders of a QEF generally are currently taxed on their pro rata shares of the QEF’s earnings and profits, whether or not distributed. In such case, a subsequent distribution of such earnings and profits that were previously included in income generally should not be taxable as a dividend to such U.S. Holders. The adjusted tax basis of a U.S. Holder’s ADSs or ordinary shares in a QEF will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. Similar basis adjustments apply to property if by reason of holding such property the U.S. Holder is treated under the applicable attribution rules as owning ADSs or ordinary shares in a QEF.

Although a determination as to our PFIC status will be made annually, an initial determination that we are a PFIC generally will apply for subsequent years to a U.S. Holder who held (or was deemed to hold) our ADSs or ordinary shares while we were a PFIC, whether or not we meet the test for PFIC status in those subsequent years. A U.S. Holder who makes the QEF election discussed above for our first taxable year as a PFIC in which the U.S. Holder holds (or is deemed to hold) our ADSs or ordinary shares, however, will not be subject to the PFIC tax and interest charge rules discussed above with respect to such ADSs or ordinary shares. In addition, such U.S. Holder will not be subject to the QEF inclusion regime with respect to such ADSs or ordinary shares for any of our taxable years that end within or with a taxable year of the U.S. Holder and in which we are not a PFIC. On the other hand, if the QEF election is not effective for each of our taxable years in which we are a PFIC and during which the U.S. Holder holds (or is deemed to hold) our ADSs or ordinary shares, the PFIC rules discussed above will continue to apply to such ADSs or ordinary shares unless the holder files on a timely filed U.S. income tax return (including extensions) a QEF election and a “purging election” to recognize under the rules of Section 1291 of the Code any gain that the U.S. Holder would otherwise recognize if the U.S. Holder had sold our ADSs or ordinary shares for their fair market value on the “qualification date.” The qualification date is the first day of our tax year in which we qualify as a QEF with respect to such U.S. Holder. The purging election can only be made if such U.S. Holder held our ADSs or ordinary shares on the qualification date. A purging election generally creates a deemed sale of such ADSs or ordinary shares at their fair market value. The gain recognized by the purging election generally will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, the U.S. Holder generally will increase the adjusted tax basis in its ADSs or ordinary shares by the amount of gain recognized and will also have a new holding period in its ADSs or ordinary shares for purposes of the PFIC rules.

Alternatively, if a U.S. Holder, at the close of its taxable year, owns (or is deemed to own) ADSs or ordinary shares in a PFIC that are treated as marketable stock, the U.S. Holder may make a mark-to-market election with respect to such ADSs or ordinary shares for such taxable year. If the U.S. Holder makes a valid mark-to-market election for the first taxable year of the U.S. Holder in which the U.S. Holder holds (or is deemed to hold) our ADSs or ordinary shares and for which we are determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above with respect to its ADSs or ordinary shares as long as such ADSs or ordinary shares continue to be treated as marketable stock. Instead, in general, the U.S. Holder will include as ordinary income for each year that we are treated as a PFIC the excess, if any, of the fair market value of its ADSs or ordinary shares at the end of its taxable year over the adjusted tax basis in its ADSs or ordinary shares. The U.S. Holder also will be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted tax basis of its ADSs or ordinary shares over the fair market value of its ADSs or ordinary shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's adjusted tax basis in its ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of our ADSs or ordinary shares in a taxable year in which we are treated as a PFIC will be treated as ordinary income. Special tax rules may also apply if a U.S. Holder makes a mark-to-market election for a taxable year after the first taxable year in which the U.S. Holder holds (or is deemed to hold) our ADSs or ordinary shares and for which we are determined to be a PFIC.

The mark-to-market election is available only for stock that is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission, including the NASDAQ Global Market, or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Although our ADSs are currently listed on the NASDAQ Global Market, we cannot guarantee that our ADSs will continue to be listed and traded on the NASDAQ Global Market. U.S. Holders should consult their own tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to our ADSs or ordinary shares under their particular circumstances.

If we are a PFIC and, at any time, have a foreign subsidiary that is classified as a PFIC, a U.S. Holder of our ADSs or ordinary shares generally should be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or dispose of all or part of our interest in, or the U.S. Holder were otherwise deemed to have disposed of an interest in, the lower-tier PFIC. Upon request, we will endeavor to cause any lower-tier PFIC to provide to a U.S. Holder no later than 90 days after the request the information that may be required to make or maintain a QEF election with respect to the lower-tier PFIC. However, there is no assurance that we will have timely knowledge of the status of any such lower-tier PFIC or that we will be able to cause the lower-tier PFIC to provide the required information. A mark-to-market election generally would not be available with respect to such a lower-tier PFIC. U.S. Holders are urged to consult their own tax advisors regarding the tax issues raised by lower-tier PFICs.

A U.S. Holder that owns (or is deemed to own) ADSs or ordinary shares in a PFIC during any taxable year of the U.S. Holder may have to file an IRS Form 8621 (whether or not a QEF election or mark-to-market election is or has been made) with such U.S. Holder's U.S. federal income tax return and provide such other information as may be required by the U.S. Treasury Department.

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of our ADSs or ordinary shares should consult their own tax advisors concerning the application of the PFIC rules to our ADSs or ordinary shares under their particular circumstances.

Non-U.S. Holders

Cash dividends paid or deemed paid to a Non-U.S. Holder with respect to our ADSs or ordinary shares generally will not be subject to U.S. federal income tax unless such dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States).

In addition, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain attributable to a sale or other taxable disposition of our ADSs or ordinary shares unless such gain is effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of such sale or other disposition and certain other conditions are met (in which case, such gain from U.S. sources generally is subject to U.S. federal income tax at a 30% rate or a lower applicable tax treaty rate).

Cash dividends and gains that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States) generally will be subject to regular U.S. federal income tax at the same regular U.S. federal income tax rates as applicable to a comparable U.S. Holder and, in the case of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

Backup Withholding and Information Reporting

In general, information reporting for U.S. federal income tax purposes should apply to cash distributions made on our ADSs or ordinary shares within the United States to a U.S. Holder (other than an exempt recipient) and to the proceeds from sales and other dispositions of our ADSs or ordinary shares by a U.S. Holder (other than an exempt recipient) to or through a U.S. office of a broker. Payments made (and sales and other dispositions effected at an office) outside the United States will be subject to information reporting in limited circumstances. In addition, certain information concerning a U.S. Holder's adjusted tax basis in its ADSs or ordinary shares and adjustments to that tax basis and whether any gain or loss with respect to such ADSs or ordinary shares is long-term or short-term also may be required to be reported to the IRS, and certain holders may be required to file an IRS Form 8938 (Statement of Specified Foreign Financial Assets) to report their interest in our ADSs or ordinary shares.

Moreover, backup withholding of U.S. federal income tax at a rate of 28% generally will apply to cash dividends paid on our ADSs or ordinary shares to a U.S. Holder (other than an exempt recipient) and the proceeds from sales and other dispositions of our ADSs or ordinary shares by a U.S. Holder (other than an exempt recipient), in each case who:

- fails to provide an accurate taxpayer identification number;

- is notified by the IRS that backup withholding is required; or
- in certain circumstances, fails to comply with applicable certification requirements.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS. Holders are urged to consult their own tax advisors regarding the application of backup withholding and the availability of and procedures for obtaining an exemption from backup withholding in their particular circumstances.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

Documents concerning us that are referred to in this document may be inspected at our registered office at Suite 4, Level 9, 341 George Street, Sydney, New South Wales, 2000 Australia.

In addition, we will file annual reports and other information with the Securities and Exchange Commission. We will file annual reports on Form 20-F and submit other information under cover of Form 6-K. As a foreign private issuer, we are exempt from the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders will be exempt from the insider short-swing disclosure and profit recovery rules of Section 16 of the Exchange Act. Annual reports and other information we file with the Commission may be inspected at the public reference facilities maintained by the Commission at Room 1024, 100 F. Street, N.E., Washington, D.C. 20549, and at its regional offices located at 233 Broadway, New York, New York 10279 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and copies of all or any part thereof may be obtained from such offices upon payment of the prescribed fees. You may call the Commission at 1-800-SEC-0330 for further information on the operation of the public reference rooms and you can request copies of the documents upon payment of a duplicating fee, by writing to the Commission. In addition, the Commission maintains a web site that contains reports and other information regarding registrants (including us) that file electronically with the Commission which can be assessed at <http://www.sec.gov>.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of Australia with limited liability. We are incorporated in Australia because of certain benefits associated with being an Australian company, such as political and economic stability, an effective judicial system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, Australia has a less developed body of securities laws as compared to the United States and provides protections for investors to a lesser extent. In addition, Australian companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders be arbitrated.

We conduct a significant portion of our current operations in Australia and a substantial portion of our assets are located in Australia. We have appointed MOKO.Mobi, Inc. as our agent upon whom process may be served in any action brought against us under the securities laws of the United States. A majority of our directors and officers are nationals or residents of jurisdictions outside the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Any final and conclusive monetary judgment obtained against us in United States courts, for a definite sum, may be treated by the courts of Australia as a cause of action in itself so that no retrial of the issues would be necessary prior to the enforcement of that judgment in Australia, provided that an Australian court was satisfied that:

- the United States court issuing the judgment had jurisdiction in the matter and we either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- the judgment given by the United States court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of us;
- in obtaining judgment there was no fraud on the part of the person in whose favour judgment was given or on the part of the court;

- recognition or enforcement of the judgment in Australia would not be contrary to public policy; and
- the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

I. Subsidiary Information

Not required.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

MOKO's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance. MOKO uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk. Risk management is carried out under the direction of the Board. Please see note 2 to our audited consolidated financial statements for further information with respect to certain of these risks.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Fees and Expenses Payable Under the Deposit Agreement For Our ADSs

Persons depositing or withdrawing shares or ADS holders must pay:

<i>Persons depositing or withdrawing shares or ADS holders must pay:</i>	<i>For:</i>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	<ul style="list-style-type: none"> • Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the Deposit Agreement terminates
\$0.05 (or less) per ADS	<ul style="list-style-type: none"> • Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	<ul style="list-style-type: none"> • Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
\$0.05 (or less) per ADSs per calendar year	<ul style="list-style-type: none"> • Depositary services
Registration or transfer fees	<ul style="list-style-type: none"> • Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	<ul style="list-style-type: none"> • Cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement) • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, share transfer taxes, stamp duty or withholding taxes	<ul style="list-style-type: none"> • As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	<ul style="list-style-type: none"> • As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse and / or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other services providers that are affiliates of the depositary and that may earn or share fees or commissions.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A.-D. Material Modifications to the Rights of Security Holders.

None.

E. Use of Proceeds.

The following "Use of Proceeds" information relates to our initial U.S. public offering of 44,000,000 ordinary shares in the form of 1,100,000 ADSs at a public offering price of \$7.50 per ADS, thereby raising gross proceeds of approximately US\$8.25 million. The registration statement on Form F-1 (File No. 333-170471) for our initial public offering was declared effective by the SEC on June 26, 2014. On July 1, 2014, we completed our public offering after 1,100,000 ADSs were sold. Chardan Capital Markets, LLC and Northland Capital Markets were the underwriters for our initial public offering. We received net proceeds (after deducting underwriting discounts and commissions and other expenses related to the offering) of approximately \$6,272,500. None of the above expenses included direct or indirect payments to directors or officers of our company or their associates, persons owning 10% or more of our equity securities or our affiliates. The underwriters did not exercise their overallotment option.

From July 1, 2014 to September 30, 2015, we used the net proceeds of \$6,272,500. \$81,598 for capital expenditures, \$67,781 for investment costs, \$6,123,121 for working capital, and \$332,100 for payments to Directors and Company Secretary.

ITEM 15. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the fiscal year ended June 30, 2015. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, have concluded that our disclosure controls and procedures as of June 30, 2015 were effective and that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statements preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, our management assessed the effectiveness of the our internal control over the financial reporting as of June 30, 2015, using criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment using those criteria, our management concluded that our internal control over financial reporting was effective as of June 30, 2015.

(c) Attestation report of the registered public accounting firm

Not applicable.

(d) Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the year ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. It should be noted that while our management believes that our disclosure controls and procedures provide a reasonable level of assurance; our management does not expect that our disclosure controls and procedures or internal financial controls will prevent all errors or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

Our Board of Directors has determined that Mr. Mark Hauser, is an independent financial expert serving on our audit committee.

ITEM 16B. CODE OF ETHICS.

The Company has adopted a Code of Conduct that applies to its Chief Executive Officer and all of its directors, officers and employees, or persons performing similar functions. A copy of our Code of Conduct is available at its website. Any future changes to the Code of Conduct will be posted on the Company's website or filed as an exhibit to a report filed with the SEC within five business days of the change being effective.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table represents aggregate fees billed to the Company for fiscal years ended June 30, 2015 and 2014 by BDO East Coast Partnership and other BOD international offices, the Company's principal accounting firm.

Accountant Fees and Services	2015	2014
Audit Fees	A\$ 335,715	A\$ 318,537
Audit Related Fees (F1 review)	A\$ 23,614	A\$ 200,019
Tax Fees	A\$ -	A\$ 10,790
All Other Fees	-	-
	<u>A\$ 359,329</u>	<u>A\$ 529,346</u>

Audit Fees

The audit fees for the years ended June 30, 2015 and 2014, respectively, were paid for professional services rendered for the audits of our consolidated financial statements, half year reviews, consents, and assistance with review of documents filed with the SEC.

Tax Fees

Tax fees for the year ended June 30, 2014 were paid for services related to tax compliance, including the preparation of tax returns and tax planning and tax advice.

Other Fees

Not applicable.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE.

Subject to certain exceptions, NASDAQ permits foreign private issuers to follow home country governance practices in lieu of the practices mandated by NASDAQ rules, provided that the foreign private issuer furnishes NASDAQ with a letter from home country counsel confirming that the practices that will be followed are not prohibited by home country law. Set forth below is a brief description of certain NASDAQ requirements and the Australian corporate practice or the Australian Securities Exchange requirement that we follow in lieu of the NASDAQ rule.

- We seek exemption from the NASDAQ requirement that independent directors have regularly scheduled meetings at which only independent directors are present. Neither Australian law nor the ASX Listing Rules require executive sessions of the independent directors. Accordingly, we seek to claim this exemption.

- We seek exemption from NASDAQ's quorum requirements applicable to meetings of shareholders. Consistent with Australian law, our Constitution provides that three shareholders present shall constitute a quorum for a general meeting. NASDAQ requires that an issuer provide for a quorum as specified in its by-laws for any meeting of the holders of common stock, which quorum may not be less than 33 1/3% of the outstanding shares of an issuer's voting common stock. Accordingly, because applicable Australian law and rules governing quorums at shareholder meetings differ to NASDAQ's quorum requirements, we seek to claim this exemption.
- We seek exemption from the NASDAQ requirement that issuers obtain shareholder approval prior to the issuance of securities in connection with certain acquisitions, private placements of securities the establishment or amendment of certain stock option, purchase or other compensation plans. Applicable Australian law and the ASX Listing Rules differ to the NASDAQ requirements, with the former requiring prior shareholder approval in numerous circumstances, including (i) issuance of equity securities exceeding 15% of our issued share capital in any 12 month period (but in determining the 15% limit, securities issued under an exception to the rule or with shareholder approval are not counted), (ii) issuance of equity securities to related parties (as defined in the ASX Listing Rules), (iii) issuance to directors or their associates acquiring securities under any circumstances, other than in their sole capacity as an existing security holder, (iv) issues that are likely to alter the nature or scale of the issuer and (v) issues that are or will result in one shareholder acquiring voting power (as that term is defined in Australian law) in more than 20% by number of the shares in the issuer's capital. Applicable Australian law, ASIC Regulatory Guidelines and ASX Listing Rules also provide for executive and employee equity incentive plans involving the issue of shares or other securities to directors and employees being capped at, in aggregate, 5% of the total number of shares on issue (on a fully diluted basis). Otherwise, the company may be required to issue a prospectus in regard to any such issue.

ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

PART III**ITEM 17. FINANCIAL STATEMENTS**

Our audited Financial Statements are included as the "F" pages attached to this report.

All financial statements in this Annual Report, unless otherwise stated, are presented in accordance with IFRS.

ITEM 18. FINANCIAL STATEMENTS

The Company has elected to provide financial statements pursuant to ITEM 17.

ITEM 19. EXHIBITS

Exhibit No.	Description
1.1*	Constitution of the Registrant, as currently in effect
1.2*	Certificate of Registration on Change of Name dated February 28, 2007
1.3*	Certificate of Registration on Change of Name dated December 18, 2008
2.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.2)
2.2*	Form of Amended and Restated Deposit Agreement among the Registrant, the depositary and holder of the American Depositary Receipts
2.3*	Form of Warrant issued to Northland Capital Markets
4.1*	2014 U.S. Omnibus Securities and Incentive Plan
4.2†*	Letter of Agreement between American Intramural Sports Group LLC and the Registrant dated March 4, 2013
4.3†	Amended and Restated License and Services Agreement between IMLeagues LLC and the Registrant dated January 26, 2015
4.4*	Asset Purchase Agreement dated August 10, 2012 between Howmark Mobile LLC and the Registrant
4.5*	Memorandum dated April 9, 2013, as revised on April 15, 2013
4.6*	Memorandum of Confirmation dated October 2013
4.7*	Second Memorandum of Confirmation dated November 2013
4.8*	Clarification Agreement dated as of April 30, 2014
4.9	Share Purchase Agreement (Series B-2) dated April 24, 2015 between Big Teams LLC and the Registrant
4.10	Amendment to Share Purchase Agreement (Series B-2) dated August 19, 2015 between Big Teams LLC and the Registrant
4.11†	License and Services Agreement dated April 24, 2015 between Big Teams LLC and the Registrant
8.1	List of Subsidiaries of the Registrant
11.1*	Code of Business Conduct and Ethics of the Registrant
12.1	Certification of the Chief Executive Officer (Principal Executive Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act, as amended
12.2	Certification of the Chief Financial Officer (Principal Financial Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act, as amended
13.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of BDO East Coast Partnership to incorporation by reference in the registration statement on Form F-3 of the Registrant (File No. 333-205656).

* Incorporated by reference to the registration statement on Form F-1 of the Registrant (File No. 333-161602).

† Confidential treatment has been requested with respect to portions of this exhibit.

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

MOKO SOCIAL MEDIA LIMITED

By: /s/ Ian Rodwell
Name: **Ian Rodwell**
Title: **Chief Executive Officer (Principal Executive Officer)**
Date: **October 30, 2015**

By: /s/ Greg McCann
Name: **Greg McCann**
Title: **Chairman (Principal Financial and Accounting Officer)**
Date: **October 30, 2015**

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Independent Auditor's Report

To the Board of Directors and stockholders of Moko Social Media Limited

We have audited the accompanying consolidated financial statements of Moko Social Media Limited and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2014 and 2015, and the related consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the three years ended June 30, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Moko Social Media Limited and its subsidiaries as of June 30, 2014 and 2015, and the results of their operations and their cash flows for three years ended June 30, 2015, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

/s/ **BDO**
BDO EAST COAST PARTNERSHIP
Sydney, Australia
30 October 2015

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated		
		2015	2014	2013
		\$	\$	\$
Revenue from continuing operations	5	6,287,133	8,228,151	6,020,593
Interest income	5	189,770	104,850	8,813
Other Income and revenue	5	947,845	1,365,101	1,008,231
Fair value gain on deferred consideration	5	-	383,933	1,829,653
Expenses				
Cost of providing goods and services		(6,117,942)	(6,536,820)	(4,330,167)
Computer expenses		(413,111)	(566,858)	(665,957)
Marketing expenses		(3,841,822)	(1,308,959)	(320,481)
Travel and entertainment expenses		(919,333)	(566,259)	(202,815)
Occupancy expenses		(466,769)	(198,236)	(119,262)
Administration expenses		(1,357,537)	(1,027,810)	(332,800)
Exchange loss		49,170	(142,664)	(238,717)
Finance costs		(25,658)	(3,838)	(210,572)
Legal and professional fees		(2,184,105)	(3,223,803)	(1,640,327)
Employee benefits expenses	6	(8,678,001)	(3,796,520)	(2,510,446)
Share based payments	6	(1,929,265)	(5,144,968)	(434,743)
Depreciation and amortisation	6	(1,017,657)	(1,224,238)	(1,067,523)
Other expenses	6	-	91,527	-
Impairment of goodwill		-	-	(1,487,137)
Product costs		(996,986)	-	-
Loss before income tax		(20,474,268)	(13,567,411)	(4,693,657)
Income tax benefit/(expense)	7	180,261	(29,048)	(17,637)
Profit/(Loss) after income tax from continuing operations		(20,294,007)	(13,596,459)	(4,711,294)
Profit/(Loss) after income tax from discontinued operations	32	-	-	(1,566,785)
Loss after income tax for the year		(20,294,007)	(13,596,459)	(6,278,079)
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		1,397,333	(244,676)	853,663
Total comprehensive loss for the year		(18,896,674)	(13,841,135)	(5,424,416)
Total comprehensive loss for the year is attributable to:				
Continuing operations		(18,896,674)	(13,841,135)	(3,857,631)
Discontinued operations		-	-	(1,566,785)
Total comprehensive loss for the year		(18,896,674)	(13,841,135)	(5,424,416)
Loss attributable to:				
Owners of the Company		(20,013,288)	(13,472,361)	(6,278,079)
Non-controlling interests		(280,719)	(124,098)	-
Total comprehensive loss for the year, net of tax attributable to:		(20,294,007)	(13,596,459)	(6,278,079)
Owners of the Company		(18,615,955)	(13,717,037)	(5,424,416)
Non-controlling interests		(280,719)	(124,098)	-
		(18,896,674)	(13,841,135)	(5,424,416)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>Note</u>	<u>2015</u>	<u>Consolidated</u>	<u>2013</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>
Earnings per share from continuing operations attributable to the owner of MOKO Social Media Limited				
Basic / Diluted EPS (Cents per share)	26 (b)	(3.28)	(2.85)	(1.54)
Earnings per share from discontinued operations attributable to the owner of MOKO Social Media Limited				
Basic / Diluted EPS (Cents per share)	26 (c)	-	-	(0.51)
Earnings per share for loss attributable to the owner of MOKO Social Media Limited				
Basic / Diluted EPS (Cents per share)	26 (d)	(3.28)	(2.85)	(2.05)

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Consolidated	
		2015	2014
		\$	\$
Current assets			
Cash and cash equivalents	8	7,219,908	9,878,011
Trade and other receivables	9	501,472	927,852
Other current assets	10	1,017,204	298,716
Total current assets		8,738,584	11,104,579
Non-current assets			
Property, plant and equipment	11	255,961	87,726
Intangibles	12	3,814,088	3,613,433
Available-for-sale financial assets	13	1,297,811	-
Deferred tax asset	7	-	427,719
Total non-current assets		5,367,860	4,128,878
Total assets		14,106,444	15,233,457
Current liabilities			
Trade and other payables	15	2,569,262	2,563,611
Employee benefits	16	411,076	276,920
Income tax provision		-	740,880
Total current liabilities		2,980,338	3,581,411
Non-current liabilities			
Employee benefits	16	45,530	35,348
Total non-current liabilities		45,530	35,348
Total liabilities		3,025,868	3,616,759
Net assets		11,080,576	11,616,698
Issued capital	17	58,214,371	41,679,662
Reserves	18	12,213,980	8,990,804
Accumulated losses	19	(58,942,958)	(38,929,670)
Non-controlling interest		(404,817)	(124,098)
Total equity		11,080,576	11,616,698

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Consolidated	Issued capital	Foreign currency translation reserve	Option reserves	Accumulated losses	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2012	20,685,557	(38,815)	2,424,617	(19,179,230)	-	3,892,129
Loss after income tax expense for the year	-	-	-	(6,278,079)	-	(6,278,079)
Other comprehensive income for the year, net of tax	-	853,663	-	-	-	853,663
Total comprehensive loss for the year, net of tax	-	853,663	-	(6,278,079)	-	(5,424,416)
Transactions with owners in their capacity as owners						
Issue of shares	4,228,250	-	-	-	-	4,228,250
Capital raising costs	(257,334)	-	-	-	-	(257,334)
Share based payments	-	-	434,743	-	-	434,743
Balance at 30 June 2013	24,656,473	814,848	2,859,360	(25,457,309)	-	2,873,372
Loss after income tax expense for the period	-	-	-	(13,472,361)	(124,098)	(13,596,459)
Other comprehensive income for the year, net of tax	-	(244,676)	-	-	-	(244,676)
Total comprehensive loss for the year, net of tax	-	(244,676)	-	(13,472,361)	(124,098)	(13,841,135)
Transactions with owners in their capacity as owners						
Issue of ordinary shares on exercise of options	3,582,461	-	-	-	-	3,582,461
Issue of ordinary shares on capital raising	14,161,910	-	-	-	-	14,161,910
Issue of ordinary shares to consultants	160,000	-	-	-	-	160,000
Issue of ordinary shares as consideration for business combination	602,365	-	-	-	-	602,365
Issue of ordinary shares in settlement of loans from directors	200,000	-	-	-	-	200,000
Issue of performance shares to employees	200	-	-	-	-	200
Capital raising costs	(1,683,747)	-	-	-	-	(1,683,747)
Share based payments – Options	-	-	5,561,272	-	-	5,561,272
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 for the year, net of tax	-	1,397,333	-	-	-	1,397,333
Total comprehensive loss for the year, net of tax	-	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

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2015 \$	Consolidated 2014 \$	2013 \$
Cash flows from operating activities				
Receipts from customers		6,930,339	9,190,127	19,685,705
R&D tax offset received		947,845	1,082,953	1,008,231
Export market development grant received		-	172,655	-
Payments to suppliers and employees		(26,241,545)	(17,502,785)	(22,365,381)
Interest received		232,058	24,485	8,813
Interest and other finance costs paid		(26,119)	(35,162)	(95,727)
Income taxes paid		(74,022)	-	(10,517)
Net cash used in operating activities	21	(18,231,444)	(7,067,727)	(1,768,876)
Cash flows from investing activities				
Proceeds from sale of business		-	109,493	-
Payment for acquisition of business, net of cash acquired	14	(175,115)	(406,997)	(1,352,620)
Payment for investment	13	(256,813)	-	-
Payment for property, plant and equipment		(210,811)	(55,658)	(89,854)
Payment for intangibles		(132,395)	(6,348)	-
Payments for disposal of subsidiary		-	(339,996)	(342,636)
Net cash used in investing activities		(775,134)	(699,506)	(1,785,110)
Cash flows from financing activities				
Proceeds from issuance of shares		16,860,777	17,427,067	3,456,961
Share issue transaction cost		(641,407)	(1,157,467)	(229,668)
Proceeds from borrowings		-	-	1,269,565
Repayment of borrowings		-	(1,118,197)	-
Net cash provided by financing activities		16,219,370	15,151,403	4,496,858
Net increase in cash held		(2,787,208)	7,384,170	942,872
Cash and cash equivalents at beginning of the year		9,878,011	2,519,186	1,573,783
Effects of exchange rate changes on cash		129,105	(25,345)	2,531
Cash and cash equivalents at end of the year	8	7,219,908	9,878,011	2,519,186

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Reporting entity

MOKO Social Media Limited (the **Company**) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 ('fiscal 2015' or '2015') comprises the Company and its subsidiaries (together referred to as the **Consolidated Entity**). The Consolidated Entity is involved in tailored digital publishing of mobile applications for common interest groups, within the youth and young adult demographic, in the United States of America.

The consolidated financial statements were authorised for issue by the Board of Directors on 30 September 2015.

Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Going concern

The Consolidated Entity is operating on a negative operating cash flow basis. Net cash used in operations for the year ended 30 June 2015 was \$18,231,444 (2014: \$7,067,727). The Consolidated Entity made an operating loss of \$20,294,007 for the year ended 30 June 2015 (2014: \$13,596,459).

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.

To initiate the capital raising process, on 14 July 2015 the Consolidated Entity filed a Form F-3 Registration Statement with the Securities Exchange Commission for a maximum aggregate public offering of up to US \$40,000,000.

The current state of the securities markets has posed some challenges to this capital raising process. In the light of this, the directors are pursuing a number of funding possibilities ranging from working with brokers (both institutional and retail investors), strategic stakeholders and major shareholders. Through one of, or a combination of these, together with a reduction in expenditure, the directors expect that sufficient funds will be raised to continue trading with a view to reassessing the consolidated Entity's mid-term working capital requirements in the new calendar year.

The Directors are confident that following successful capital raising the Consolidated Entity can continue to meet its debts as and when they become due and payable. The financial report has therefore been prepared on a going concern basis.

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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have generally not been early adopted, unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The Consolidated Entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MOKO Social Media Limited as at 30 June 2015 and the results of all subsidiaries for the year then ended. MOKO Social Media Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity' or 'MOKO'.

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and statement of financial position of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 June 2015****Note 1: Significant accounting policies (continued)****Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, is the Board of Directors.

Foreign currency translation*Functional and presentation currency*

These consolidated financial statements are presented in Australian dollars, which is MOKO Social Media Limited's functional and presentation currency.

The functional currencies of the overseas subsidiaries are as follows:

Entity	Functional currency
MOKO.mobi Inc	United States Dollars (USD)
MOKO Door Foundation	United States Dollars (USD)

The functional currencies of the overseas subsidiaries are translated to the presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue and other income

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

All revenue is stated net of the amount of goods and services tax (GST).

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

The Mobile Social segment generates revenue from its customers who are the individually contracted mobile users engaging in MOKO's mobile social networks or using its community and chat products, typically via pre-paid, monthly, subscriptions which are billed directly to user's mobile phone accounts, enabling them to access and participate in our mobile chat and share communities. Given the short subscription period and the inability to cancel mid-month, revenue is recognised when paid by the carriers to MOKO each month.

'Carriers' are individual telecommunication service providers, who typically have their own network and are consumer facing in the marketplace, and provide the MOKO social chat platform. Revenue is recognised gross with amounts payable to carriers and aggregators as a cost of sale. This accurately represents the Consolidated Entity's relationship with its carriers as being the "principal" rather than "agent" as noted in AASB 118 — "Revenue".

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

The Mobile Advertising segment is MOKO's proprietary U.S. mobile performance advertising network, historically has primarily consisted of working with performance based advertisers seeking specific audiences for offers and with publishers to identify optimal advertisements or offers for their audiences. Where applicable, the Company records its revenue from this line of business on a gross basis. All other revenue in the Mobile Advertising unit is recorded net.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest received is recognised on a proportional basis to the interest rates applicable to the financial assets.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Consolidated Entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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 and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Discontinued operations

A discontinued operation is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 June 2015****Note 1: Significant accounting policies (continued)****Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment is recognised in the statement of profit or loss and other comprehensive income.

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Computer equipment	37½% - 60%
Furniture and fittings	11½% - 30%
Leasehold improvements	Shorter of lease term or 20% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on business combinations and is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

The amortisation rates used for each class of amortisable assets are:

Class of fixed asset	Amortisation rate ⁽¹⁾
Computer software	50% per annum
Customer contracts	50% per annum
Capitalised product development costs	50% per annum
Intellectual Property	20% - 50% per annum
Customer Database	100% per annum

(1) Straight line amortisation is used as this reflects the periods over which the Consolidated Entity expects to realise the benefits from the underlying assets

Computer software

Computer software costs associated with software are deferred and amortised on a straight line basis over the period of their expected benefit.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight line basis over the period of their expected benefit.

Capitalised product development cost

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the Consolidated Entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight line basis over the period of their expected benefit.

Intellectual Property

Intellectual property acquired in a business combination are amortised on a straight line basis over the period of their expected benefit.

Customer database

Customer databases acquired in a business combination are amortised on a straight line basis over the period of their expected benefit.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share based payments

When goods or services received are acquired in a share-based payment transaction, they are recognised as expenses or assets, as determined by the nature of the goods or services received, over the vesting period attached to the equity instrument acquired in the transaction. A corresponding increase is recognised in equity.

The goods or services are measured by reference to the fair value of goods or services received, or where this is not possible, indirectly, by reference to the fair value of the equity instrument acquired at grant date.

The fair value of securities provided to directors and employees is determined by reference to the fair value of the equity instrument granted.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date. The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value and at which time the business combination accounting is final.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

New accounting standards and interpretations that are not yet mandatory

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2015, unless noted below. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Significant accounting policies (continued)

order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 2: Financial risk management

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance. The Consolidated Entity's uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk. Risk management is carried out under the direction of the Board.

Market risk

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against Foreign exchange movement, the Consolidated Entity has set up foreign currency bank accounts, by depositing surplus foreign currency in a foreign currency account for later use.

The carrying amounts of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date, expressed in Australian dollars, were as follows:

	Assets		Liabilities	
	2015	2014	2015	2014
	\$	\$	\$	\$
Consolidated				
United States dollars	6,574,718	5,109,454	2,225,899	2,222,685
Great British pounds	6,693	14,655	3,487	205,106
	<u>6,581,411</u>	<u>5,124,109</u>	<u>2,229,386</u>	<u>2,427,791</u>

Sensitivity analysis

The Consolidated Entity had net assets denominated in foreign currencies of \$4,325,025 as at 30 June 2015 (2014 net assets: of \$2,696,318). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% against these foreign currencies with all other variables held constant, the Consolidated Entity's loss before tax for the year would have been \$435,203 higher/\$217,601 lower (2014: \$269,632 higher/\$134,816 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2015 was \$49,170 (2014 foreign exchange loss: \$142,664).

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk

The Consolidated Entity's income and operating cash flows are not materially exposed to changes in market interest rates.

At the reporting date the interest rate profile of the Consolidated Entity's interest bearing financial instruments was:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 2: Financial risk management (continued)

	30-Jun-15		30-Jun-14	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Variable rate instruments				
Cash at bank	1.50%	6,426,713	2.03%	2,824,011
Fixed rate instruments				
Term deposits	-	-	3.60%	7,000,000
Term deposits	2.30%	30,415	3.45%	30,000
Term deposits	-	-	3.80%	24,000
		6,457,128		9,878,011

Cash flow sensitivity analysis for variable rate instruments

A change of 75 basis points in interest rates would increase or decrease the Consolidated Entity's loss by \$48,428 (2014: \$74,085), based on the cash at bank at reporting date and calculated on an annual basis. The Board assessed a 75 basis point movement as being reasonably possible based on short term historical movements. This analysis assumes that all other variables remain constant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. For the Company, it arises from receivables due from subsidiaries.

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated Entity trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other receivables.

Trade and other receivables

It is the Consolidated Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation, noting that the majority of counter parties are large telecommunication organisations.

In addition, receivable balances are monitored on an ongoing basis and as a result that the Consolidated Entity's experience of bad debts has not been significant.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Consolidated Entity.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate at call cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. All liabilities were non-derivative and non-interest bearing.

	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2015						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,835,324	-	-	-	1,835,324
Other payables	-	733,938	-	-	-	733,938
Total non-derivatives		2,569,262	-	-	-	2,569,262
	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2014						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,594,143	-	-	-	1,594,143
Other payables	-	969,468	-	-	-	969,468
Total non-derivatives		2,563,611	-	-	-	2,563,611

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 2: Financial risk management (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values, because they are short-term in nature.

Note 3: Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with directors, employees and limited suppliers, by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either a Binomial, Black-Scholes or other estimation model such as a trinomial barrier option model after taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

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, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Long service leave provision

Per note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported, when the accounting is finalised.

Note 4: Segment information

MOKO Social Media Limited is organized into three operating segments: Mobile Social, Mobile Advertising and Mobile Commerce (2014 and 2013: four operating segments including Mobile Content). 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.

Types of products and services

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 4: Segment information (continued)

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 Content	MOKO's UK division that bundles and sells mobile content and entertainment products direct to mobile consumers (discontinued and inactive)
Mobile Commerce	MOKO's subsidiary e-commerce platform. Sales volumes and average revenue per user grew via diversified marketing channels and product range

Intersegment receivables, payables and loans

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

Consolidated						
Consolidated - 30 June 2015	Mobile Advertising \$	Mobile Social \$	Mobile Content \$	Mobile Commerce \$	Intersegment eliminations/ unallocated \$	Total \$
Total segment revenue	3,573,152	723,690	-	1,990,291		6,287,133
EBITDA	(19,764,711)	359,082	-	(215,094)		(19,620,723)
Depreciation and amortisation	(1,017,657)	-	-	-		(1,017,657)
Interest received	1,624	260,043	-	2,407	(74,304)	189,770
Finance costs	(12,103)	-	-	(87,859)	74,304	(25,658)
Loss before income tax						(20,474,268)
Income tax benefit						180,261
Loss after income tax						(20,294,007)
Assets	14,684,980	93,285	-	322,763	(994,584)	14,106,444
Liabilities	2,764,980	5,136	-	1,250,336	(994,584)	3,025,868

Consolidated						
Consolidated - 30 June 2014	Mobile Advertising \$	Mobile Social \$	Mobile Content \$	Mobile Commerce \$	Intersegment eliminations/ unallocated \$	Total \$
Total segment revenue	3,102,132	882,393	(30,945)	4,274,571	-	8,228,151
EBITDA	(12,783,037)	575,052	(25,778)	(210,422)	-	(12,444,185)
Depreciation and amortisation	(1,224,238)	-	-	-	-	(1,224,238)
Interest received	128	147,561	-	2,441	(45,280)	104,850
Finance costs	(3,838)	-	-	(45,280)	45,280	(3,838)
Loss before income tax						(13,567,411)
Income tax (expense)						(29,048)
Loss after income tax						(13,596,459)
Assets	15,017,068	425,836	122,804	363,043	(695,294)	15,233,457
Liabilities	2,917,584	75,248	333,534	945,687	(655,294)	3,616,759

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 4: Segment information (continued)

Continuing Operations						
Consolidated - 30 June 2013	Mobile Advertising \$	Mobile Social \$	Mobile Content \$	Mobile Commerce \$	Intersegment eliminations/ unallocated \$	Total \$
Total segment revenue	4,400,611	1,251,864	368,118	-		6,020,593
EBITDA	(3,134,464)	(244,275)	(45,636)	-		(3,424,375)
Depreciation and amortisation						(1,067,523)
Interest received						8,813
Finance costs						(210,572)
Loss before income tax						(4,693,657)
Income tax benefit						(17,637)
Loss after income tax						(4,711,294)
Assets	8,587,252	252,608	102,012	-	(962,642)	7,979,230
Liabilities	5,641,358	103,092	288,531	-	(927,123)	5,105,858

Geographical information

Consolidated						
Consolidated - 30 June 2015	Australia \$	Europe \$	Asia \$	US \$	TOTAL \$	
Sales to external customers	2,708,634	4,095	-	3,574,404	6,287,133	
Add: Interest received	188,146	-	-	1,624	189,770	
Add: Other income	947,845	-	-	-	947,845	
Less: Cost of providing services	(1,850,665)	-	-	(4,267,277)	(6,117,942)	
Less: Expenses **					(21,781,074)	
Loss before income tax					(20,474,268)	
Income tax benefit					180,261	
Loss after income tax					(20,294,007)	
Assets	7,525,033	6,693	-	6,574,718	14,106,444	
Liabilities	796,482	3,487	-	2,225,899	3,025,868	

* Overhead expenses are not associated with any particular region.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 4: Segment information (continued)

Consolidated - 30 June 2014	Consolidated				
	Australia \$	Europe \$	Asia \$	US \$	TOTAL \$
Sales to external customers	5,070,193	(26,375)	3,931	3,180,402	8,228,151
Add: Interest received	104,513	-	-	337	104,850
Add: Other income	1,365,102	-	-	-	1,365,102
Add: Fair value gain on deferred contingent consideration	-	-	-	383,933	383,933
Less: Cost of providing goods and services	(3,360,361)	4,750	(4,922)	(3,176,287)	(6,536,820)
Less: Expenses **					(17,112,626)
Loss before income tax					(13,567,411)
Income tax (expense)					(29,048)
Loss after income tax					(13,596,459)
Assets	10,109,347	14,655	-	5,109,455	15,233,457
Liabilities	1,188,968	205,106	-	2,222,685	3,616,759

** Overhead expenses are not associated with any particular region.

Consolidated - 30 June 2013	Continuing operations				
	Australia \$	Europe \$	Asia \$	US \$	TOTAL \$
Sales to external customers	698,309	1,056,345	177,756	4,088,183	6,020,593
Add: Interest received	8,813	-	-	-	8,813
Add: Other Income	1,008,231				1,008,231
Add: Fair value gain on deferred contingent consideration					1,829,653
Less: Cost of providing goods and services	(293,407)	(587,072)	(734,228)	(2,715,460)	(4,330,167)
Less Expenses *					(9,230,780)
Loss before income tax					4,537,123
Income tax (expense)					(17,637)
Loss after income tax expense					(4,711,294)
Assets	1,766,346	166,561	12,620	6,033,703	7,979,230
Liabilities	3,950,538	877,281	-	278,039	5,105,858

* Overhead expenses are not associated with any particular region.

Major customers

During the year ended 30 June 2015 approximately 11% (2014: 9%) of the Consolidated Entity's external revenue was derived from sales to Telstra Corporate Ltd (a major Australian retailer) through the computer retailing and computer distribution operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 5: Revenue and income

	Consolidated		
	2015	2014	2013
	\$	\$	\$
Revenue from continuing operations			
Sale of goods	1,990,291	4,274,571	-
Rendering of services	4,296,842	3,953,580	6,020,593
	6,287,133	8,228,151	6,020,593
Interest received	189,770	104,850	8,813
Other income and revenue			
Research & development tax refund	947,845	1,082,953	1,008,231
Grants received	-	172,655	-
Income from Sales of Business	-	109,493	-
	947,845	1,365,101	1,008,231
Fair value gain on deferred consideration	-	383,933	1,829,653

The \$947,845 research and development tax refund was received on 18 April 2015 (2014: \$1,082,953 received on 22 November 2013; \$1,008,231 received on 31 January 2013) for a claim in accordance with the Commonwealth Government's Research and Development Tax Incentive Regime which has been in operation since 1 July 2011, the 45% refundable tax offset is available to companies that have grouped aggregated turnover of less than \$20 million. There is no cap on Research & development expenditure.

Note 6: Expenses

Loss before income tax from continuing operations includes the following specific expenses:

	Consolidated		
	2015	2014	2013
	\$	\$	\$
Employee benefits expense			
Salaries and wages	7,757,951	3,512,198	2,398,145
Superannuation, Healthcare & Workers Compensation	920,050	284,322	112,301
Total employee benefits expense	8,678,001	3,796,520	2,510,446
Share based payments	1,929,265	5,144,968	434,743
Depreciation			
Computer equipment	28,691	41,576	226,058
Furniture and fittings	6,602	899	1,480
Leashold improvements	3,476		
Total depreciation	38,769	42,475	227,538
Amortisation			
Computer software	36,894	3,065	34,978
Customer contracts	-	-	149,437
Capitalised product development	19,649	19,648	29,794
Intellectual Property	922,345	834,050	625,776
Customer database	-	325,000	-
Total amortisation	978,888	1,181,763	839,985
Total depreciation and amortisation	1,017,657	1,224,238	1,067,523
Impairment expense			
Goodwill	-	-	1,487,137
Rental expense relating to operating leases - Minimum lease payments	453,673	193,009	274,468

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 7: Income tax benefit

	Consolidated		
	2015	2014	2013
	\$	\$	\$
<i>Income tax (benefit)/expense</i>			
Current tax (benefit)/expense	-	469,277	222,734
Deferred tax	-	(440,229)	-
Adjustment recognised for prior periods	(180,261)	-	-
Aggregate income tax benefit	(180,261)	29,048	222,734
Income tax benefit is attributable to:			
Loss/(profit) from continuing operations	(180,261)	29,048	17,637
Profit from discontinued operations	-	-	205,097
Aggregate income tax benefit	(180,261)	29,048	222,734
Prima facie tax on loss before income tax is reconciled to income tax expense as follows:			
Loss from continuing operations before income tax benefit	(20,474,268)	(13,567,411)	(4,693,657)
Loss from discontinued operations before income tax benefit	-	-	(1,361,688)
	(20,474,268)	(13,567,411)	(6,055,345)
Prima facie tax on loss before income tax at 30%	(6,142,281)	(4,070,223)	(1,816,604)
Adjustment for jurisdictional differences in tax rates	(488,467)	1,429	92,950
Add tax effect of:			
Non-allowable items	454,124	1,666,685	422,794
Non-assessable items	(992,157)	(142,638)	-
Tax losses and timing differences not brought to account (continuing operations)	7,168,781	2,573,795	1,015,113
Tax losses and timing differences not brought to account (discontinued operations)	-	-	303,384
Adjustment recognised for prior periods	(180,261)	-	205,097
Current tax (benefit)/expense	(180,261)	29,048	(785,497)

MOKO has historically made claims in accordance with the Commonwealth Government's Research and Development Tax Incentive Regime which has operated since 1 July 2011 and wherein a 45% refundable tax offset is available on eligible and uncapped R&D expenditure, to companies that have grouped aggregated turnover of less than \$20 million.

The following research and development tax offsets were received as cash rebates in the past three years:

Fiscal year	Tax offset value	Date received
	\$	
2015	937,845	18 April 2015
2014	1,082,953	22 November 2013
2013	1,008,231	31 January 2013

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 7: Income tax benefit (continued)

	Consolidated		
	2015	2014	2013
	\$	\$	\$
Recognised deferred tax assets:			
Share based payments – non qualified plan	-	427,719	-
Tax losses not recognised:			
Tax losses carried forward	41,545,954	18,027,944	9,737,091
Other Temporary differences not recognised	3,508,887	3,854,686	1,209,025
Unused tax losses for which no deferred tax has been recognised	45,054,841	21,882,630	10,946,116
Potential tax benefit at notional rate of tax*	14,225,789	6,564,789	3,283,835

No amounts have been recognised for deferred tax on unutilised tax losses as it is not yet probable that future taxable amounts will be available against which the Company will utilise these assets in future years.

* Potential tax benefit at notional rate of tax is 30% for AU entities and 34% for US entities.

Note 8: Cash and cash equivalents

	Consolidated	
	2015	2014
	\$	\$
Cash on hand	558	500
Cash at bank	7,219,350	9,877,511
	7,219,908	9,878,011

Note 9: Trade and other receivables

	Consolidated	
	2015	2014
Trade receivables	401,420	840,676
Less: Provision for impairment of receivables	(140,127)	(55,804)
	261,293	784,872
Other debtors	240,179	142,980
Total	501,472	927,852

Impairment of receivables

The Consolidated Entity has recognised a loss of \$313,428 (2014: \$50,596) in the statement of profit or loss and other comprehensive income in respect of impairment of receivables for the year ended 30 June 2015.

The ageing of the impaired receivables provided for above are as follows:

1-30 days	-	-
31-60 days	-	-
61-90 days	-	-
90+ days	140,127	55,804
	140,127	55,804

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2015	2014
	\$	\$
Opening Balance	55,804	21,247
Additional provisions recognised	313,428	50,596
Reversal of impairment during the year	(229,105)	(16,039)
Closing Balance	140,127	55,804

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$61,280 as at 30 June 2015 (\$232,125 as at 30 June 2014).

The Consolidated Entity did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 9: Trade and other receivables (continued)

31-60 days	17,556	104,235
61-90 days	440	52,185
90+ days	43,284	75,705
	<u>61,280</u>	<u>232,125</u>

Note 10: Other current assets

	Consolidated	
	2015	2014
	\$	\$
Deposit	163,278	70,000
Prepayments	853,926	228,716
	<u>1,017,204</u>	<u>298,716</u>

Note 11: Property, plant and equipment

Consolidated 2014	Computer Equipment	Furniture and fittings	Total	
Cost	634,982	40,777	675,759	
Accumulated depreciation	(559,919)	(28,114)	(588,033)	
Balance at 30 June 2014	75,063	12,663	87,726	
Reconciliation				
Balance at 1 July 2013	72,662	-	72,662	
Acquisitions through business combinations	2,239	245	2,484	
Additions	42,336	13,322	55,658	
Depreciation expense	(41,576)	(899)	(42,475)	
Effects of movements in exchange rates	(597)	(6)	(603)	
Balance at 30 June 2014	75,064	12,662	87,726	
Consolidated 2015	Computer equipment	Furniture and fittings	Leasehold Improvements	Total
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	(28,691)	(6,602)	(3,476)	(38,769)
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 12: Intangibles

Consolidated 2014	Computer software \$	Customer Contracts \$	Capitalised product development costs \$	Intellectual Property \$	Customer Database \$	Goodwill \$	TOTAL \$
Cost	75,839	207,411	110,803	3,932,447	-	1,832,342	6,158,842
Accumulated amortisation	(72,556)	(207,411)	(91,154)	(1,459,826)	-	(714,462)	(2,545,409)
Balance at 30 June 2014	3,283	-	19,649	2,472,621	-	1,117,880	3,613,433
<i>Reconciliation</i>							
Balance at 1 July 2013	-	-	-	3,440,632	-	969,616	4,410,248
Acquisitions through business combinations	-	-	39,297	49,470	325,000	179,727	593,494
Additions	6,348	-	-	-	-	-	6,348
Disposals	-	-	-	-	-	-	-
Amortisation expense	(3,065)	-	(19,648)	(834,050)	(325,000)	-	(1,181,763)
Effects of movements in exchange rates	-	-	-	(183,431)	-	(31,463)	(214,894)
Balance at 30 June 2014	3,283	-	19,649	2,472,621	-	1,117,880	3,613,433
Consolidated 2015							
Cost	220,646	207,411	110,803	4,837,947	325,000	2,387,346	8,089,153
Accumulated amortisation/impairment	(121,862)	(207,411)	(110,803)	(2,795,527)	(325,000)	(714,462)	(4,275,065)
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	-	19,649	2,472,621	-	1,117,880	3,613,433
Acquisitions through business combinations	-	-	-	-	-	339,570	339,570
Additions	132,395	-	-	-	-	-	132,395
Amortisation expense	(36,894)	-	(19,649)	(922,345)	-	-	(978,888)
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

Goodwill acquired through business combinations has been allocated to the following cash-generating units:

	Mobile Advertising ⁽¹⁾ \$	Mobile Commerce ⁽²⁾ \$	Total \$
Balance at 1 July 2014	938,153	179,727	1,117,880
Acquisitions through business combinations	339,570	-	339,570
Effects of movements on foreign exchange rates	215,434	-	215,434
Balance at 30 June 2015	1,493,157	179,727	1,672,884

The recoverable amount of the Group's goodwill allocated to Mobile Advertising has been determined by a value-in-use calculation at the cash generating unit level using a discounted cash flow model, based on a 5 year projection period approved by management and a terminal value based on a long term average growth rate of 2%. The pre-tax discount rate of 40% p.a. was used to reflect management's estimate of the time value of money and the risk adjusted costs of capital specific to the Mobile Advertising cash generating unit.

The Directors do not consider goodwill allocated to Mobile Commerce as significant to the total carrying value of Goodwill.

(1) Mobile Performance Network ('MPN') and Tagroom Pty Ltd ('Tagroom')

The goodwill acquired on acquisition is deemed recoverable and no impairment expense has been recognized in the statement of profit or loss and other comprehensive income during the period.

(2) Deals I Love (Australia) Pty Ltd ('DIL')

The goodwill acquired on acquisition is deemed recoverable and no impairment expense has been recognised in the statement of profit or loss and other comprehensive income during the period.

Impairment expense

No goodwill was impaired and charged to the statement of profit or loss and other comprehensive income during the period (2014: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 13: 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 committed to invest 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.

Under the agreement MOKO will launch a tailored version of its REC*IT app specifically targeted at the students and parents of more than 4,000 US high schools that are currently serviced by BigTeams, using data generated by BigTeams. This investment will significantly expand its offering for US students and provide access to the lucrative high school market. The new app is scheduled for launch in September 2015, to coincide with the new school year.

During the year, MOKO has paid consideration of US\$200,000 (A\$256,813) in cash. The remaining consideration of US\$800,000 (A\$1,042,142) is included in “Trade and other payables”.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 14: Business combinations

Acquisition of Tagroom Pty Ltd

On 1 October 2014, MOKO completed a business combination by acquiring 80% of the ordinary shares in Tagroom Pty Ltd ('Tagroom'). Tagroom is a news and entertainment service that harnesses social, mobile and visual technologies used by contemporary consumers (www.tagroom.com). The acquisition brings with it three new senior team members experienced in the creation of viral media and shareable entertainment content for the important 18-30 year-old demographic.

The total fair value consideration for the acquisition, which represents a business combination, included \$200,000 in cash and \$200,000 in MOKO ordinary shares, priced at the volume-weighted average price of shares traded on the ASX over the 5 trading days up to and including the day before completion.

Tagroom contributed revenues of \$43,735 and made a net loss after tax of \$667,257 for the period of 1 Oct 2014 to 30 June 2015. If the acquisition occurred on 1 July 2014, the full year contributions would have been revenues of \$56,610 and net loss after tax of \$702,829.

The business combination accounting is final and the Tagroom acquisition is allocated to the Mobile Advertising segment.

	Carrying value	Fair value
Goodwill	-	339,570
Cash and cash equivalents	24,885	24,885
Other receivables	50,000	50,000
Other payables	(40,313)	(14,455)
Net assets acquired	34,572	400,000
Acquisition date fair value of total consideration transferred		400,000
Satisfied By		
Consideration: cash		200,000
Consideration: Moko ordinary shares		200,000
Total		400,000

Acquisition expenses of \$29,216 for legal fees have not impacted this business combination accounting.

Goodwill of \$339,570 represents the addition of Tagroom to MOKO's portfolio. The acquisition is in synergy with the Company's overall audience profile as it provides marketers and brands with direct access to coveted hard to reach audiences.

Non-controlling interest at acquisition was immaterial with a deemed fair value of nil and determined on the basis that future economic benefits were unlikely to be realised but for the acquisition.

Fair value consideration was settled via \$200,000 in cash and \$200,000 in MOKO ordinary shares (1,242,263 shares) priced at the volume-weighted average price of shares traded on the ASX over the 5 trading days up to and including the day before completion on 12 December 2014.

Note 15: Trade and other payables

	Consolidated	
	2015	2014
Trade payables	1,835,324	1,594,143
Other payables and accruals	733,938	969,468
	2,569,262	2,563,611

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 16: Employee benefits

	Consolidated	
	2015	2014
Current		
Employee benefits	411,076	276,920
Non-Current		
Employee benefits	45,530	35,348

A provision has been recognised for employee benefits relating to annual leave and long service leave. The measurement and recognition criteria relating to employee benefits have been included in note 1 of this report.

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The employee benefits are presented as current or non-current based on when the Consolidated Entity expects to settle the long service leave entitlements. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Note 17: Issued capital

	Consolidated	
	2015	2014
	\$	\$
Fully paid ordinary shares 755,486,679 (30 Jun 2014: 552,853,091 shares)	58,214,171	41,679,462
Fully paid performance shares 20,000,000 (30 June 2014 20,000,000)	200	200
	58,214,371	41,679,662

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 17: Issued capital (continued)

(a) Ordinary shares

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

Date	Details	Numbers of shares	Issue Price \$	Amount \$
1 July 2014	Opening Balance	552,853,091	Various	41,679,462
1 July 2014	NASDAQ listing capital - Gross US\$8.25m	44,000,000	0.1991	8,762,325
8 July 2014	Share issue by placement	1,000,000	0.10	100,000
8 July 2014	Share issue by placement	1,000,000	0.20	200,000
8 July 2014	Share issue by exercise of options	450,000	0.05	22,500
15 July 2014	Share issue by exercise of options	53,912	0.05	2,696
12 August 2014	Share issue by exercise of options	200,000	0.05	10,000
12 September 2014	Share issue by exercise of options	1,000,000	0.05	50,000
28 November 2014	Share issue by exercise of options	100,000	0.05	5,000
19 December 2014	Share issue pursuant to Tagroom at acquisition	1,242,263	0.16	200,000
24 December 2014	Share issue by exercise of options	1,000,000	0.0616	61,600
24 December 2014	Share issue by exercise of options	1,000,000	0.1232	123,200
5 February 2015	Share issue by exercise of options	200,000	0.05	10,000
13 February 2015	Share issue by exercise of options	100,000	0.05	5,000
13 February 2015	Issue shares in lieu of services	504,840	-	-
16 February 2015	Share issue by exercise of options	500,000	0.05	25,000
23 February 2015	Share issue by exercise of options	850,000	0.05	42,500
2 March 2015	Share issue by exercise of options	2,625,000	0.05	131,250
13 March 2015	Share issue by exercise of options	656,000	0.05	32,800
23 March 2015	Share issue by exercise of options	300,000	0.05	15,000
10 April 2015	Share issue by exercise of options	2,990,334	0.05	149,517
13 April 2015	Share issue by exercise of options	100,000	0.05	5,000
13 April 2015	Issue shares under US Omnibus Plan	280,000	0.1538	43,050
13 April 2015	Issue shares under US Omnibus Plan	193,040	0.1632	31,506
27 April 2015	Share issue by exercise of options	2,254,000	0.05	112,700
1 May 2015	Share issue by exercise of options	4,923,105	0.05	246,155
1 May 2015	Issue shares under US Omnibus Plan	240,000	0.1699	40,768
7 May 2015	Share issue by exercise of options	200,000	0.05	10,000
7 May 2015	Share issue by exercise of options	500,000	0.10	50,000
19 June 2015	Share issue by exercise of options	127,921,094	0.05	6,396,055
26 June 2015	Share issue by exercise of options	6,000,000	0.0467	280,000
26 June 2015	Share issue by exercise of options	250,000	0.06	15,000
	Capital raising costs	-		(643,913)
	Closing Balance	755,486,679		58,214,171

(b) Performance shares

Issue 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 17: Issued capital (continued)

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.

No Performance Shares were issued during the year. In the prior year Mr. McCann was issued 20.0 million Performance Shares at an Issue Price of \$0.00001 per ordinary share with End Date of the third anniversary of issuance, Variation Payment of \$0.10 per ordinary share and the Variation Event being the 90 day VWAP of our ordinary shares exceeding \$0.40 per share.

(c) Options

Options granted

During the year, the Company granted the following options over unissued ordinary shares:

Table A – Options granted over unissued ordinary shares

Class	Grant Date	Expiry Date	Exercise Price	Number of Options
Unlisted Employee Options	3-Nov-14	31-Dec-14	US\$ 0.05	1,000,000
Unlisted Employee Options	3-Nov-14	31-Dec-14	US\$ 0.10	1,000,000
Unlisted Employee Options	3-Nov-14	31-Dec-14	US\$ 0.15	1,000,000
Unlisted Employee Options	3-Nov-14	30-Jun-16	US\$ 0.1875	1,000,000
Unlisted Employee Options	3-Nov-14	31-Dec-14	US\$ 0.17	250,000
Unlisted Director Options	26-Nov-14	26-Nov-17	\$ 0.19	7,500,000
Unlisted Director Options	26-Nov-14	26-Nov-16	\$ 0.19	5,000,000
Unlisted Employee Options	26-Nov-14	31-Jan-17	\$ 0.196	1,000,000
Unlisted Employee Options	19-Dec-14	20-Dec-16	\$ 0.20	1,000,000
Unlisted Employee Options	22-Dec-14	31-Dec-15	US\$ 0.15	1,000,000
Unlisted Employee Options	22-Dec-14	30-Jun-15	US\$ 0.1875	1,000,000
Unlisted Employee Options	22-Dec-14	30-Jun-16	US\$ 0.17	250,000
Unlisted Director Options	13-Apr-15	31-Dec-16	\$ 0.17	700,000
Unlisted Employee Options	1-May-15	31-Dec-16	\$ 0.075	750,000
Unlisted Employee Options	26-Jun-15	30-Jun-16	US\$ 0.05	1,000,000
Unlisted Employee Options	26-Jun-15	30-Jun-16	US\$ 0.075	1,000,000
Total				24,450,000

The weighted average fair value of options granted during the financial year was A\$0.04.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 17: Issued capital (continued)

Table B - Options granted American Depositary Shares (where one ADS = 40 Ordinary shares)

Class	Grant Date	Expiry Date	Exercise Price (per ADS in US\$)	Number granted (in ADSs)	Number granted (in ordinary shares)
Unlisted ADS Options	23-Dec-14	1-Nov-17	\$ 5.05	6,666	266,640
Unlisted ADS Options	23-Dec-14	1-Nov-18	\$ 5.05	6,667	266,680
Unlisted ADS Options	23-Dec-14	1-Nov-19	\$ 5.05	6,667	266,680
Unlisted ADS Options	23-Dec-14	3-Dec-16	\$ 4.58	7,500	300,000
Unlisted ADS Options	23-Dec-14	3-Nov-17	\$ 4.58	7,500	300,000
Unlisted ADS Options	23-Dec-14	3-Nov-18	\$ 4.58	7,500	300,000
Total				42,500	1,700,000

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

Unissued shares under option

The weighted average fair value of ADS options granted during the financial year was A\$2.85 (US\$2.32).

At the date of this report, unissued ordinary shares of the Company under option are:

Table C – Unissued ordinary shares under option

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Director Options	30-Jul-16	\$ 0.042	5,000,000
Unlisted Options	30-Jul-16	\$ 0.042	5,000,000
Unlisted Employee Options	31-Jul-16	\$ 0.06	500,000
Unlisted Employee Options	31-Jul-16	\$ 0.17	4,250,000
Unlisted Options	24-Oct-15	\$ 0.155	3,450,000
Unlisted Director Options	28-Nov-15	\$ 0.40	15,000,000
Unlisted Options	28-Nov-15	\$ 0.40	1,000,000
Unlisted Options	28-Nov-15	\$ 0.10	6,400,000
Unlisted Director Options	31-Jan-16	\$ 0.20	2,000,000
Unlisted Employee Options	31-Dec-15	US\$ 0.15	1,000,000
Unlisted Employee Options	30-Jun-16	US\$ 0.17	250,000
Unlisted Director Options	26-Nov-17	\$ 0.19	7,500,000
Unlisted Director Options	26-Nov-16	\$ 0.19	3,000,000
Unlisted Employee Options	31-Jan-17	\$ 0.196	1,000,000
Unlisted Employee Options	20-Dec-16	\$ 0.20	1,000,000
Unlisted Employee Options	31-Dec-16	\$ 0.17	700,000
Unlisted Employee Options	31-Dec-16	\$ 0.075	750,000
Unlisted Employee Options	30-Jun-16	US\$ 0.05	1,000,000
Unlisted Employee Options	30-Jun-16	US\$ 0.075	1,000,000
Unlisted Options over American Depositary Shares (Unlisted ADS Options)	Refer to table D		6,420,000
Total			66,220,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 17: Issued capital (continued)

Table D – Unissued Options over American Depositary Shares (where one ADS = 40 Ordinary shares)

Class	Grant Date	Expiry Date	Exercise Price (per ADS in US\$)	Number granted (in ADSs)	Number granted (in ordinary shares)
Unlisted ADS Options	30-Jun-14	31-Dec-15	\$ 4.07	25,000	1,000,000
Unlisted ADS Options	30-Jun-14	31-Dec-16	\$ 6.29	25,000	1,000,000
Unlisted ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	41,750	1,670,000
Unlisted ADS Options	30-Jun-14	30-Jun-16	\$ 6.66	2,500	100,000
Unlisted ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	11,250	450,000
Unlisted ADS Options	30-Jun-14	31-Dec-15	\$ 5.55	7,500	300,000
Unlisted ADS Options	30-Jun-14	30-Jun-16	\$ 4.00	25,000	1,000,000
Unlisted ADS Options	23-Dec-14	3-Dec-16	\$ 4.58	7,500	300,000
Unlisted ADS Options	23-Dec-14	3-Nov-17	\$ 4.58	7,500	300,000
Unlisted ADS Options	23-Dec-14	03-Nov-18	\$ 4.58	7,500	300,000
Total				160,500	6,420,000

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

Lapse of options

During or since the end of the financial year, the following options lapsed:

Table E – lapsed options

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Employee Options	30-Jun-15	US\$ 0.1875	1,000,000
Listed Options (MKBOA)	13-Jun-15	\$ 0.05	388,441
Total			1,388,441

Class	Expiry Date	Exercise Price	Number of ADS*
Unlisted ADS Options	31-Dec-14	US\$ 3.70	5,000
Unlisted ADS Options	31-Dec-14	US\$ 1.85	25,000
Unlisted ADS Options	31-Dec-14	US\$ 6.29	25,000
Unlisted ADS Options	31-Dec-14	US\$ 5.55	15,000
Total			70,000

* One ADS = 40 Ordinary shares

Cancellation of options

During or since the end of the financial year, the following options were cancelled:

Table F – cancelled options

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Employee Options	31-Dec-14	US\$ 0.15	1,000,000
Unlisted Employee Options	30-Jun-16	US\$ 0.1875	1,000,000
Unlisted Employee Options	31-Dec-14	US\$ 0.17	250,000
Unlisted Director Options	26-Nov-16	\$ 0.19	2,000,000
Total			4,250,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 17: Issued capital (continued)

Class	Expiry Date	Exercise Price	Number of ADS*
Unlisted ADS Options	31-Dec-14	US\$ 2.00	25,000
Unlisted ADS Options	31-Dec-14	US\$ 4.00	25,000
Unlisted ADS Options	31-Dec-15	US\$ 6.00	25,000
Unlisted ADS Options	30-Jun-15	US\$ 7.50	18,750
Unlisted ADS Options	30-Jun-15	US\$ 7.50	6,250
Unlisted ADS Options	30-Jun-16	US\$ 6.80	6,250
Unlisted ADS Options	1-Nov-17	US\$ 5.05	6,666
Unlisted ADS Options	1-Nov-18	US\$ 5.05	6,667
Unlisted ADS Options	1-Nov-19	US\$ 5.05	6,667
Unlisted ADS Options	30-Jun-16	US\$ 2.00	25,000
Unlisted ADS Options	30-Jun-16	US\$ 3.00	25,000
Total			176,250

* One ADS = 40 Ordinary shares

Shares issued on the exercise of options

During or since the end of the financial year, the Consolidated Entity issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Table G – Shares issued on exercise of options

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Employee Options	31-Dec-14	US\$ 0.05	1,000,000
Unlisted Employee Options	31-Dec-14	US\$ 0.10	1,000,000
Unlisted Employee Options	30-Nov-15	\$ 0.10	500,000
Unlisted Options	30-Jun-15	\$ 0.04	3,000,000
Unlisted Options	30-Jun-15	\$ 0.02	1,000,000
Unlisted Options	30-Jun-15	\$ 0.03	1,000,000
Unlisted Options	30-Jun-15	\$ 0.11	1,000,000
Unlisted Employee Options	30-Jun-15	\$ 0.06	250,000
Listed Options (MKBOA)	13-Jun-15	\$ 0.05	145,423,445
Total			154,173,445

(d) Capital Management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board are constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels. The Consolidated Entity had nil borrowings at 30 June 2015 (2014: nil).

The Consolidated Entity is not subject to any externally imposed capital requirements.

There were no changes in the Consolidated Entity's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 18: Reserves

Foreign currency translation reserve

This reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

This reserve was used to recognise the value of share based payments.

	Consolidated	
	2015	2014
	\$	\$
Foreign currency translation reserve		
Balance at beginning of the year	570,172	814,848
Currency translation differences	1,397,333	(244,676)
Balance at the end of the year	1,967,505	570,172
Share-based payments reserve		
Balance at beginning of the year	8,420,632	2,859,360
Share-based payments	1,825,843	5,561,272
Balance at the end of the year	10,246,475	8,420,632
TOTAL RESERVES	12,213,980	8,990,804

Note 19: Accumulated losses

	Consolidated	
	2015	2014
	\$	\$
Accumulated losses brought forward	(38,929,670)	(25,457,309)
Loss after income tax expense for the year	(20,013,288)	(13,472,361)
	(58,942,958)	(38,929,670)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 20: Share Based payments

Below are summaries of the movements of options during the year to key management personnel and employees:

2015									
Class	Grant Date	Expiry Date	Exercise Price *	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at end of the year **	
Director Options	14-Dec-12	30-Jul-16	\$ 0.042	10,000,000	-	-	-	10,000,000	
Employee Options	21-Dec-12	30-Nov-15	\$ 0.10	500,000	-	(500,000)	-	-	
Employee Options	21-Feb-13	30-Jun-15	\$ 0.06	750,000	-	(250,000)	-	500,000	
Employee Options	13-Sep-13	31-Jul-16	\$ 0.17	3,650,000	-	-	-	3,650,000	
Director Options	28-Nov-13	28-Nov-15	\$ 0.40	16,000,000	-	-	-	16,000,000	
Director Options	28-Nov-13	28-Nov-15	\$ 0.10	6,000,000	-	-	-	6,000,000	
Employee Options	19-Mar-14	31-Jul-16	\$ 0.17	600,000	-	-	-	600,000	
Director Options	5-May-14	28-Nov-15	\$ 0.10	400,000	-	-	-	400,000	
Director Options	5-May-14	31-Jan-16	\$ 0.20	2,000,000	-	-	-	2,000,000	
Employee Options	3-Nov-14	31-Dec-14	US\$ 0.05	-	1,000,000	(1,000,000)	-	-	
Employee Options	3-Nov-14	31-Dec-14	US\$ 0.10	-	1,000,000	(1,000,000)	-	-	
Employee Options	3-Nov-14	31-Dec-14	US\$ 0.15	-	1,000,000	-	(1,000,000)	-	
Employee Options	3-Nov-14	30-Jun-16	US\$ 0.1875	-	1,000,000	-	(1,000,000)	-	
Employee Options	3-Nov-14	31-Dec-14	US\$ 0.17	-	250,000	-	(250,000)	-	
Director Options	26-Nov-14	26-Nov-17	\$ 0.19	-	7,500,000	-	-	7,500,000	
Director Options	26-Nov-14	26-Nov-16	\$ 0.19	-	5,000,000	-	(2,000,000)	3,000,000	
Employee Options	26-Nov-14	31-Jan-17	\$ 0.196	-	1,000,000	-	-	1,000,000	
Employee Options	19-Dec-14	20-Dec-16	\$ 0.2	-	1,000,000	-	-	1,000,000	
Employee Options	13-Apr-15	31-Dec-16	\$ 0.17	-	700,000	-	-	700,000	
Employee Options	1-May-15	31-Dec-16	\$ 0.075	-	750,000	-	-	750,000	
Employee Options	26-Jun-15	30-Jun-16	US\$ 0.05	-	1,000,000	-	-	1,000,000	
Employee Options	26-Jun-15	30-Jun-16	US\$ 0.075	-	1,000,000	-	-	1,000,000	
Employee Options	22-Dec-14	31-Dec-15	US\$ 0.15	-	1,000,000	-	-	1,000,000	
Employee Options	22-Dec-14	30-Jun-15	US\$ 0.1875	-	1,000,000	-	(1,000,000)	-	
Employee Options	22-Dec-14	30-Jun-16	US\$ 0.17	-	250,000	-	-	250,000	
				39,900,000	24,450,000	(2,750,000)	(5,250,000)	56,350,000	
Weighted average exercise price				\$0.22	\$0.18	\$0.09	\$0.21	\$0.21	

* Exercise price is in AUD otherwise it is in USD if it is indicated as US\$.

** All above options are exercisable at the end of the financial year 2015 apart from 7,500,000 director options issued on 26 November 2014, with exercise price \$0.19 and expiry date on 26 November 2017.

2014									
Class	Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at end of the year	
Director Options	17-Dec-08	25-Jul-13	\$ 0.10	3,000,000	-	-	(3,000,000)	-	
Employee Options	15-Oct-09	25-Jul-13	\$ 0.10	1,800,000	-	-	(1,800,000)	-	
Director Options	19-Oct-09	25-Jul-13	\$ 0.12	2,500,000	-	-	(2,500,000)	-	
Employee Options	16-Dec-09	25-Jul-13	\$ 0.12	1,950,000	-	-	(1,950,000)	-	
Employee Options	26-Aug-11	30-Jun-14	\$ 0.12	6,050,000	-	(3,000,000)	(3,050,000)	-	
Director Options	27-Oct-11	30-Jun-14	\$ 0.12	18,250,000	-	(18,250,000)	-	-	
Director Options	14-Dec-12	30-Jul-16	\$ 0.042	16,000,000	-	(6,000,000)	-	10,000,000	
Employee Options	21-Dec-12	30-Nov-15	\$ 0.10	500,000	-	-	-	500,000	
Employee Options	21-Feb-13	31-Jul-16	\$ 0.06	1,750,000	-	(500,000)	(500,000)	750,000	
Employee Options	13-Sep-13	31-Jul-16	\$ 0.17	-	3,850,000	(200,000)	-	3,650,000	
Director Options	28-Nov-13	28-Nov-15	\$ 0.40	-	16,000,000	-	-	16,000,000	
Director Options	28-Nov-13	28-Nov-15	\$ 0.10	-	6,000,000	-	-	6,000,000	
Employee Options	25-Feb-14	30-Jun-14	\$ 0.12	-	400,000	(400,000)	-	-	
Employee Options	19-Mar-14	31-Jul-16	\$ 0.17	-	700,000	(100,000)	-	600,000	
Director Options	5-May-14	28-Nov-15	\$ 0.10	-	400,000	-	-	400,000	
Director Options	5-May-14	31-Jan-16	\$ 0.20	-	2,000,000	-	-	2,000,000	
				51,800,000	29,350,000	(28,450,000)	(12,800,000)	39,900,000	
Weighted average exercise price				\$0.09	\$0.28	\$0.10	\$0.11	\$0.22	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 20: Share Based payments (continued)

2013								
Class	Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at end of the year
Employee Options	17-Dec-08	15-Dec-12	\$ 0.20	2,165,000	-	-	(2,165,000)	-
Director Options	17-Dec-08	25-Jul-13	\$ 0.10	3,000,000	-	-	-	3,000,000
Employee Options	15-Oct-09	25-Jul-13	\$ 0.10	1,800,000	-	-	-	1,800,000
Director Options	19-Oct-09	25-Jul-13	\$ 0.12	2,500,000	-	-	-	2,500,000
Employee Options	16-Dec-09	25-Jul-13	\$ 0.12	1,950,000	-	-	-	1,950,000
Employee Options	26-Aug-11	30-Jun-14	\$ 0.12	6,050,000	-	-	-	6,050,000
Director Options	27-Oct-11	30-Jun-14	\$ 0.12	18,250,000	-	-	-	18,250,000
Director Options	14-Dec-12	30-Jul-16	\$ 0.04	-	16,000,000	-	-	16,000,000
Employee Options	21-Dec-12	30-Nov-15	\$ 0.10	-	500,000	-	-	500,000
Employee Options	21-Feb-13	31-Jul-16	\$ 0.06	-	1,750,000	-	-	1,750,000
				<u>35,715,000</u>	<u>18,250,000</u>	<u>-</u>	<u>(2,165,000)</u>	<u>51,800,000</u>
Weighted average exercise price				\$0.12	\$0.04	-	\$0.20	\$0.09

The weighted average exercise price of options issued to key management personnel and employees that are outstanding at the end of the financial year was \$0.21 (2014: \$0.22; 2013: \$0.04).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 12.11 months (2014: 20.11 months; 2013: 15.02 months).

Options granted over American Depositary Shares (where one ADS = 40 Ordinary shares)

2015								
Class	Grant Date	Expiry Date	Exercise Price (per ADS in US\$)	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at end of the year *
ADS Options	30-Jun-14	30-Jun-16	\$ 2.00	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	30-Jun-16	\$ 3.00	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	31-Dec-14	\$ 2.00	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	31-Dec-14	\$ 4.00	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	31-Dec-15	\$ 6.00	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	31-Dec-14	\$ 3.70	5,000	-	-	(5,000)	-
ADS Options	30-Jun-14	31-Dec-14	\$ 1.85	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	31-Dec-15	\$ 4.07	25,000	-	-	-	25,000
ADS Options	30-Jun-14	31-Dec-16	\$ 6.29	25,000	-	-	-	25,000
ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	41,750	-	-	-	41,750
ADS Options	30-Jun-14	31-Dec-14	\$ 6.29	25,000	-	-	(25,000)	-
ADS Options	30-Jun-14	30-Jun-16	\$ 6.66	2,500	-	-	-	2,500
ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	11,250	-	-	-	11,250
ADS Options	30-Jun-14	30-Jun-16	\$ 6.80	6,250	-	-	(6,250)	-
ADS Options	30-Jun-14	31-Dec-14	\$ 5.55	7,500	-	-	(7,500)	-
ADS Options	30-Jun-14	31-Dec-14	\$ 5.55	7,500	-	-	(7,500)	-
ADS Options	30-Jun-14	31-Dec-15	\$ 5.55	7,500	-	-	-	7,500
ADS Options	23-Dec-14	1-Nov-17	\$ 5.05	-	6,666	-	(6,666)	-
ADS Options	23-Dec-14	1-Nov-18	\$ 5.05	-	6,667	-	(6,667)	-
ADS Options	23-Dec-14	1-Nov-19	\$ 5.05	-	6,667	-	(6,667)	-
ADS Options	23-Dec-14	3-Dec-16	\$ 4.58	-	7,500	-	-	7,500
ADS Options	23-Dec-14	3-Nov-17	\$ 4.58	-	7,500	-	-	7,500
ADS Options	23-Dec-14	03-Nov-18	\$ 4.58	-	7,500	-	-	7,500
				<u>339,250</u>	<u>42,500</u>	<u>-</u>	<u>(246,250)</u>	<u>135,500</u>
Weighted average exercise price				US\$4.94	US\$4.80	-	US\$4.31	US\$6.04

* All above ADS options are exercisable at the end of the financial year 2015 apart from 15,000 ADS options issued on 23 December 2014, with exercise price \$4.58, expiry date on 3 November 2017 and 3 November 2018 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 20: Share Based payments (continued)

2014								
Class	Grant Date	Expiry Date	Exercise Price (per ADS in US\$)	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at end of the year
ADS Options	30-Jun-14	30-Jun-16	\$ 2.00	—	25,000	—	—	25,000
ADS Options	30-Jun-14	30-Jun-16	\$ 3.00	—	25,000	—	—	25,000
ADS Options	30-Jun-14	31-Dec-14	\$ 2.00	—	25,000	—	—	25,000
ADS Options	30-Jun-14	31-Dec-14	\$ 4.00	—	25,000	—	—	25,000
ADS Options	30-Jun-14	31-Dec-15	\$ 6.00	—	25,000	—	—	25,000
ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	—	25,000	—	—	25,000
ADS Options	30-Jun-14	31-Dec-14	\$ 3.70	—	5,000	—	—	5,000
ADS Options	30-Jun-14	31-Dec-14	\$ 1.85	—	25,000	—	—	25,000
ADS Options	30-Jun-14	31-Dec-15	\$ 4.07	—	25,000	—	—	25,000
ADS Options	30-Jun-14	31-Dec-16	\$ 6.29	—	25,000	—	—	25,000
ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	—	41,750	—	—	41,750
ADS Options	30-Jun-14	31-Dec-14	\$ 6.29	—	25,000	—	—	25,000
ADS Options	30-Jun-14	30-Jun-16	\$ 6.66	—	2,500	—	—	2,500
ADS Options	30-Jun-14	30-Jun-16	\$ 7.50	—	11,250	—	—	11,250
ADS Options	30-Jun-14	30-Jun-16	\$ 6.80	—	6,250	—	—	6,250
ADS Options	30-Jun-14	31-Dec-14	\$ 5.55	—	7,500	—	—	7,500
ADS Options	30-Jun-14	31-Dec-14	\$ 5.55	—	7,500	—	—	7,500
ADS Options	30-Jun-14	31-Dec-15	\$ 5.55	—	7,500	—	—	7,500
Total				—	339,250	—	—	339,250
Weighted average exercise price					USD\$4.94		USD\$4.94	

There were no options issued over granted over American Depositary Shares in 2013.

The weighted average exercise price of ADS options issued to key management personnel and employees that are outstanding at the end of the financial year was US\$6.04 (2014: US\$4.94).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 14.38 months (2014: 17.06).

For the options granted to the key management personnel and employees during the current financial year, the fair value was measured at grant date using a Black-Scholes model that took account of the terms and conditions upon which the instruments were granted. Expected volatility reflects the historical volatility of the Company's share price over the historical period commensurate with the expected term.

The valuation model inputs used to determine the fair value are as follows:

Options over fully paid ordinary shares for the key management personnel and employees

Grant date	Expiry date	Maximum life	Exercise price	Share price at grant date	Expected volatility	Risk free interest rate	Tradeable discount
26-Nov-14	31-Jan-17	2.18	\$ 0.196	\$ 0.14	78.53%	2.45%	20%
26-Nov-14	26-Nov-17	3	\$ 0.19	\$ 0.14	79.56%	2.45%	35%
26-Nov-14	26-Nov-16	2	\$ 0.19	\$ 0.14	79.09%	2.45%	20%
26-Nov-14	26-Nov-16	2	\$ 0.19	\$ 0.14	79.09%	2.45%	20%
13-Apr-15	31-Dec-16	1.72	\$ 0.17	\$ 0.17	49.45%	1.76%	20%
1-May-15	31-Dec-16	1.67	\$ 0.075	\$ 0.17	48.02%	1.92%	20%

All options were granted for no consideration and vested immediately

Those options granted to key management personnel have been identified in key management personnel disclosures (Note 22). Shareholder approval was obtained for the grants of options to directors on 17 November 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 20: Share Based payments (continued)

Shares issued as compensation

Performance Shares

No Performance Shares were issued in 2015.

The terms and conditions of each grant of Performance Shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Number of Performance Shares	Grant Date	Vesting date	Expiry (End) date	Issue Price	Exercise (Variation) Price	Expected volatility	Risk Free interest rate	Tradable discount
20,000,000	28-Nov-13	28-Nov-15	28-Nov-16	\$ 0.00001	\$ 0.10	25.00%	2.76%	60%

Performance Shares granted carry no dividend or voting rights.

The fair value was measured at grant date using an American style, up and in, trinomial barrier option model that took account of the terms and conditions upon which the instruments were granted. The expected volatility reflects an assessment of the company's 90 day Volume Weighted Average Price (VWAP) across the three year period preceding grant date (commensurate with the term), to adjust for the VWAP condition of the instrument. The tradability discount was determined after consideration of specific lack of marketability terms and conditions such as being unlisted instruments, vesting conditions such as ongoing employment, restricted transferability and escrow provisions.

No Performance Shares were issued in 2013.

American Depositary Shares

In current fiscal year, the following American Depositary Shares were issued to eligible participants of the US Omnibus Plan equity incentive scheme approved by shareholders on 5 May 2014.

- 11,826 ADSs (equivalent to 473,040 ordinary shares) for nil consideration were issued on 13 April 2015
- 6,000 ADSs (equivalent to 240,000 ordinary shares) for nil consideration were issued on 1 May 2015

No shares were issued to key management personnel or employees as compensation during 2014 year.

For details of shares and options issued in lieu of services rendered, refer to issued capital disclosures (Note 17) and non-cash investing and financing activities disclosures (Note 21(b)).

Note 21: Cash flow information

	2015	2014	2013
	\$	\$	\$
(a) Reconciliation of cash flow from operations with loss after income tax			
Loss after income tax expense for the year	(20,294,006)	(13,596,459)	(6,278,079)
Adjustments for:			
Depreciation and amortisation	1,017,657	1,224,238	1,161,869
Foreign exchange differences	(429,080)	32,284	586,125
Goodwill impairment expense	-	-	1,487,137
Share based payments and related costs	1,929,265	5,144,969	434,743
Fair value gain on deferred contingent consideration	-	(383,933)	(1,829,653)
Unwinding of the discount on deferred consideration	-	-	104,018
Loss on disposal of AMH Group	-	-	761,020
Loss on disposal of non-current assets	-	-	89,660
Gain on reversal of Peekable payable	-	(91,527)	-
Income from Sale of Business	-	(109,493)	-
Changes in operating assets and liabilities:			
(Increase)/Decrease in receivables	523,579	39,026	2,119,368
Increase/(Decrease) in other assets	(815,687)	(294,159)	32,828
Increase / (Decrease) in payables	5,651	1,198,886	(590,960)
Increase / (Decrease) in provisions	144,338	(264,912)	(37,010)
(Decrease)/Increase in current tax	(740,880)	461,072	279,808
(Increase)/Decrease in deferred tax assets	427,719	(427,719)	-
(Decrease)/ increase in deferred tax liability	-	-	(89,750)
Net cash used in operating activities	(18,231,444)	(7,067,727)	(1,768,876)

(b) Non-cash investing and financing activities

On 1 October 2014, MOKO completed a business combination by acquiring 80% of the ordinary shares as a controlling interest in Tagroom Pty Ltd ('Tagroom'). In addition to cash, the fair value consideration was settled via \$200,000 in MOKO ordinary shares (1,242,263 shares) priced at the volume-weighted average price of shares traded on the ASX over the 5 trading days up to and including the day before completion on 12 December 2014.

Refer Note 14 for further details of these business combinations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 21: Cash flow information (continued)

During the year, the Company issued the following ADS (American Depositary Shares) for nil consideration, where one ADS = 40 Ordinary shares. They were issued to eligible participants of the US Omnibus Plan equity incentive scheme approved by shareholders on 5 May 2014.

Date	Details	ADS Price (US\$)	Number of ADS	Fair Value Amount US\$
13 April 2015	Share issued under US Omnibus Plan	\$ 4.88	7,000	34,160
13 April 2015	Share issued under US Omnibus Plan	\$ 5.18	4,826	25,000
1 May 2015	Share issued under US Omnibus Plan	\$ 5.35	6,000	32,100

These transactions are not reflected in the statement of cash flows.

Note 22: Key management personnel disclosures

(a) Directors

The following persons were directors of MOKO Social Media Limited during the financial year:

Ian Rodwell	- Chief Executive Officer and Managing Director
Greg McCann	- Non-Executive Chairman
Mark Hauser	- Non-Executive Director
Jeff White	- Non-Executive Director (appointed 1st February, 2015)
Leo Hindery Jr	- Non-Executive Director (appointed 1st April, 2015)
Peter Yates	- Non-Executive Director (resigned 17th November, 2014)
Johannes De Back	- Non-Executive Director (resigned 13th April, 2015)

(b) Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated		
	2015	2014	2013
	\$	\$	\$
Short-term employee benefits	740,628	551,700	571,984
Post-employment benefits	14,496	36,775	35,185
Share based payments - Performance shares	759,577	493,205	
Share based payments - Options	505,470	2,723,037	140,800
	2,020,171	3,804,717	747,969

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 22: Key management personnel disclosures (continued)

Ordinary shares	Balance at start of the year/on appointment	Granted as Remuneration during the year	Other changes during the year	Balance at end of the year
2015				
G McCann	13,444,444	-	2,500,000	15,944,444
I Rodwell	5,707,917	-	325,000	6,032,917
J De Back(1)	40,297,710	-	1,454,546	41,752,256
P Yates(2)	48,163,402	-	-	48,163,402
M Hauser	-	-	4,910,000	4,910,000
J White (3)	100,000	-	480,000	580,000
L Hindery	-	-	-	-
	<u>107,713,473</u>		<u>9,669,546</u>	<u>117,383,019</u>
2014				
G McCann	7,944,444	-	5,500,000	13,444,444
I Rodwell	3,707,917	-	2,000,000	5,707,917
J De Back	30,932,539	-	9,365,171	40,297,710
P Yates	40,472,926	-	7,690,476	48,163,402
M Hauser	-	-	-	-
	<u>83,057,826</u>		<u>24,555,647</u>	<u>107,613,473</u>
2013				
G McCann	5,444,444	-	2,500,000	7,944,444
I Rodwell	3,382,917	-	325,000	3,707,917
J De Back	30,932,539	-	-	30,932,539
P Yates	34,308,371	-	6,164,555	40,472,926
	<u>74,068,271</u>		<u>8,989,555</u>	<u>83,057,826</u>

- (1) Closing balance represents ordinary shares held on resignation (13 April 2015)
(2) Closing balance represents ordinary shares held on resignation (17 November 2014)
(3) Opening balance represents ordinary shares held on appointment (1 February 2015)

The numbers of options over ordinary shares in the Company held during the financial year by each director of the Company and other key management personnel of the Company, including their personally related parties, are set out below.

Options over ordinary shares	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year	Forfeited/ Other changes during the year	Balance at the end of the year
2015						
G McCann	12,500,000	-	(2,500,000)	-	-	10,000,000
I Rodwell	10,325,000	7,500,000	(325,000)	-	-	17,500,000
J De Back(1)	16,400,000	2,000,000	-	-	(3,500,000)	14,900,000
P Yates(2)	7,164,555	-	-	-	-	7,164,555
M Hauser	8,000,000	3,000,000	(4,910,000)	-	(1,090,000)	5,000,000
J White (3)	480,000	-	(480,000)	-	-	-
L Hindery	-	-	-	-	-	-
	<u>54,869,555</u>	<u>12,500,000</u>	<u>(8,215,000)</u>	<u>-</u>	<u>(4,590,000)</u>	<u>54,564,555</u>
2014						
G McCann	12,000,000	6,500,000	(5,000,000)	(1,000,000)	-	12,500,000
I Rodwell	17,330,000	10,000,000	(7,000,000)	(3,005,000)	(7,000,000)	10,325,000
J De Back	25,107,143	11,400,000	(2,250,000)	(17,857,143)	-	16,400,000
P Yates	19,360,955	1,000,000	(5,000,000)	(10,196,400)	2,000,000	7,164,555
M Hauser	6,000,000	2,000,000	-	-	-	8,000,000
	<u>79,798,098</u>	<u>30,900,000</u>	<u>(19,250,000)</u>	<u>(32,058,543)</u>	<u>(5,000,000)</u>	<u>54,389,555</u>
2013						
G McCann	6,000,000	5,000,000	-	-	1,000,000	12,000,000
I Rodwell	12,005,000	5,000,000	-	-	325,000	17,330,000
J De Back	20,107,143	5,000,000	-	-	-	25,107,143
P Yates	12,196,400	1,000,000	-	-	6,164,555	19,360,955
	<u>50,308,543</u>	<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>7,489,555</u>	<u>73,798,098</u>

- (1) Closing balance represents ordinary share options held on resignation (13 April 2015)
(2) Closing balance represents ordinary share options held on resignation (17 November 2014)
(3) Opening balance represents ordinary share options held on appointment (1 February 2015)
(4) Opening balance represents ordinary share options held on appointment (1 February 2014)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 23: Related party transactions

(a) Parent entity

MOKO Social Media Limited is the parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in note 25.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

(d) Transactions with related parties

The following transactions occurred with related parties:

On July 1, 2013, MOKO completed the acquisition of a controlling 51% share interest in a Sydney based e-commerce business, Deals I Love (Australia) Pty Ltd ("DIL"). The business combination was made for the purpose of MOKO expanding into the growing mobile commerce sector. The share acquisition included a purchase of shares from a MOKO non-executive director, Mr. Johannes De Back, who after the acquisition has no further equity interest in DIL. Acquisition date fair value of total consideration transferred was \$40,000. The fair value consideration was settled by way of issue of 400,000 options exercisable at \$0.10 each on or before 28 November 2015.

Under the terms of the acquisition, MOKO was also granted an option to acquire the remaining 49% of DIL and as a separate transaction agreed to loan funds to DIL for marketing purposes, which loan bears interest of 10% per annum and is repayable on arms-length terms. On November 7, 2013, Mr. Johannes De Back executed a personal letter of support to indemnify DIL in respect of its debts to a total liability value of \$500,000 and which may only be revoked with DIL's prior written agreement.

During the year ended June 30, 2014, Mr. De Back provided consulting services to MOKO through Dutchman Capital, of which he is a director, on normal commercial terms, for which Dutchman Capital was paid \$39,000 in fees (2013: \$156,045).

During the year ended June 30, 2014, the Company issued fully paid ordinary shares in satisfaction of convertible loans payable to director Johannes De Back:

Date	Details	Number of shares	Issue Price \$	Amount \$
11 September 2013	Share issue on conversion of loan	2,500,000	0.04	100,000
15 May 2014	Share issue on conversion of loan	2,500,000	0.04	100,000

On 1 October 2014, MOKO completed a business combination by acquiring 80% of the ordinary shares as a controlling interest in Tagroom Pty Ltd ('Tagroom'). Tagroom is a news and entertainment service that harnesses social, mobile and visual technologies used by contemporary consumers (www.tagroom.com). The acquisition brings with it three new senior team members experienced in the creation of viral media and shareable entertainment content for the important 18-30 year-old demographic. The fair value consideration was settled via \$200,000 in cash and \$200,000 (1,242,263 shares) in MOKO ordinary shares priced at the volume-weighted average price of shares traded on the ASX over the 5 trading days up to and including the day before completion on 12 December 2014.

	Consolidated		
	2015 \$	2014 \$	2013 \$
Amounts recognised as an expense			
Company secretarial and accounting (1)	56,670	97,793	49,892
Office rent (2)	20,047	13,368	[-]
Total	76,717	97,793	49,892

- (1) Andrew Bursill, the former Company Secretary who resigned on 31 January 2015, is also an associate of Franks & Associates Pty Ltd which provided accounting and Company secretarial services to MOKO Social Media Limited. The contract between MOKO Social Media Limited and Franks & Associates was based on normal commercial terms.
- (2) Greg McCann, Non-Executive Chairman, is an associate of Consortio Pty Limited ("Consortio") who leases office space in Sydney to MOKO. The lease agreement between MOKO and Consortio is based on normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 23: Related party transactions (continued)

(d) Loans to/from related parties

Loans are made to/by the Parent Entity, MOKO Social Media Limited, to its wholly owned subsidiaries for capital purchases and working capital purposes. The loans outstanding between the Parent Entity and its subsidiaries have no fixed date of repayment and are non-interest bearing. Details of the Parent Entity's interest in its subsidiaries are set out in note 25. The loans outstanding between the Moko and Deals I Love (Australia) Pty Ltd have no fixed date of repayment but with 10% interest bearing per loan agreement.

	Company	
	2015	2014
	\$	\$
Non-Current		
Loans to subsidiaries:		
MOKO.mobi Inc	12,197,944	(572,875)
Deals I Love (Australia) Pty Ltd	994,584	535,280
Tagroom Pty Ltd	280,686	-
All Night Media Limited	-	(120,014)
Total	13,473,214	(157,609)

No dividends were received from the subsidiaries in the 2015, 2014 or 2013 financial year.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 24: Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent		
	2015	2014	2013
	\$	\$	\$
<i>Statement of profit or loss and other comprehensive income</i>			
Loss after income tax	(6,004,302)	(12,914,498)	(5,708,811)
Total comprehensive income	(6,004,302)	(12,914,498)	(5,708,811)
<i>Statement of financial position</i>			
Total current assets	6,766,544	9,704,387	1,794,926
Total assets	26,864,720	13,051,229	6,751,268
Total current liabilities	1,639,624	1,627,957	4,968,239
Total liabilities	1,685,154	1,663,004	5,014,144
Equity			
Issued capital	58,214,371	41,679,662	24,656,473
Reserves	10,246,474	8,420,633	2,859,360
Accumulated losses	(43,281,279)	(38,712,070)	(25,797,571)
Total equity	25,179,566	11,388,225	1,718,261

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 24: Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at fair value, less any impairment, in the parent entity.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Note 25: Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

The entities and interests acquired are set out below:

	Country of incorporation	Entity interest		
		2015	2014	2013
Moko Mobi Inc	United States of America	100%	100%	100%
Moko Door Foundation	United States of America	100%	-	-
All Night Media Limited	England	100%	100%	100%
Paper Tree Limited	British Virgin Islands	100%	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

Name	Country of incorporation	Parent Ownership interest	Non-controlling Ownership interest
Deals I Love (Australia) Pty Ltd ⁽¹⁾	Australia	51%	49%
Tagroom Pty Ltd ⁽²⁾	Australia	80%	20%

(1) The Non-controlling Interest holds 49% of the voting rights of Deals I Love (Australia) Pty Ltd.

(2) The Non-controlling Interest holds 20% of the voting rights of Tagroom Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 25: Subsidiaries (continued)

Summarised financial information

Summarised financial information of the subsidiaries with non-controlling interests that are material to the Consolidated Entity are set out below:

Tagroom Pty Ltd

	2015
	\$
Summarised statement of financial position	
Current assets	26,926
Non-current assets	7,160
Total assets	34,086
Current liabilities	640,914
Non-current liabilities	-
Total liabilities	640,914
Net assets	(606,828)
Summarised statement of profit or loss and other comprehensive income	
Revenue	43,735
Expenses	(710,992)
Profit before income tax	(667,257)
Income tax expense	-
Profit after income tax	(667,257)
Other comprehensive income	-
Total comprehensive income	(667,257)
Statement of cash flows	
Net cash used in operating activities	(544,370)
Net cash used in investing activities	(10,246)
Net cash provided by financing activities	552,401
Net (decrease) in cash and cash equivalents	(2,215)
Other financial information	
Loss attributable to non-controlling interests	(133,451)
Accumulated non-controlling interests at the end of reporting period	(133,451)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 25: Subsidiaries (continued)

Deals I Love (Australia) Pty Ltd

	2015	2014
	\$	\$
Summarised statement of financial position		
Current assets	140,551	136,447
Non-current assets	2,485	2,485
Total assets	143,036	138,932
Current liabilities	1,266,592	961,942
Non-current liabilities	-	-
Total liabilities	1,266,592	961,942
Net assets	(1,123,556)	(823,010)
Summarised statement of profit or loss and other comprehensive income		
Revenue	1,990,291	4,274,571
Expenses	(2,290,837)	(4,527,831)
Profit before income tax	(300,546)	(253,260)
Income tax expense	-	-
Profit after income tax	(300,546)	(253,260)
Other comprehensive income	-	-
Total comprehensive income	(300,546)	(253,260)
Statement of cash flows		
Net cash used in operating activities	(390,975)	(416,697)
Net cash provided by financing activities	385,000	402,832
Net (decrease) in cash and cash equivalents	(5,975)	(13,865)
Other financial information		
Loss attributable to non-controlling interests	(147,268)	(124,098)
Accumulated non-controlling interests at the end of reporting period	(271,366)	(124,098)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 26: Earnings per share

	2015 \$	2014 \$	2013 \$
(a) Earnings per share from continuing operations			
Loss after income tax attributable to owners of MOKO Social Media Limited	(20,013,288)	(13,472,361)	(4,711,294)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	609,883,178	472,906,543	306,882,356
	2015 cents	2014 cents	2013 cents
Basic earnings per share	(3.28)	(2.85)	(1.54)
	2015 \$	2014 \$	2013 \$
(b) Earnings per share from discontinued operations			
Loss after income tax attributable to owners of MOKO Social Media Limited	-	-	(1,566,785)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share		472,906,543	306,882,356
	2015 cents	2014 cents	2013 cents
Basic earnings per share	-	-	(0.51)
	2015 \$	2014 \$	2013 \$
(c) Earnings per share from loss			
Loss after income tax attributable to owners of MOKO Social Media Limited	(20,013,288)	(13,472,361)	(6,278,079)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	609,883,178	472,906,543	306,882,356
	2015 cents	2014 cents	2013 cents
Basic earnings per share	(3.28)	(2.85)	(2.05)

(d) 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.

Note 27: Contingencies

There were no contingent liabilities at 30 June 2015 (2014: \$nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 28: Commitments

Rental Lease	Consolidated	
	2014	2013
\$	\$	\$
Within one year	414,406	242,086
One and five years	563,305	361,855
More than five years	-	-
	977,711	603,941

The Consolidated Entity leases its offices in United States of America and Australia. The US lease includes a three-year lease commitment for a New York office until November 2017 and a three-year lease commitment for an office in Alexandria, VA until September 2017.

During the year an amount of \$453,673 (2014: \$198,236) was recognised as an expense in profit or loss in respect of operating rental leases.

Note 29: Reclassification of Comparatives

The research and development tax credit received from the Australian government for the years ended 30 June 2014 (\$1,082,953) and 2013 (\$1,008,231) were previously classified as an income tax benefit. In the 2015 financial year it has been determined that a more accurate application of the relevant accounting standards dictates that the amount of the tax credit received from the Australian government be recognised as other income. Consequently, the 2014 and 2013 comparative information has been accordingly reclassified. The effect is that Other Income for 2014 and 2013 has increased by \$1,082,953 and \$1,008,231 respectively, and income tax benefit has decreased by the equivalent amounts.

Note 30: Events occurring after the statement of financial position date

Option Issues

Since 30 June 2015, the following options over American Depositary Shares have been issued:

- On 18 September 2015, 20,000 options over ADSs (equivalent to 800,000 ordinary shares) with an exercise price of US\$4.00 and an expiry date of 31 July 2017; and
- On 22 September 2015, 25,000 options over ADSs (equivalent to 1,000,000 ordinary shares) with an exercise price of US\$3.00 and an expiry date of 22 September 2017.

Since 30 June 2015, the following options over American Depositary Shares have been cancelled due to vesting conditions not being met:

- On 18 September 2015, 7,500 options over ADSs (equivalent to 300,000 ordinary shares) with an exercise price of US\$4.58 and an expiry date of 3 November 2017; and
- On 18 September 2015, 7,500 options over ADSs (equivalent to 300,000 ordinary shares) with an exercise price of US\$4.58 and an expiry date of 3 November 2018.

Share Issues

On 14 July 2015, the Company filed a Form F-3 Registration Statement with the Securities Exchange Commission for a maximum aggregate public offering of up to US \$40,000,000. The Form F-3 is used by foreign private issuers in the U.S. to register offerings of securities and can be utilised in stages over three years. This provides MOKO with additional flexibility to approach the U.S. market for capital over the medium term. No proceeds have been received to date.

Option Investment

On 4 September 2015, MOKO executed an amendment to the Share Purchase Agreement dated April 24, 2015 with Big Teams LLC ("Big Teams"). Subject to the terms and conditions of the Share Purchase Agreement and MOKO is not in default of the Agreement, the Amendment extends the option for MOKO to invest an additional One Million Five Hundred Thousand U.S. Dollars (US\$1,500,000.00) in Big Teams LLC from 1 October 2015 to 1 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 30: Events occurring after the statement of financial position date (continued)

Director Appointments

On 23 September 2015, MOKO announced that Emma Waldon would be appointed as a Non-Executive Director effective from 1 October 2015.

On 24 September 2015, MOKO announced that Diana Rhoten would be appointed as a Non-Executive Director effective from 1 October 2015.

No other matter or circumstance has arisen since 30 June 2015 that has or may significantly affect:

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

Note 31: Auditor's remuneration

	Consolidated	
	2015	2014
	\$	\$
Audit services		
Audit and review of financial reports – BDO	335,715	318,537
F1 review of financial reports – BDO	23,614	200,019
Tax advice - BDO	-	10,790
	359,329	529,346

Note 32: Discontinued operations

This note relates to the 2013 financial year.

(a) Details of operations disposed

On 27 April 2013, the board of directors entered into a sales agreement to dispose of Antiphony Management Holdings Limited (AMH) and its operating subsidiaries (the AMH Group), which were incorporated in and operated mobile content businesses from, the United Kingdom. The sale was completed on 29 April 2013, on which date control of the business passed to the acquirer.

The business had been operating in a challenging market environment and was becoming cash flow intensive due to the high up-front marketing costs and lower margins with significant competitor activity, making it difficult for management to actively seek growth and maintain acceptable profitability.

The entities disposed of include:

- Antiphony Management Holdings Limited
- Cell Media International Limited
- Blue Stream Mobile Limited
- Mobgains Limited
- Antiphony Limited
- Southern Breeze Trading 3 (PTY) Ltd
- American Mobile Ventures Limited

The gross sales consideration received was GBP1.00 (\$2.00). Additional potential consideration of up to GBP2,125,000 (\$3,204,644) has not been brought to account as it is contingent on business performance and unlikely to being received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 32: Discontinued operations (continued)

(b) Financial performance of operations disposed of during the year (2015 and 2014: Nil)

	2013
	\$
Revenue	9,128,887
Gain on acquisition of subsidiaries	-
Interest received	-
Content expenses	(7,545,664)
Expenses	(2,089,545)
Depreciation and amortisation	(94,346)
Loss before tax from discontinued operations	(600,668)
Income tax expense	(205,097)
Loss after income tax	(805,765)
Loss on disposal before income tax	(761,020)
Income tax expense	-
(Loss)/profit after income tax expense from discontinued operations	(1,566,785)

The loss from discontinued operations of \$1,566,785 is attributable entirely to the owners of the company.

(c) Assets and liabilities an cash flow information of disposed group

The major classes of assets and liabilities of AMH Group at 29 April 2013 were as follows:

	2013
	\$
Cash and cash equivalents	86,549
Trade and other receivables	958,576
Other current assets	155,654
Property, plant and equipment	372,022
Total assets	1,572,801

	2013
	\$
Trade and other payables	1,499,391
Total liabilities	1,499,391
Net assets/ (liabilities)	73,410

(d) Cash flow information of disposed group

	2013
	\$
Operating activities	(316,504)
Investing activities – including payments for sale	(330,335)
Financing activities	(458,647)
Net cash (outflow) / inflow	(1,105,486)

(e) Consideration Paid

	2013
	\$
Gross Sales Consideration	2
Less: Amounts payable on disposal	(422,700)
Less: Liabilities assumed	(264,912)
Net disposal consideration	(687,610)
Net Assets disposed of in AMH Group	(73,410)
Loss on disposal before income tax	(761,020)

(f) Net cash outflow on disposal

	2013
	\$
Cash	(256,087)
Less: Cash and cash equivalents disposed of	(86,549)
Reflected in the consolidated statements of cash flows	(342,636)

**Amended and Restated
License and Services Agreement**

IMLeagues LLC

(IML)

and

MOKO Social Media Limited

(MOKO)

*** Certain confidential information contained in this document, marked by brackets, has been omitted and filed with the Securities and Exchange Commission pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

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LICENSE AND SERVICES AGREEMENT

Parties

1. **IMLeagues LLC** of 66 Bogart Ct, Princeton, NJ 08540 (**IML**)
2. **MOKO Social Media Limited** (ACN 111 082 485) of Suite 4, Level 9, 341 George Street, Sydney NSW 2000 (**MOKO**)

Introduction

- A. IML owns all right, title, and ownership in and to the IML Website, the API, and IML Data.
- B. MOKO owns all right, title, and ownership in and to REC*IT and wishes to develop REC*IT utilizing the IML Data.
- C. IML and MOKO are parties to a License and Services Agreement dated October 10, 2013. IML and MOKO desire to amend and restate the October 10, 2013 License and Services Agreement in its entirety as set forth herein.

Operative clauses

1. PRELIMINARY

1.1 Definitions

In this Agreement:

Agreement means this agreement and all schedules and annexures thereto;

API means IML's application programming interface as developed for, and related to, the IML Data, for which IML will provide MOKO access pursuant to the terms of this Agreement.

Bonus means the amount calculated in the manner specified in Item 6 of Schedule 1;

Business Day means a day of the week excluding Saturday, Sunday or a federal holiday in the United States;

College Activities means college intramurals, college fitness programs, and college club sports.

Commencement Date means the date set out in Item 1 of Schedule 1;

Corporate User means a college which has registered to use REC*IT;

Fees means the fees calculated in the manner and payable at the times set out in Item 3(b) of Schedule 1;

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IML Business means the business of operating the IML Website and college intramural scheduling and various other applications related to college activities;

IML Data means the data collected by IML and provided to MOKO under this Agreement, as set forth in the Schedule 3 attached to this Agreement;

IML Trade Mark means the trade mark(s) related to the IML Website, whether registered or unregistered;

IML User means a college that has an account with the IML Website or IML applications;

IML Website means the sports website “www.imleagues.com” and such other websites or applications operated by IML relating to College Activities;

Individual IML User means an individual who has registered to use the IML Website;

Individual MOKO User means an individual who has registered to use REC*IT;

Insolvency Event in relation to a Party means any of the following events:

- (a) the Party ceases to (or is unable to) pay its creditors in the ordinary course of business, or announces its intention to do so;
- (b) a receiver, manager, receiver and manager, administrative receiver or similar officer is appointed to the Party or any of its assets;
- (c) the Party enters into, or resolves to enter into, a scheme of arrangement, compromise or composition with any class of creditors;
- (d) a resolution is passed or an application to a court is taken for the winding up, dissolution, official management or administration of that Party; or
- (e) anything having a substantially similar effect to any of the events specified above happening under the law of any applicable jurisdiction;

Intellectual Property Rights means the rights comprised in any patent, copyright, design, trade mark, eligible layout or similar rights whether at common law or by statute, rights to apply for registration under a statute in respect of those or like rights and rights to protect trade secrets, know-how, goodwill or Confidential Information;

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Parties means IML and MOKO, and **Party** means either of them;

Percentage means the percentage referred to in Item 5 of Schedule 1;

REC*IT means a mobile application available via mobile web HTML5 and native applications with main features including aggregating of College Activities and information including activity availability, schedules, results, standings and players. REC*IT aims to customize the experience to specific users, by providing them with information relevant to the teams they play in and activities they partake in. In addition REC*IT integrates socialization and communication strategies through existing social networking channels and embedded chat and media sharing and Upgrades;

REC*IT Business means the business of operating REC*IT;

REC*IT Data means all data relating to the operation of REC*IT excluding the IML Data;

REC*IT Trademark means the trade mark(s) related to REC*IT, whether registered or unregistered;

Retainer means the fee set out in Item 3(a) of Schedule 1

Services means the services set out in Schedule 2;

Term means the period specified in Item 2 of Schedule 1;

Upgrades means the developments, improvements, modifications, additions and updates made to REC*IT during the Term.

1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- 1.2.1 the Introduction is correct;
- 1.2.2 headings do not affect interpretation;
- 1.2.3 singular includes plural and plural includes singular;
- 1.2.4 words of one gender include any gender;
- 1.2.5 reference to legislation includes any amendment to it, any legislation substituted for it, and any subordinate legislation made under it;
- 1.2.6 a month is a calendar month;
- 1.2.7 reference to a person includes a corporation, joint venture, association, government body, firm and any other entity;
- 1.2.8 reference to a Party includes that Party's personal representatives, successors and permitted assigns;

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- 1.2.9 reference to a thing (including a right) includes a part of that thing;
- 1.2.10 a reference to *conduct* includes any omission and any statement or undertaking, whether or not in writing;
- 1.2.11 mentioning anything after *include*, *includes* or *including* does not limit what else might be included;
- 1.2.12 a provision must not be construed against a Party only because that Party prepared it;
- 1.2.13 if a thing is to be done on a day which is not a Business Day, it must be done on the Business Day after that day;
- 1.2.14 another grammatical form of a defined expression has a corresponding meaning;
- 1.2.15 a reference to this Agreement or any other agreement or document is to this Agreement or that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by this Agreement; and
- 1.2.16 monetary references are references to the United States dollars.

2. LICENSE

2.1 Grant of Licenses

- 2.1.1 Data License. Subject to the terms of this Agreement, IML grants to MOKO, and MOKO accepts the grant of, a non-transferable license to use the IML Data for the Term and any Renewal Term solely as necessary for the performance of its obligations under this Agreement (the **Data License**). During the Term and any Renewal Term, IML shall not grant a Data License to any REC*IT competitor for use relating to College Activities.
- 2.1.2 API License. Subject to the terms of this Agreement, IML grants to MOKO, and MOKO accepts the grant of, a non-transferable license to use the API solely as set forth on Schedule 4 (the **API License**). During the Term and any Renewal Term, IML shall not grant an API License to any REC*IT competitor for use relating to College Activities.

2.2 Restrictions on Use

- 2.2.1 IML Data. MOKO will not (and will not permit any third party to) make any use or disclosure of the IML Data that is not expressly permitted under this Agreement. Without limiting the foregoing, MOKO shall not (and will not permit any third party to): (i) resell, distribute, or sublicense the IML Data; (ii) contact an individual using any information contained in the IML Data, whether by e-mail, phone, mail, or otherwise, after the individual has opted out of receiving such contact; (iii) store any IML Data, register IML accounts, or sign up for teams or fitness classes, provided, however, that MOKO may temporarily store copies of the IML Data in RAM that are incidental to MOKO's accessing and viewing of such IML Data, and may temporarily store files pertaining to the IML Data as they are automatically cached on MOKO's systems solely for purposes of enhancing the performance of REC*IT; or (iv) use any information

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contained in the IML Data to send any individual a communication that contains Objectionable Content. For purposes of this Agreement, “Objectionable Content” means content that: (x) is pornographic, illegal, racist, libellous, defamatory, contrary to public policy, infringing of a third party’s intellectual property or other rights, or otherwise unlawful; (y) contains hate speech, “spam,” malicious code, adware, spyware or drive-by download applications; and/or (z) promotes pornography, the use of illegal substances, illegal activity, racism, hate, “spam,” mail fraud, pyramid schemes, investment opportunities, or advice not permitted by law.

- 2.2.2 API. MOKO shall not (and will not permit any third party to): (i) use the API in a manner that is not in compliance with this Agreement or all federal, state, and local statutes and regulations; (ii) reverse engineer, decompile or disassemble any program code or otherwise attempt to discover the source code of the API; (iii) copy, modify, create derivative works of, sublicense, sell, lease, loan, rent, distribute, convey, pledge as security or otherwise encumber the API or any part thereof; (iv) remove proprietary notices or legends or other indicia of ownership included in or on the API; (v) place the API in the possession or under the control of any person other than an employee or agent of the MOKO.

2.3 **Limited Exclusivity**

- 2.3.1 For the avoidance of doubt, neither the Data License or the API License shall in any way affect IML’s right to use the IML Data.

- 2.3.2 During the Term:

- (a) and for seven (7) years thereafter, neither MOKO nor any affiliate of MOKO will, directly or indirectly, provide website or mobile applications for use in any business that competes with the IML Business or assist any business that competes with the IML Business to compete with the IML Business.
- (b) MOKO shall ensure that REC*IT shall solely and exclusively be accessible via a mobile specific service. For the avoidance of doubt, MOKO will ensure that REC*IT is not accessible via any non-mobile website, and that should a person attempt to access REC*IT via a normal, non-mobile website browser, it will display a warning that REC*IT is only to be accessed from a mobile device and said person shall not be able to access REC*IT via the non-mobile website browser.
- (c) Neither IML nor any affiliate of IML will directly or indirectly use any native mobile application that is competitive with REC*IT for College Activities or assist any business that competes with REC*IT in the native mobile application space to compete with REC*IT with respect to College Activities.

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2.4 **Renewal**

- 2.4.1 Subject to Section 2.4.2 below, this Agreement shall automatically renew for additional one (1) year terms (which shall start January 1 and end December 31) (each, a **Renewal Term**) unless MOKO provides IML written notice of MOKO's intention not to renew at least 120 days before the expiration of a Renewal Term (the **Renewal Notice Date**); provided, however, that in order for the Agreement to renew as described herein, MOKO must (i) not be in material breach of the Agreement, and (ii) pay to IML for each Renewal Term the greater of (A) the Renewal Fee for such year as provided in Schedule 1 Item 7 (the **Renewal Fee**), or (B) a ten percent (10%) share of the Net Revenue earned by REC*IT during such Renewal Term (the **Revenue Share**). For purposes of this Agreement, **Net Revenue** means the net Revenue of REC*IT related to College Activities as determined in accordance with U.S. Generally Accepted Accounting Principals. If MOKO chooses to renew, then MOKO shall pay the Renewal Fee to IML thirty (30) days in advance of such Renewal Term, and failure by MOKO to do so shall be deemed a nonremedial material breach of the Agreement by MOKO as described in Section 10 of this Agreement. If, at the conclusion of such Renewal Term, the Revenue Share exceeds the Renewal Fee, then MOKO shall pay to IML the difference between the Revenue Share and the Renewal Fee within thirty (30) days of the end of that Renewal Term. MOKO will provide to IML a Net Revenue report with each Revenue Share payment.
- 2.4.2 IML and MOKO agree that upon the expiration of the Term of the Agreement, the Agreement shall be automatically renewed for 2 successive Renewal Terms, subject to the terms and payment obligations set forth in Section 2.4.1.

3. **SERVICES**

In providing the Services, IML shall perform the Services with due skill, care and diligence.

4. **RESPONSIBILITIES OF THE PARTIES**

Each Party shall use commercially reasonable efforts to:

4.1 **Ongoing**

- 4.1.1 cooperate with the other Party to:
- (a) co-develop a technical strategy to achieve optimal results;
 - (b) assign appropriate resources to support the above;
 - (c) provide and adhere to a reasonable schedule for development;
- 4.2.1 resolve issues reported by the other Party;
- 4.2.2 (a) continue to operate the IML Business and maintain the IML Website and API, in the case of IML, and (b) operate the REC*IT Business and maintain REC*IT, in the case of MOKO;
- 4.2.3 at its own cost and within a reasonable time, correct an error, defect, malfunction or nonconformity in: (a) the IML Website and the API, in the case of IML, and (b) REC*IT, in the case of MOKO; and
- 4.2.4 provide ongoing support services, as and when required, to (a) Individual IML Users and IML Users, in the case of IML, and (B) Individual MOKO Users and Corporate Users, in the case of MOKO.
- 4.2.5 (a) undertake any and all other necessary development work to enable the API to allow MOKO and REC*IT to connect to IML data feeds and ingest that data within the REC*IT app, in the case of IML,

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and (b) provide any and all cooperation requested by IML in this regard, in the case of MOKO.

4.2 **Marketing**

Both Parties will jointly advertise, market, and promote REC*IT to IML Users, colleges, Corporate Users and Individual IML Users as follows (the **Promotion Obligation**):

4.3.1 MOKO's responsibilities under the Promotion Obligation shall be mutually determined by the Parties.

4.3.2 IML's responsibilities to promote REC*IT are solely limited to promoting REC*IT to IML Users by:

- (a) the inclusion of a note on every IML User's home page of the IML Website displaying information about REC*IT and a link to download REC*IT;
- (b) the inclusion of promotional language in relation to REC*IT and/or endorsement of REC*IT at the bottom of the majority of IML's outgoing emails and materials to IML Users and colleges in a manner and form to be determined by IML in its sole and absolute discretion.
- (c) making commercially reasonable efforts to promote REC*IT across additional IML assets.

5. **RESPONSIBILITIES OF MOKO**

5.1 **REC*IT**

5.1.1 MOKO will timely pay to IML all Fees as set out in Schedule 1 and any Renewal Fees and Revenue Share, if applicable.

5.1.2 MOKO will accept and ingest the IML Data provided by IML into REC*IT.

5.1.3 MOKO will at its own cost:

- (a) maintain, develop and market, subject to Section 4 herein, REC*IT; and
- (b) create, maintain and update the REC*IT Data.

5.1.4 MOKO shall host REC*IT. Except for scheduled and emergency maintenance, MOKO shall use commercially reasonable efforts to ensure that REC*IT is available twenty-four (24) hours a day, seven (7) days a week.

5.1.5 MOKO acknowledges and agrees that it shall remove any advertising placed on REC*IT that may, without limitation, violate applicable law and/or any Corporate User's policy.

5.1.6 MOKO acknowledges and agrees that it shall enter into written agreements with Corporate Users and Individual MOKO Users that contain terms that: (a) are no less restrictive and no less protective of IML than the terms set forth in this Agreement and IML's online user Terms and Conditions, which are available at <http://www.imleagues.com/Portal.aspx?Portal=TermsCondition>, and

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(b) expressly and prominently state that REC*IT is not owned or operated by IML.

- 5.1.7 MOKO acknowledges and agrees that, from time to time, one or more of IML's advertiser clients may wish to place advertisements on REC*IT (**IML Client Advertisements**), and MOKO shall cooperate with IML directly to place such IML Client Advertisements on REC*IT subject to rates and availability as reasonably determined by REC*IT. Insertion orders may be issued by IML on behalf of their advertiser client, and invoicing shall be made out to IML based on terms of net 30 days from the end of the month in which impressions were served.
- 5.1.8 MOKO acknowledges and agrees that it shall give Individual MOKO Users and Corporate Users the options, and shall comply with any Individual MOKO Users and Corporate Users' decision to exercise said options, of: (a) opting out of providing to MOKO certain types of data (the **Opt Out Option**), and (b) cancelling, deleting, and/or deactivating their accounts and/or registrations with MOKO (the **Cancellation Option**).
- 5.1.9 Subject to the Moko Non-Mobile Obligation, MOKO acknowledges and agrees that within one (1) year from the Commencement Date, MOKO must launch, and maintain thereafter for the duration of the Term, REC*IT in both native iPhone and Android applications.

6. JOINT RESPONSIBILITIES

6.1 License of Trade Marks

- 6.1.1 IML grants to MOKO a limited, non-transferrable, non-sublicenseable, and non-exclusive license to use the IML Trade Mark solely for the purposes of:
 - (a) the Promotion Obligation during the Term; and
 - (b) an attribution of reasonable size, placement, and prominence on REC*IT that states, "Official Mobile Partner of IMLeagues" (the **Attribution**).
- 6.1.2 MOKO shall delete or change the Attribution if requested by IML in IML's sole discretion.
- 6.1.3 MOKO will grant to IML a limited, non-transferrable, non-sublicenseable, and non-exclusive license to use the REC*IT Trade Mark solely for the purposes of the Promotion Obligation during the Term.
- 6.1.4 Each Party shall: (a) not use the other Party's trade mark(s) in a way that would cause any person reasonably to infer or would otherwise

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convey the impression that the Parties are in any way affiliated with or otherwise acting on behalf of each other, (b) not do, omit to do, or permit to be done, any act which will or may dilute the other Party's trade marks or tarnish or bring into disrepute the reputation of or goodwill associated with the other Party's trade marks or the other Party, or (c) not apply for, or obtain, or assist any person in applying for or obtaining any registration of the other Party's trade mark, or any trade mark, service mark, trade name or other indicia confusingly similar to the other Party's trade marks.

- 6.1.5 The Parties acknowledge that every use of the other Party's trade marks shall inure to the benefit of the other Party and that the provisions of this paragraph do not convey to a Party any right, title or ownership interest in the other Party's trade marks. Neither Party shall take any action or a lack of action that would in any way impair the other Party's proprietary rights. If either Party (an "Unintended Acquirer") acquires any rights to the other Party's trade mark(s) (the "Trade Mark Owner"), by operation of law, or otherwise, such rights shall be deemed and are hereby irrevocably assigned by the Unintended Acquirer to the Trade Mark Owner without further action by any of the Parties. Each Party agrees not to dispute or challenge or assist any person in disputing or challenging the Trade Mark Owner's rights in and to the Trade Mark Owner's trade marks or the validity of the Trade Mark Owner's trade marks.

6.2 Appointment of Representative

Each Party will appoint a representative as a principal point of contact to deal with the other Party in respect of this Agreement.

7. FEES AND PAYMENT

- 7.1 In consideration of the provision of the Services and the grant of the License, MOKO will pay to IML:
- 7.1.1 the Retainer; and
 - 7.1.2 the Fees.
 - 7.1.3 any Bonus, Renewal Fees and Revenue Share that become due and owing pursuant to the terms of this Agreement.

8. INTELLECTUAL PROPERTY

8.1 Ownership

- 8.1.1 Title to and ownership of REC*IT and the REC*IT Data, including copies thereof and all Intellectual Property Rights therein, will remain at all times with MOKO. No title or ownership of REC*IT or the REC*IT Data or any part of it is transferred to IML.
- 8.1.2 Title to and ownership of the IML Website, the API, and the IML Data, including copies thereof and all Intellectual Property Rights therein, will remain at all times with IML. No title or ownership of the IML Website, the API, and the IML Data or any part of it is transferred to MOKO.

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8.2 Security

MOKO shall use commercially reasonable measures to protect the IML Data and REC*IT Data at all times from unauthorised access or use.

8.3 Infringements

8.3.1 Each Party shall inform the other Party forthwith upon becoming aware of any third party infringement of the other Party's Intellectual Property Rights and/or challenges to the other Party's ownership and/or right to use the IML Website, the API, the IML Data, REC*IT or REC*IT Data (as the case may be) or any other matter that may reasonably be expected to have a material effect on the IML Website, the API, the IML Data, REC*IT or REC*IT Data (as the case may be).

8.3.2 The Parties shall cooperate and provide reasonable non-monetary assistance to each other to pursue or defend the matters described in Section 8.3.1.

9. WARRANTIES, LIABILITIES AND INDEMNITIES

9.1 Entity Status and Authority

9.1.1 IML warrants to MOKO that it is a company duly existing under the laws of New Jersey and has full corporate power and authority to enter into this Agreement and complete the transactions contemplated by this Agreement.

9.1.2 MOKO warrants to IML that it is a company duly existing under the laws of Australia and has full corporate power and authority to enter into this Agreement and complete the transactions contemplated by this Agreement.

9.2 Mutual Warranties

The Parties warrant to each other that:

9.2.1 the execution, delivery and performance of this Agreement has been duly and validly authorised by all necessary action on their part and this Agreement is a valid and binding agreement on them enforceable in accordance with its terms; and

9.2.2 entry to this Agreement and the performance of their obligations under this Agreement do not and will not violate or conflict with or result in a breach of or constitute a default under or result in the imposition of any encumbrance under the provisions of their constitutions or any other instrument.

9.3 Warranties by IML

IML warrants to MOKO that:

9.3.1 IML is currently the owner of, and/or has obtained the right to use and license as set forth in this Agreement, the IML Website and the IML Data (free from encumbrances);

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9.3.2 the use by MOKO of the IML Data in accordance with this Agreement:

- (a) will not breach or infringe the rights, including any Intellectual Property Rights, of any person; and
- (b) does not require any further consent of IML or anyone else.

9.3.3 IML's work on the API shall be performed in a competent, professional, and workman-like manner, in accordance with current industry standards.

9.4 **Warranties by MOKO**

Moko warrants to IML that:

9.4.1 MOKO's work on REC*IT shall be performed in a competent, professional, and workman-like manner, in accordance with current industry standards;

9.4.2 MOKO's employees who work on REC*IT shall be qualified to perform the tasks and functions which they are assigned; and

9.4.3 REC*IT and all intellectual property therein will not infringe any Intellectual Property Right of any third party.

9.4.4 Advertisements on REC*IT shall not: (i) infringe any Intellectual Property Right, right of publicity, or other proprietary rights of any third party; (ii) be threatening, tortious, defamatory, libellous, indecent, obscene, pornographic, invasive of another's privacy, or promote violence, alcohol, or tobacco products; or (iii) disclose any sensitive information about another person, including that person's e-mail address, postal address, phone number, credit card information, or any similar information.

9.5 **Disclaimer**

Except as expressly set forth herein, the IML Website, the API, the IML Data, REC*IT, and the REC*IT Data are provided "as is" and "as available," and neither Party makes any warranties with respect to same and hereby disclaims any and all express, implied or statutory warranties. To the extent that either Party may not as a matter of applicable law disclaim any implied warranty, the scope and duration of such warranty will be the minimum permitted under such law.

9.6 **Indemnities**

Each Party (the **Indemnifying Party**) shall indemnify, defend, and hold harmless the other Party (the **Indemnified Party**) from and against all and any losses, liabilities, damages, fines, and related costs and expenses (including reasonable legal fees) which the Indemnified Party may incur in connection with any third party claim, action, or proceeding to the extent arising from or relating to: (i) any breach or default by the Indemnifying Party of its representations or warranties herein, (ii) the Indemnifying Party's gross negligence or wilful misconduct.

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9.7 Limitation of Liability

Except with respect to an indemnifying Party's indemnification obligations for third party claims under Section 9.6 or a party's liability for breach of its confidentiality obligations under Section 12: (A) in no event shall either Party be liable for any special, incidental, indirect, or consequential damages of any kind arising out of or in connection with this Agreement, whether or not the Party has been advised of the possibility of such damages, and (b) each Party's maximum liability arising out of or in connection with this Agreement, regardless of the cause of action (whether in contract, tort, breach of warranty, or otherwise), will not exceed the amount of fees paid to IML by MOKO during the twelve (12) month period immediately preceding the claim.

10. TERMINATION

10.1 Either Party may terminate this Agreement as follows:

10.1.1 immediately upon the provision of written notice to the other Party if said Party is in material breach of any of its obligations under this Agreement which is not remediable, or if remediable, it has failed to remedy within thirty (30) Business Days of written notice requiring it to do so (a **Termination for Breach**);

10.1.2 immediately upon the provision of written notice to the other Party if said Party suffers an Insolvency Event;

10.2 In the event of a Termination for Breach during the Term or any Renewal Term:

10.2.1 if the breaching Party is MOKO, MOKO shall forfeit any Fees or Renewal Fees paid in advance by MOKO for the year in which such breach occurs, and MOKO shall pay to IML, within thirty (30) days of the date of such termination, (the **TFB Date**) (i) twenty percent (20%) of the Fees for each remaining year of the Term or Renewal Term plus (ii) if such Termination for Breach occurs prior to December 31, 2018, (20%) of the Renewal Fee for each remaining Renewal Term, each to the extent such Fee or Renewal Fee has not been paid as of the TFB Date; and

10.2.2 if the breaching party is IML, IML shall pay to MOKO (i) all of the Fees already paid by MOKO for the year in which such breach occurs, plus (ii) any Renewal Fee paid in advance of a Renewal Term pursuant to Section 2.4.1, plus (iii) (a) if such breach occurs on or prior to December 31, 2017, twenty percent (20%) of the unpaid Fees for each Remaining Year of the Term, plus (20%) of the Renewal Fee for each remaining Renewal Term, or (b) if such Termination for Breach occurs after December 31, 2017, 20% of the Renewal Fee for the next Renewal Term.

10.3 For the avoidance of doubt, termination of this Agreement does not affect any existing or other rights or claims of the Terminating Party in respect of this Agreement.

10.4 In the event that MOKO terminates this Agreement as a result of a material breach of this Agreement by IML, the provisions of Section 2.3.2(a) of this Agreement shall immediately terminate and be of no further force and effect.

11. EXPIRATION

11.1 Upon the termination or expiration of this Agreement as described herein, each Party shall promptly return to the other Party or, at the other Party's direction, destroy, all property of the other Party (including, all Confidential Information of that other Party) and shall not retain any copies of the same, and shall delete all data of the other party, including individual user data unless an individual user consents to have such data held and/or used by the other party.

11.2 In the event that MOKO chooses not to renew this Agreement or this Agreement terminates as a result of a material breach of the Agreement by MOKO, MOKO shall if requested by IML, place clear notification visible immediately upon opening REC*IT that the application is no longer affiliated with IMLeagues for a period of six (6) months (which notification shall be subject to reasonable approval by MOKO). Such notification may include a link to an IML replacement application and/or additional information.

11.3 In the event that this Agreement terminates as a result of a material breach of the Agreement by IML, IML shall, if requested by MOKO, place clear notification visible on the IML Website homepage that the REC*IT application is no longer affiliated with the IML Website for a period of six (6) months (which notification shall be subject to reasonable approval by IML). Such notification may include a link to a MOKO replacement website application and/or additional information.

12. CONFIDENTIALITY

12.1 The provisions and obligations of this Section 12 shall survive the expiration or early termination of this Agreement.

12.2 A Party (the **Receiving Party**) may only use Confidential Information of the other Party (the **Disclosing Party**):

12.2.1 if necessary to perform the Receiving Party's obligations under this Agreement; or

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12.2.2 if the Disclosing Party otherwise consents to the use in writing.

12.3 The Receiving Party may only disclose Confidential Information of the Disclosing Party:

12.3.1 to the Receiving Party's professional advisers and employees who have a need to know such Confidential Information in connection with the Receiving Party's performance of this Agreement;

12.3.2 to the extent required to be disclosed by applicable law or by any authority or regulatory body having jurisdiction over the Receiving Party (a **Legally Compelled Disclosure**);

12.3.3 if necessary to perform the Receiving Party's obligations under this Agreement;

12.3.4 if the Disclosing Party consents to the disclosure in writing;

12.4 The Receiving Party will protect the confidentiality of any Confidential Information disclosed by the Disclosing Party using at least the degree of care that it uses to protect its own confidential information (but no less than a commercially reasonable degree of care).

12.5 The Receiving Party will, prior to providing any affiliate, employee, or professional adviser access to any Confidential Information of the Disclosing Party, inform such affiliate, employee, or professional adviser of the confidential nature of such Confidential Information and require such affiliate, employee, or professional adviser to comply with the Receiving Party's obligations hereunder with respect to such Confidential Information. The Receiving Party will be responsible to the Disclosing Party for any violation of this Section by any such affiliate, employee, or professional adviser.

12.6 In the event the Receiving Party is required to undertake a Legally Compelled Disclosure (whether by deposition, interrogatory, request for documents, subpoena, civil investigative demand, or other process or otherwise), the Receiving Party shall provide to the Disclosing Party prompt prior written notice of such requirement so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this

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Section. In the event that such protective order or other remedy is not obtained, or that the Disclosing Party waives compliance with the provisions hereof, the Receiving Party shall furnish only that portion of the Confidential Information which it is advised by counsel is legally required to be disclosed, and shall use its best efforts to ensure that confidential treatment shall be afforded such disclosed portion of the Confidential Information.

12.7 In this Section 12, the term “**Confidential Information**” means:

- 12.7.1 any term of this Agreement;
- 12.7.2 trade secrets, know-how, financial data, accounting information, statistics, research, scientific, technical, product, market or pricing information of a Party or relating to a Party's systems, business, employees or contractors;
- 12.7.3 any other information belonging to a Party that is marked “confidential”;
- 12.7.4 the IML Data; and
- 12.7.5 any other information belonging to a Party which would be reasonably understood to be of a confidential nature.

12.8 Notwithstanding any of the foregoing, Confidential Information does not include information which:

- 12.8.1 is or becomes public knowledge without any action by, or involvement of, the Receiving Party;
- 12.8.2 is documented as being known to the Receiving Party prior to its disclosure by the Disclosing Party;
- 12.8.3 is independently developed by the Receiving Party without reference or access to the Confidential Information of the Disclosing Party and is so documented; or
- 12.8.4 is obtained by the Receiving Party without restrictions on use or disclosure from a third person who, to the Receiving Party's knowledge, did not receive it, directly or indirectly, from the Disclosing Party.

13. **TAXES AND WITHHOLDING TAXES**

- 13.1 All amounts payable by MOKO to IML under this Agreement are inclusive of all applicable taxes.
- 13.2 If at any time any applicable law requires MOKO to make any deduction or withhold any moneys in respect of United States taxes from any payment to IML under this Agreement, MOKO shall:
 - 13.2.1 notify IML of the nature of that requirement promptly after MOKO becomes aware of it;
 - 13.2.2 ensure that any such deduction or withholding does not exceed the minimum amount legally required;
 - 13.2.3 pay to the relevant United States authority the full amount of any such deduction or withholding within the time for payment allowed under applicable law; and
 - 13.2.4 promptly deliver to IML copies of any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any such deduction or withholding.

14. **DISPUTE RESOLUTION**

- 14.1 If a dispute arises between the Parties in respect of any matter arising from this Agreement (**Dispute**), a Party seeking to so resolve a Dispute must notify the existence and nature of the Dispute to the other Party (**Notification**). Upon receipt of a Notification, the other Party must refer the Dispute to its directors(s) (or nominees) for resolution.

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- 14.2 Any Dispute which has not been resolved within thirty (30) days of the Notice of such Dispute shall be settled by binding arbitration. The arbitration shall be commenced and conducted under the Comprehensive Arbitration Rules of JAMS, available at the JAMS website www.jamsadr.com; provided, however, that either party may request that discovery be governed by the Federal Rules of Civil Procedure. The arbitration may be conducted in person, through the submission of documents, by phone or online. If conducted in person, the arbitration shall take place in New Jersey. The parties may litigate in court to compel arbitration, to stay proceeding pending arbitration, to confirm, modify, vacate or enter judgment on the award entered by the arbitrator, or for claims relating to the ownership, validity or enforcement of any intellectual property rights.
- 14.3 The arbitration shall be conducted before a panel of one or more arbitrators. The arbitrator(s) shall be selected from the JAMS list of arbitrators pursuant to agreement between the parties or through selection procedures administered by JAMS. The arbitrator(s) shall determine the matters in dispute strictly in accordance with the terms of this Agreement and the substantive law of the State of New Jersey excluding its principles of conflicts of laws, except that the interpretation and enforcement of this arbitration provision shall be governed by the Federal Arbitration Act.
- 14.4 The award of the arbitrators shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues or accountings presented or pled to the arbitrators, provided that THE ARBITRATOR(S) SHALL HAVE NO AUTHORITY TO AWARD EITHER PARTY ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOST PROFITS), OR ATTORNEYS' FEES OR COSTS. Judgment upon the award by the arbitrator(s) may be entered and enforced in any court of competent jurisdiction.
- 14.5 The arbitration and any discovery taken shall be conducted as promptly as possible; provided, however, that neither party shall institute an arbitration proceeding hereunder unless at least thirty (30) days prior thereto such party shall have furnished to the other party written notice by certified mail of its intent to do so. Notice to either party shall be addressed to the point of contact designated in Section 26 ("Notices") herein, and shall be sufficiently detailed to permit the other party to understand the claim(s) and identify witnesses and relevant documents.

15. **FORCE MAJEURE**

Except with respect to failure to pay any amount due under the Agreement, non-performance of either Party shall be excused to the extent that performance is rendered impossible by an act of God, war, civil disturbance, strike, fire, flood, catastrophic weather condition, earthquake, governmental acts, orders or restrictions, failure of suppliers, Internet or telecommunications failure, computer virus, third party interference or other third party software or hardware that may cause interruptions, delays or other problems or losses, failure or fluctuation in electrical power or other utility services, or any other reason where failure to perform is beyond the control and not caused by the negligence of the non-performing Party.

16. **ENTIRE AGREEMENT**

The Parties agree that there are no conditions, warranties or other terms affecting the agreement between the Parties other than those embodied in this Agreement and the documents referred to in this Agreement and that this Agreement and the documents referred to in this Agreement contain the whole of the agreement between the Parties.

17. **ASSIGNMENT AND NOVATION**

Either Party may assign or novate this Agreement in connection with a corporate reorganization, merger, or sale or other transfer of all or substantially all assets to which this Agreement relates; provided, however, that MOKO may not assign (including by operation of law or change of control) or otherwise transfer this Agreement to any competitor of the IML Business, and IML may not assign (including by operation of law or change of control) or otherwise transfer this Agreement to any competitor of REC*IT for College Activities. MOKO may assign this Agreement to a wholly-owned subsidiary of MOKO. Except as provided above, neither Party may assign its rights or interests or its obligations under this Agreement to a third party without the prior written consent of the other Party.

18. **WAIVER**

- 18.1 Waiver of any right arising from a breach of this Agreement must be in writing and signed by the Party granting the waiver.
- 18.2 A failure or delay in exercise, or partial exercise, of a right arising from a breach of this Agreement does not result in a waiver of that right.
- 18.3 A Party is not entitled to rely on a delay in the exercise or non-exercise of a right arising from a breach of this Agreement or from a default under this Agreement as constituting a waiver of that right.
- 18.4 A Party may not rely on any conduct of the other Party as a defence to exercise of a right by that other Party.
- 18.5 This Section may not itself be waived except by writing.

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19. **MODIFICATION**

The provisions of this Agreement shall not be modified, except by agreement in writing signed by the Parties.

20. **RELATIONSHIP**

20.1 Each Party is an independent contractor of the other Party and is not an agent or employee of the other Party.

20.2 A Party does not have any authority to bind or contract the other Party in any manner whatsoever and a Party will not at any time hold itself out to third parties as having authority to enter into or incur any commitments, expenses, liabilities or obligations of any nature on behalf of the other Party.

21. **NON-SOLICITATION**

During the Term and for twelve (12) months thereafter, neither Party nor its affiliates (each a "Soliciting Party") shall solicit, induce or encourage any employee, agent, or contractor of the other Party (the "Non-Soliciting Party") to accept an offer of employment. Should an offer prohibited by the preceding sentence be made and an employee, agent, or contractor of the Non-Soliciting Party be successfully employed by the Soliciting Party or its affiliates, the Soliciting Party shall pay the Non-Soliciting Party an amount equal to six (6) months of salary and/or fees, as the case may be, of the enticed employee, agent, or contractor at the rate paid by the Non-Soliciting Party immediately prior to such employee, agent, or contractor leaving the Non-Soliciting Party's employment. The restrictions set forth in this Section shall not apply to individuals hired by a Party or its affiliates as a result of a general solicitation (such as a newspaper, radio, web or television advertisement) not directed specifically to an employee, agent, or contractor of a Party.

22. **FURTHER ASSURANCES**

The Parties will sign all documents and do all things necessary or desirable to give effect to this Agreement and will procure its officers, employees, agents and sub-contractors to declare, make or sign all documents and do all things necessary or desirable to give full effect to this Agreement.

23. **SURVIVAL**

23.1 Subject to any provision to the contrary, this Agreement will inure to the benefit of and be binding upon the Parties and their successors, trustees, permitted assigns or receivers but shall not inure to the benefit of any other persons.

23.2 The covenants, conditions and provisions of this Agreement which expressly or by their nature are intended to remain in effect after the expiration or termination of the Agreement shall remain in full force and effect following the expiration or termination of the Agreement.

24. **SEVERABILITY**

24.1 Any provision of, or the application of any provision of, this Agreement which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

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24.2 Any provision of, or the application of any provision of, this Agreement which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

24.3 Where any provision of this Agreement is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions of this Agreement.

25. **[RESERVED]**

26. **NOTICES**

26.1 Notice may be given to a person:

26.1.1 personally;

26.1.2 by leaving it at the person's address;

26.1.3 by sending it by pre-paid mail to the person's address;

26.1.4 by sending it by facsimile to the person's facsimile number or by email to the person's email address and then confirming it by pre-paid mail to the person's address.

26.2 Notice is deemed to be received by the addressee:

26.2.1 when left at the addressee's address;

26.2.2 if sent by pre-paid mail, on the fifth Business Day after posting;

26.2.3 if sent by facsimile and confirmed by pre-paid mail, at the time and on the day shown in a sending machine's transmission report which indicates that the whole facsimile was sent to the addressee's facsimile number last notified (or if the day shown is not a Business Day or the time shown is after 5pm at the addressee's location, at 9am on the next Business Day at the addressee's location); and if sent by email and confirmed by pre-paid mail, at 9am on the next Business Day after it was sent, if the sender's transmission report shows that the notice was sent to the person's email address.

27. **EXECUTION**

This Agreement may be executed in counterparts by the respective Parties, each of which when so executed shall be deemed to be an original and all of which taken together shall be of no force and effect until the counterparts are exchanged.

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EXECUTED as an agreement on January 26, 2015

EXECUTED by
IMLeagues LLC

/s/ Gregory Myers
Director

Gregory Myers
Name (Please Print)

EXECUTED by
MOKO Social Media Limited

/s/ Ian Rodwell
Director

Ian Rodwell
Name (Please Print)

/s/ Douglas Myers
Director

Douglas Myers
Name (Please Print)

Director/Secretary

Name (Please Print)

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Schedule 1 - Fees

Item 1: Commencement Date

October 10th, 2013

Item 2: Term

The period that commences on the Commencement Date and ends on the Dec 31st, 2016.

Item 3: Fees

(a) **Retainer** – During the Term, MOKO shall pay to IML a retainer of USD\$ [***] per month, payable monthly on the first of each month. In addition to the licenses granted herein, in consideration for the Retainer, IML shall engage a senior developer (the **Developer**) within 60 days after the execution of this Agreement. If a Developer has not been engaged in the 60 day period the retainer shall be reduced to USD\$[***] per month until the Developer has been hired. IML shall consult with MOKO in, but shall retain full authority over, the engagement and firing of the Developer, and in the engagement of a replacement Developer should the Developer vacate the position for any reason.

(b) **Fees:**

On the relevant Payment Date, if IML satisfies all of the conditions and agreed responsibilities referred to in Items 4 and 6 in this document, IML will be entitled to:

- (i) the Fee referred to below; and
- (ii) the Bonus (if applicable).

Year 1

Payment Date	Fee (USD)
On the Commencement Date	A one-time fee of \$ [***] payable within 30 days of the Commencement Date
On Dec 31 st , 2013	\$ [***]
On the date that is 6 months after the Commencement Date	\$ [***]
On the date that is 9 months after the Commencement Date	\$ [***]

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Year 2

Payment Date	Fee (USD)
Oct. 10, 2014 (already paid)	\$ [***]
On the execution of the Amended and Restated Agreement	\$ [***]
On the completion by IML of the API endpoints listed in Part 2 of Schedule 4	\$ [***]
	If the API endpoints listed in Part 2 of Schedule 4 are completed by within 45 days from the date of the execution of the Amended and Restated Agreement, MOKO shall pay IML an additional \$ [***].
On the date that is 6 months after the first anniversary of the Commencement Date	\$ [***]
On the date that is one day prior to the second anniversary of the Commencement Date	\$ [***]

Year 3

Payment Date	Fee (USD)
On the second anniversary of the Commencement Date	\$ [***]
On the date that is 6 months after the second anniversary of the Commencement Date	\$ [***]

Item 4: KPIs

- (a) The **First Fee Payment**, which was previously paid by MOKO, related to the completion of data feeds as required by MOKO within 60 days of the Commencement Date of the previous agreement.
- (b) After Year One, if on the relevant Payment Date of a Fee, less than [**] IML Users shall be using IML Websites, a Percentage of a Fee is payable.

Item 5: Percentage

During the Term, in calculating a Fee, the Percentage applicable will be determined by reference to the following table:

Minimum No. of IML Users throughout the period in respect of which the Fee relates	Percentage
[***] IML Users	[***]
[***] IML Users	[***]

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Minimum No. of IML Users throughout the period in respect of which the Fee relates	Percentage
*** IML Users	***
*** IML Users	***
*** IML Users	***
*** IML Users	***
*** IML Users	***
*** IML Users	***
*** IML Users	***
*** IML Users	***

Item 6: Bonus

- (a) **College IML Team Bonus.** If, throughout Year 2 or 3 of the Term, the number of College IML Users exceeds 600, MOKO will pay to IML USD \$1,000 for each College IML User in excess of 600 that has at least twenty-five (25) Individual IML Users. Such College IML Team Bonus will be due and payable on October 9, 2015 for Year 2 and October 9, 2016 for Year 3.
- (b) **College Fitness Program Bonus.** For Year 2 and Year 3 of the Term, MOKO will pay IML USD\$*** for each College in excess of *** Colleges who has (i) at least *** (****) unique visitors that have visited their fitness page, either on the IML Website or on REC*IT and (ii) at least *** sessions of a fitness activity listed on the IML Website for such College. Such Fitness Program Bonus will be due and payable on October 9, 2015 for Year 2 and October 9, 2016 for Year 3.

Item 7: Renewal Fee

The **Renewal Fee** for any Renewal Year shall be equal to USD\$*** plus an amount equal to the percentage change in the Consumer Price Index for the one year prior to the date MOKO notifies IML of its intention to renew the Agreement in accordance with Section 2.4.1 of the Agreement, but in no event shall such percentage exceed ***%. The Consumer Price Index means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. city average, all items, not seasonally adjusted, as published by the United States Bureau of Labor Statistics. By way of example only, if the percentage change in the Consumer Price Index is 1.8%, the Renewal Fee would equal \$*** (\$*** plus (\$***)).

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Schedule 2 – Services

1. **Provide commercially reasonable technical support, advice and assistance to MOKO upon reasonable request to facilitate MOKO's development, marketing and maintenance of REC*IT.**
2. **Provide MOKO with data feed in a commercially reasonable format to allow MOKO to gain 24 hour access to the IML Data.**
3. **Create a login setup for users that utilizes standard OAuth (open authorization) that enables users to, at their sole discretion, give IML permission to share certain IML Data with MOKO without sharing their security credentials and any other information users designate should not be shared.**
4. **Provide the services described in Item 3(a) of Schedule 1.**

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Schedule 3 – IML Data

The IML Data shall consist of read only access to the following in connection with College Activities:

Personal Information of the user who Logs In: name, age, gender, year in school, grad year, school affiliation, and e-mails (from users that agree to allow IML to share it with third parties such as MOKO).

Other Information: Teammates (including teammate names, profile picture, gender), teams, game schedules, scores, standings, registration dates, fitness classes, recreation venues, news and announcements, leagues, divisions, statistics, other teams and rosters of those teams.

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Schedule 4 – API License

IML grants MOKO a license to the API solely as necessary for the following purposes (the **API License**):

Part 1

To allow MOKO to access and use the IML Data pursuant to the Data License

Part 2

To provide MOKO with the API endpoints for the following administrative capabilities on the IML Website and IML applications in connection with the College Activities:

1. Login
2. Create account
3. Create team
4. Join team
5. Invitations (to team and associated functions including accept/reject)
6. Free Agents (join and list)

As set forth in Item 3(b) of Schedule 1, if IML has completed Part 2 of the API License by 45 days after the execution of the Amended and Restated Agreement, then MOKO shall pay IML a bonus of \$[***] in addition to the Fee due and owing for completion of this Part 2.

Part 3

To provide MOKO with the API endpoints for the following administrative capabilities on the IML Website and IML applications in connection with the College Activities:

1. Enter winners of games
2. Enter scores
3. Mark attendance
4. Mark MVP
5. Track individual player stats

In addition to the license granted in Parts 1, 2 and 3 of this Schedule 4, IML shall add and provide, within a reasonable timeframe, such additional API endpoints that are relevant to the College Activities as are reasonably requested by MOKO.

Further development requests by MOKO may include (but are not limited to) enhancing data sharing for analytics (e.g., through a dedicated API if most appropriate) to track and measure penetration (i.e., Individual IML Users activity per campus compared to REC*IT user activity per campus) and other related analytics reasonably requested by MOKO.

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SHARE PURCHASE AGREEMENT
(Series B-2)

April 24, 2015 (the "Effective Date")

THIS SHARE PURCHASE AGREEMENT (this "**Agreement**") is entered into as of the date set forth above by and among Big Teams LLC, a Virginia limited liability company (the "**Company**"), and MOKO Social Media Limited, a company organized under the laws of Australia (the "**Purchaser**").

The parties hereby agree as follows:

1. Purchase and Sale of Series B-2 Preferred Shares.

1.1 Sale and Issuance of Shares.

(a) The Company shall adopt on or before the Closing (as defined below) the Amended and Restated Operating Agreement in the form of Exhibit A attached to this Agreement (the "**Operating Agreement**").

(b) Subject to the terms and conditions of this Agreement, the Purchaser agree to purchase at each Closing (defined below) and the Company agrees to sell and issue to the Purchaser at each Closing the below indicated number of Series B-2 Preferred Shares (as defined in the Operating Agreement) (the "**Series B-2 Preferred Shares**") at a purchase price of \$1.945 per Series B-2 Preferred Share. The number of Series B-2 Preferred Shares issuable for the Initial Closing (as defined herein) is Five Hundred and Fourteen Thousand One Hundred and Thirty-nine (514,139) (the "**Initial Investor Shares**"). The number of Series B-2 Preferred Shares issuable for the Option Closing (as defined herein) is Seven-Hundred and Seventy One Thousand and Two-hundred Eight (771,208) (the "**Option Shares**"). The Initial Investor Shares and the Option Shares shall be referred to in this Agreement as the "**Investor Shares**."

1.2 Initial Investment.

(a) Purchaser irrevocably commits invest One Million U.S. Dollars (\$1,000,000.00) in the Company ("**Initial Investment Amount**"), which shall paid in immediately available funds to the Company pursuant to the following schedule: (i) Two Hundred Thousand U.S. Dollars (\$200,000.00) at Closing; (ii) Five Hundred Thousand U.S. Dollars (\$500,000.00) on or before July 1, 2015; and (iii) Three Hundred Thousand U.S. Dollars (\$300,000.00) within the earlier of: (i) two (2) business days of Purchaser submitting a mobile application to both the Apple and Android app stores, or (ii) August 1, 2015.

(b) Purchaser shall have the following investment rights: (i) rights associated with the rights of the Series B-2 Preferred Shares shall be pro-rata and consistent with

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the rights of the Series B-1 Preferred Shares; (ii) tag-along and drag-along rights shall be consistent with the rights of the Series B-1 Shares; as further indicated in the Operating Agreement and the Transaction Documents. Notwithstanding anything to the contrary, the only right that Purchaser does not have that the holders of Series B-1 Preferred Shares have is a right of first refusal under the Right of First Refusal and Co-Sale Agreement.

1.3 Option Investment

(a) Subject to the terms and conditions of this Agreement and provided that Purchaser has paid the Initial Investment Amount, the mobile application has been submitted and approved by both the Apple and Android app stores, and the Purchaser is not in default of this Agreement, the Operating Agreement, or any Transaction Agreement, the Purchaser shall have a six-month option ("**Option**") to invest an additional One Million Five Hundred Thousand U.S. Dollars (\$1,500,000.00) in the Company ("**Option Investment Amount**").

(b) The Option commences as of the date of the Initial Closing and shall automatically terminate on the February 1, 2016 ("**Option Termination Date**"). The price per share for Purchaser's Option Investment will be \$1.945 per Series B-2 Preferred Share.

1.4 Closings; Delivery.

(a) Subject to satisfaction of the condition to closing in Sections 4 and 5 below, the purchase and sale of Initial Investor Shares shall take place remotely via the exchange of documents and signatures, at 10:00 a.m. on the date of this Agreement, or at such other time and place as the Company and Purchaser mutually agree upon, orally or in writing (which time and place are designated as the "**Initial Closing**"). The Initial Closing shall occur on or before April 24, 2015.

(b) The Company shall deliver to Purchaser a certificate representing the Initial Investor Shares upon payment of the entire Initial Investment Amount by wire transfer to a bank account designated by the Company ("**Delivery**").

(c) Subject to the terms herein, if the Purchaser pays the entire Option Investment Amount by wire transfer to a bank account designated by the Company on or before the Option Termination Date, the Company shall promptly deliver to Purchaser a certificate representing the Option Shares ("**Option Closing**"). The Initial Closing and the Option Closing are collectively referred to as the "**Closing**."

1.5 Defined Terms Used in this Agreement. In addition to the terms defined above, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

(a) "**Board**" means the Board of Directors, as defined in the Operating Agreement.

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(b) “**Common Shares**” shall have the meaning ascribed to it in the Operating Agreement.

(c) “**Company Intellectual Property**” means all patents, patent applications, trademarks, trademark applications, service marks, service mark applications, tradenames, copyrights, trade secrets, domain names, mask works, information and proprietary rights and processes, similar or other intellectual property rights, subject matter of any of the foregoing, tangible embodiments of any of the foregoing, licenses in to and under any of the foregoing, that are in each case either owned or used by the Company in the conduct of the Company’s business as now conducted.

(d) “**Commercial Agreement**” means the commercial agreement between the Company and Purchaser, dated as of the date of the Initial Closing, in the form of Exhibit C attached to this Agreement.

(e) “**Director**” shall have the meaning ascribed to it in the Operating Agreement.

(f) “**Investors’ Rights Agreement**” means the amended and restated agreement among the Company, the Purchaser, and certain other Shareholders of the Company, dated as of the date of the Initial Closing, in the form of Exhibit D attached to this Agreement.

(g) “**Key Employee**” means any executive level employee and vice president level positions.

(h) “**Knowledge**,” including the phrase “**to the Company’s knowledge**,” shall mean the actual knowledge (after due inquiry) of the Company’s CEO, Clay Walker, as of the Closing.

(i) “**Material Adverse Effect**” means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, or results of operations of the Company.

(j) “**Person**” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(k) “**Preferred Shares**” shall have the meaning ascribed to it in the Operating Agreement.

(l) “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(m) “**Series B-1 Investor**” shall have the meaning ascribed to it in the Operating Agreement.

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- (n) “**Shareholder**” shall have the meaning ascribed to it in the Operating Agreement.
- (o) “**Shares**” shall have the meaning ascribed to it in the Operating Agreement.
- (p) “**Transaction Agreements**” means this Agreement, the Commercial Agreement, the Investors’ Rights Agreement and the Voting Agreement.

(q) “**Voting Agreement**” means the amended and restated agreement among the Company, the Purchaser and certain other Shareholders of the Company, dated as of the date of the Closing, in the form of Exhibit E attached to this Agreement.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchaser that, except as set forth on the Disclosure Schedule attached as Exhibit B to this Agreement or otherwise provided to Purchaser, which exceptions shall be deemed to be part of the representations and warranties made hereunder, the following representations are true and complete as of the date of the applicable Closing, except as otherwise indicated.

2.1 Organization, Good Standing, Limited Liability Company Power and Qualification. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and has all requisite limited liability company power and authority to carry on its business as presently conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

2.2 Capitalization.

(a) Subsection 2.2(a)(i) of the Disclosure Schedule sets forth, as of the date hereof, but immediately prior to the Initial Closing, all of the issued and outstanding Shares of the Company. Subsection 2.2(a)(ii) of the Disclosure Schedule sets forth, as of the date hereof, all of the issued and outstanding Shares of the Company immediately following each Closing.

(b) Except as set forth in the Operating Agreement, the Company has not issued, authorized, reserved or promised any equity interests (including any “profits interests” in the Company), options or other rights to acquire equity interests to officers, Directors, employees, consultants or other service providers.

(c) Except as may be granted pursuant to this Agreement and the Operating Agreement, as of the Effective Date, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or equityholder agreements, or agreements of any kind for the purchase or acquisition from the Company of any of its securities or equity interests.

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(d) The rights, preferences, privileges and restrictions of the Investor Shares are as stated in the Operating Agreement.

2.3 Subsidiaries. The Company does not currently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association, or other business entity.

2.4 Authorization. All limited liability company action required to be taken by the Company's Board and Shareholders in order to authorize the Company to enter into the Transaction Agreements, and to issue the Investor Shares at the Closing, has been taken or will be taken prior to the Closing. All action on the part of the officers of the Company necessary for the execution and delivery of the Transaction Agreements, the performance of all obligations of the Company under the Transaction Agreements to be performed as of the Closing, and the issuance and delivery of the Investor Shares has been taken or will be taken prior to the Closing. The Transaction Agreements, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (iii) to the extent the indemnification provisions may be limited by applicable federal or state securities laws.

2.5 Valid Issuance of Investor Shares. The Investor Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, applicable state and federal securities laws and liens or encumbrances created by or imposed by a Purchaser.

2.6 Litigation. There is no action, suit, proceeding, or arbitration pending or to the Company's knowledge, currently threatened against the Company to the Company's knowledge, that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. The Company is not subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality.

2.7 Intellectual Property. The Company owns or possesses or can acquire on commercially reasonable terms sufficient legal rights to all Company Intellectual Property to conduct its business. To the Company's knowledge, no product or service marketed or sold (or proposed to be marketed or sold) by the Company violates any license or infringes any intellectual property rights of any other party. The Company has not received any written demand alleging that the Company has violated any patents, trademarks, service marks, tradenames, copyrights, or trade secrets of any other Person.

2.8 Compliance with Other Instruments. The Company is not in violation or default of any provisions of its Operating Agreement. To its Knowledge, the Company is not in violation or default of any provisions of: (i) any instrument, judgment, order, writ or decree to

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which it is a party or by which it is bound, (ii) any note, indenture or mortgage to which it is a party or by which it is bound, or (iii) any lease, agreement, contract or purchase order to which it is a party, in each case of the foregoing (i) through (iii) to the extent that such violation or default would have a Material Adverse Effect. The execution, delivery and performance of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement or (ii) an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to the Company.

2.9 Rights of Registration and Voting Rights. Except as provided in the Investors' Rights Agreement, the Company is not under any obligation to register under the Securities Act any of its currently outstanding securities or any securities issuable upon exercise or conversion of its currently outstanding securities. To the Company's knowledge, except as contemplated in the Voting Agreement, no Shareholder of the Company has entered into any agreements with respect to the voting of equity interests of the Company.

2.10 Leases. With respect to real property it leases, the Company is in compliance with such leases and, to its knowledge, holds a valid leasehold interest free of any liens, claims or encumbrances other than those of the lessors of such property or assets. The Company does not own any real property.

2.11 Financial Statements. The Company has delivered to the Purchaser its unaudited balance sheet as of December 31, 2014, and its income statement for the fiscal year ended December 31, 2014, and its unaudited income statement for the month ended March 31, 2015 (collectively, the "**Financial Statements**"). The Financial Statements have been prepared in accordance with generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods indicated, except that the unaudited Financial Statements may not contain all footnotes required by GAAP. The Financial Statements fairly present in all material respects the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein, subject in the case of the unaudited Financial Statements to normal year-end audit adjustments. Except as set forth in the Financial Statements, the Company has no material liabilities or obligations, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to December 31, 2014, (ii) obligations under contracts and commitments incurred in the ordinary course of business and (iii) liabilities and obligations of a type or nature not required under GAAP to be reflected in the Financial Statements, which, in all such cases, individually and in the aggregate would not have a Material Adverse Effect. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with GAAP.

2.12 Employee Matters.

(a) To the Company's knowledge, the Company has withheld and paid to the appropriate governmental entity or is holding for payment not yet due to such

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governmental entity all amounts required to be withheld from employees of the Company and is not liable for any arrears of wages, taxes, penalties, or other sums for failure to comply with any of the foregoing.

(b) To the Company's knowledge, no Key Employee intends to terminate employment with the Company or is otherwise likely to become unavailable to continue as a Key Employee, nor does the Company have a present intention to terminate the employment of any of the foregoing. The Company has no policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment services.

2.13 Tax Returns and Payments. To the Knowledge of the Company: (i) there are no federal, state, county, local or foreign taxes due and payable by the Company which have not been timely paid, (ii) there are no accrued and unpaid federal, state, county, local or foreign taxes of the Company which are past due, whether or not assessed or disputed, (iii) there are no pending examinations or audits of any tax returns or reports by any applicable federal, state, local or foreign governmental agency, and (iv) the Company has duly and timely filed all federal, state, county, local and foreign income tax returns required to have been filed by it.

2.14 Insurance. The Company has in full force and effect fire and casualty insurance policies with extended coverage, sufficient in amount (subject to reasonable deductions) to allow it to replace any of its tangible properties that might be damaged or destroyed.

2.15 Permits. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could reasonably be expected to have a Material Adverse Effect. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.16 Corporate Documents. The Operating Agreement and articles of organization of the Company are in the forms provided to the Purchaser. The copy of the minute books of the Company provided to the Purchaser contains minutes of all meetings of Directors and Shareholders and all actions by written consent without a meeting by the Directors and Shareholders since the date of formation and accurately reflects in all material respects all actions by the directors (and any committee of Directors) and Shareholders with respect to all transactions referred to in such minutes.

2.17 Disclosure. The Company has made available to the Purchaser all the information reasonably available to the Company that the Purchaser has requested for deciding whether to acquire the Investor Shares.

2.18 No "Bad Actor" Disqualification. To the Company's knowledge, no Covered Person is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act ("**Disqualification Events**"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) under the Securities Act. The Company has complied, to the extent applicable, with any disclosure obligations under

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Rule 506(e) under the Securities Act. “**Covered Persons**” are those persons specified in Rule 506(d)(1) under the Securities Act, including the Company; any director, executive officer, other officer participating in the offering, general partner or managing member of the Company; any beneficial owner of 20% or more of the Company’s outstanding voting equity securities, calculated on the basis of voting power; any promoter (as defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of the sale of the Investor Shares; and any person that has been or will be paid (directly or indirectly) remuneration for solicitation of Purchaser in connection with the sale of the Investor Shares (a “**Solicitor**”), any general partner or managing member of any Solicitor, and any director, executive officer or other officer participating in the offering of any Solicitor or general partner or managing member of any Solicitor.

3. Representations and Warranties of the Purchaser. Purchaser hereby represents and warrants to the Company that:

3.1 Authorization. The Purchaser has full power and authority to enter into the Transaction Agreements. The Transaction Agreements to which the Purchaser is a party, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors’ rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, or (b) to the extent the indemnification provisions contained in the Investors’ Rights Agreement may be limited by applicable federal or state securities laws.

3.2 Purchase Entirely for Own Account. This Agreement is made with the Purchaser in reliance upon the Purchaser’s representation to the Company, which by the Purchaser’s execution of this Agreement, the Purchaser hereby confirms, that the Investor Shares to be acquired by the Purchaser will be acquired for investment for the Purchaser’s own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Investor Shares. The Purchaser has not been formed for the specific purpose of acquiring the Investor Shares.

3.3 Disclosure of Information. The Purchaser has had an opportunity to discuss the Company’s business, management, financial affairs and the terms and conditions of the offering of the Investor Shares with the Company’s management and has had an opportunity to review the Company’s facilities. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Purchaser to rely thereon.

3.4 Restricted Securities. The Purchaser understands that the Investor Shares have not been, and will not be, registered under the Securities Act, by reason of a specific

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exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser understands that the Investor Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold the Investor Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Purchaser acknowledges that the Company has no obligation to register or qualify the Investor Shares, or the Common Shares into which they may be converted, for resale except as set forth in the Investors' Rights Agreement. The Purchaser further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Investor Shares, and on requirements relating to the Company which are outside of the Purchaser's control, and which the Company is under no obligation and may not be able to satisfy.

3.5 No Public Market. The Purchaser understands that no public market now exists for the Investor Shares, and that the Company has made no assurances that a public market will ever exist for the Investor Shares.

3.6 Legends. The Purchaser understands that the Investor Shares and any securities issued in respect of or exchange for the Investor Shares, may be notated with certain legends as set forth in the Operating Agreement.

3.7 Accredited Investor. The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.8 No General Solicitation. Neither the Purchaser, nor any of its officers, Directors, employees, agents, stockholders or partners has either directly or indirectly, including through a broker or finder (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Investor Shares.

3.9 Exculpation Among Purchaser. The Purchaser acknowledges that it is not relying upon any Person, other than the Company and its officers and Directors, in making its investment or decision to invest in the Company.

3.10 Residence. The office or offices of the Purchaser in which its principal place of business is identified in the address or addresses of the Purchaser set forth on Exhibit A.

3.11 No "Bad Actor" Disqualification Events. Neither Purchaser nor any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests or otherwise holds securities, general partners or managing members is subject to any Disqualification Event (as defined in Subsection 2.18), except for Disqualification Events covered by Rule 506(d)(2) or (d)(3) under the Securities Act and disclosed in writing in reasonable detail to the Company.

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4. Conditions to the Purchaser's Obligations at Closing. The obligations of Purchaser to purchase Investor Shares at the Closing are subject to the fulfillment, on or before such Closing, of each of the following conditions, unless otherwise waived:

4.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 shall be true and correct in all respects as of such Closing.

4.2 Performance. The Company shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before such Closing.

4.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Investor Shares pursuant to this Agreement shall be obtained and effective as of the Closing.

4.4 Commercial Agreement. The Company shall have executed and delivered the Commercial Agreement.

4.5 Investors' Rights Agreement. The Company and the other requisite Shareholders of the Company named as parties thereto shall have executed and delivered the Investors' Rights Agreement.

4.6 Voting Agreement. The Company and the other requisite Shareholders of the Company named as parties thereto shall have executed and delivered the Voting Agreement.

4.7 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to Purchaser, and Purchaser (or its counsel) shall have received all such counterpart original and certified or other copies of such documents as reasonably requested. Such documents may include good standing certificates.

4.8 Operating Agreement. The requisite Shareholders of the Company shall have joined in the execution of the Operating Agreement and consented to be bound by all terms and conditions set forth therein.

5. Conditions of the Company's Obligations at Closing. The obligations of the Company to sell Investor Shares to the Purchaser at the applicable Closing are subject to the fulfillment, on or before such Closing, of each of the following conditions, unless otherwise waived:

5.1 Representations and Warranties. The representations and warranties of Purchaser contained in Section 3 shall be true and correct in all respects as of such Closing.

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5.2 Performance. The Purchaser shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before such Closing.

5.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Investor Shares pursuant to this Agreement shall be obtained and effective as of the Closing.

5.4 Commercial Agreement. Purchaser shall have executed and delivered the Commercial Agreement

5.5 Investors' Rights Agreement. Purchaser and the other requisite Shareholders of the Company named as parties thereto shall have executed and delivered the Investors' Rights Agreement.

5.6 Voting Agreement. Purchaser and the other requisite Shareholders of the Company named as parties thereto shall have executed and delivered the Voting Agreement.

6. Operating Agreement. The Purchaser shall have joined in the execution of the Operating Agreement and consented to be bound by all terms and conditions set forth therein.

7. Miscellaneous.

7.1 Survival of Warranties. Unless otherwise set forth in this Agreement, the representations and warranties of the Company and the Purchaser contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Purchaser or the Company.

7.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.3 Governing Law. This Agreement shall be governed by the internal law of the Commonwealth of Virginia.

7.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. Federal E-SIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

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7.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on the signature page or Exhibit A, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Subsection 7.6. If notice is given to the Company, a copy shall also be sent to: Wiley Rein LLP, 1776 K Street NW, Washington, DC 20006, Attn: Daniel Hassett, and if notice is given to the Purchaser, a copy shall also be given to MOKO Social Media Ltd, 320 King Street, Suite 202, Alexandria, VA 22314, Attn: Ian Rodwell.

7.7 No Finder's Fees. Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Purchaser agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which Purchaser or any of its officers, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless Purchaser from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

7.8 Fees and Expenses. At the Closing, the Purchaser shall pay the reasonable fees and expenses of Wiley Rein LLP, the counsel for Company, in an amount not to exceed, in the aggregate, Fifteen Thousand U.S. Dollars (\$15,000.00) for documentation related to Series B-2 investment. Any amount above Fifteen Thousand U.S. Dollars (\$15,000.00) for such legal fees shall be paid by Company to Wiley Rein LLP.

7.9 Attorneys' Fees. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of any of the Transaction Agreements, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.10 Amendments and Waivers. Any term of this Agreement may be amended, terminated or waived only with the written consent of the Company and the Purchaser. Any amendment or waiver effected in accordance with this Subsection 7.10 shall be binding upon the Purchaser and each transferee of the Investor Shares, each future holder of all such securities, and the Company.

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7.11 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

7.12 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

7.13 Entire Agreement. This Agreement (including the Exhibits hereto), the Operating Agreement and the other Transaction Agreements constitute the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

7.14 WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

7.15 Capitalization Schedule. In the event that, immediately prior to the applicable Closing, the outstanding equity securities or rights to acquire equity securities of the Company differs from the information set forth in Sections 2.2(b) or (c) hereof (the “**Capitalization Representations**”) or on Schedules 2.2(a)(i) and 2.2(a)(ii) (the “**Capitalization Schedules**”) or any Purchaser’s Shares are not duly authorized or validly issued by the Company, and as a result, the Purchaser’s respective ownership percentages of the Company are less than as indicated by the Capitalization Representations or the Capitalization Schedules, the

Big Teams, LLC
MOKO Series B-2 Share Purchase Agreement
April 24, 2015

Company shall issue Purchaser such number of additional Series B-2 Preferred Shares as is necessary to increase Purchaser's ownership of the Company to the level indicated by the Capitalization Representations and the Capitalization Schedules.

[SIGNATURE PAGE FOLLOWS]

Big Teams, LLC
MOKO Series B-2 Share Purchase Agreement
April 24, 2015

IN WITNESS WHEREOF, the parties have executed this Share Purchase Agreement as of the Effective Date.

COMPANY:

BIG TEAMS LLC

By: /s/ Clay Walker
Name: Clay Walker
Title: Chief Executive Officer
Address: 7925 Jones Branch Drive
McLean, Virginia 22102

SIGNATURE PAGE TO SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Share Purchase Agreement as of the Effective Date.

PURCHASER:

MOKO Social Media Limited

By: /s/ Ian Rodwell
Name: Ian Rodwell
Title: CEO

Address:

AMENDMENT TO SHARE PURCHASE AGREEMENT

(Series B-2)

THIS AMENDMENT TO SHARE PURCHASE AGREEMENT (this “**Amendment**”) is entered into as of August 19, 2015 by and among Big Teams LLC, a Virginia limited liability company (the “**Company**”), and MOKO Social Media Limited, a company organized under the laws of Australia (the “**Purchaser**”).

WHEREAS, the Company and the Purchaser are parties to a Share Purchase Agreement dated April 24, 2015 (the “**Agreement**”) and desire to enter into this Amendment to reflect their previous mutual agreement to extend the date for payment of the third installment of the Initial Investment Amount;

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Section 1.2(a) of the Agreement is hereby amended and restated as follows:
 - (a) Purchaser irrevocably commits invest One Million U.S. Dollars (\$1,000,000.00) in the Company (“**Initial Investment Amount**”), which shall paid in immediately available funds to the Company pursuant to the following schedule: (i) Two Hundred Thousand U.S. Dollars (\$200,000.00) at Closing; (ii) Five Hundred Thousand U.S. Dollars (\$500,000.00) on or before July 1, 2015; and (iii) Three Hundred Thousand U.S. Dollars (\$300,000.00) on or before October 1, 2015.
2. The capitalized terms used in this Amendment shall have the meaning set forth in the Agreement unless specifically defined in this Amendment.
3. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Amendment.
4. Except as hereby amended, the Agreement remains in full force and effect. From and after the date hereof, any reference to the Agreement shall refer to the Agreement as amended hereby.

[signatures on next page]

* * *

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date written above.

COMPANY:

BIG TEAMS LLC

By: /s/ Clay Walker
Clay Walker
Chief Executive Officer

Address: 7925 Jones Branch Drive
McLean, Virginia 22102

PURCHASER:

MOKO SOCIAL MEDIA LIMITED

By: /s/ Ian Rodwell
Name: Ian Rodwell
Title: Chief Executive Officer

Address: 320 King Street, Suite 202
Alexandria, VA 22314

LICENSE AND SERVICES AGREEMENT

This LICENSE AND SERVICES AGREEMENT (the “*Agreement*”) is made and entered into by and between **Big Teams LLC** (“*BigTeams*”) and **MOKO Social Media Limited** and its affiliates (“*MOKO*”) as of April 24, 2015 (the “*Effective Date*”).

Recitals

- A. BigTeams is a leader in high school athletic management and scheduling software in the United States and provides a standardized website-based method of accurately tracking information used in the operation of high school athletic departments.
- B. MOKO develops and operates mobile applications, including REC*IT, a mobile application for college intramural and club sports; and
- C. BigTeams desires to make MOKO its exclusive mobile application partner for an Apple and Android application to be known as “BigTeams powered by REC*IT” (the “*Application*”), and MOKO is willing to develop and operate the Application.

Agreement

1. Definitions.

- (a) “*API*” means the application interface developed and supplied by BigTeams that allows MOKO to pull the BigTeams data into the Application, and all modifications and Improvements thereto.
- (b) “*BigTeams Data*” means any editorial, text, graphic, audiovisual, and other content that is posted by or for BigTeams, its licensors, or customers or is served on the Application(s) or API.
- (c) “*BigTeams Desktop Ad Inventory*” means ad sizes included but not limited to 728x90, 300x250, 160x600, 300x600, and 970x214 that are intended for and served on a desktop device.
- (d) “*BigTeams Mobile Responsive Ad Inventory*” means ad sizes included but not limited to 320x500, 300x50 and 300x250 that are intended for and served on a mobile device.
- (e) “*Change of Control*” means (a) if a third party (or group of third parties acting in concert) acquires beneficial ownership of fifty-one percent (51%) or more of a party’s assets or (ii) the stock or other equity interests entitled to vote for a party’s directors or equivalent managing authority, or (b) in the event of a merger, consolidation or other business combination between a party and one or more third parties where such party’s

Big Teams, LLC - MOKO
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April 24, 2015

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equity holders immediately before that transaction own (directly or indirectly), after that transaction, less than fifty percent (50%) of the equity interests entitled to vote for the directors or equivalent managing authority of the surviving entity.

(f) “*Confidential Information*” means (i) any term of this Agreement; (ii) trade secrets, know-how, financial data, accounting information, statistics, research, scientific, technical, product, market or pricing information of a party or relating to a party's systems, business, employees or contractors; (iii) any other information belonging to a party that is marked “confidential”; and (iv) any other information belonging to a party which would be reasonably understood to be of a confidential nature. Notwithstanding any of the foregoing, Confidential Information does not include information which: (a) is or becomes public knowledge without any action by, or involvement of, the Receiving Party; (b) is documented as being known to the Receiving Party prior to its disclosure by the Disclosing Party; (c) is independently developed by the Receiving Party without reference or access to the Confidential Information of the Disclosing Party and is so documented; or (d) is obtained by the Receiving Party without restrictions on use or disclosure from a third person who, to the Receiving Party's knowledge (after due inquiry), did not receive it, directly or indirectly, from the Disclosing Party.

(g) “*Development Plan*” means a written development plan that contains development milestones, specifications and other requirements for the API and Application that will be negotiated in good faith by the Parties. The Development Plan shall include the functionalities set forth on Exhibit A to this Agreement.

(h) “*Disclosing Party*” means a party disclosing Confidential Information.

(i) “*Improvements*” means any improvements, updates, variations, modifications, alterations, additions, error corrections, enhancements, functional changes or other changes to the API or the Application, as the case may be, including, without limitation: (i) improvements and upgrades to improve software efficiency and maintainability; (ii) improvements and upgrades to improve operational integrity and efficiency; (iii) improvements to permit the integration of mutually agreed to functionalities supported by BigTeams and/or third party suppliers; (iv) functional improvements or changes which support legislated, regulatory or other lawful requirements; (v) changes or modifications to correct errors; and (vi) additional licensed computer programs to otherwise update the API or Application, as the case may be.

(j) “*Insolvency Event*” in relation to a party means any of the following events: (i) the party ceases to (or is unable to) pay its creditors in the ordinary course of business, or announces its intention to do so; (ii) a receiver, manager, receiver and manager, administrative receiver or similar officer is appointed to the party or any of its assets; (iii) the party enters into, or resolves to enter into, a scheme of arrangement, compromise or composition with any class of creditors; (iv) a resolution is passed or an application to a

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court is taken for the winding up, dissolution, official management or administration of that party; or (v) anything having a substantially similar effect to any of the events specified above happening under the law of any applicable jurisdiction.

(k) “*Mobile App Ad Inventory*” means ad sizes included but not limited to 320x500, 300x50 and 300x250 that are intended for and served on a mobile device through the mobile app.

(l) “*Net Revenue*” means the actual revenue received by MOKO from (i) advertisements placed on or fees charged for the Application minus MOKO’s direct verifiable third party costs of operating and administering the Application, including, but not limited to, ad serving costs, third party moderation costs, external production costs, ad network commissions, but not including MOKO’s internal overhead costs, except for MOKO’s internal hourly moderation costs.

(m) “*Parties*” means BigTeams and MOKO, and “*Party*” means either one of them.

(n) “*Receiving Party*” means the party receiving Confidential Information.

2. **API Development and Maintenance.**

(a) During the Term of this Agreement and any extension thereof, BigTeams shall, at its sole cost and expense: (i) develop the API in a commercially reasonable format; (ii) use commercially reasonable efforts to make sure that the API is available to MOKO; and (iii) maintain and make Improvements to the API. The development milestones, specifications and other requirements for the API will be pursuant to the parties’ development timeline for Application launch in the Development Plan.

(b) BigTeams shall promptly provide MOKO with any known problem solutions as such solutions become known to BigTeams as well as all Improvements which BigTeams elects to incorporate into and make part of the API. BigTeams shall notify MOKO at least thirty (30) days in advance of the release of any planned developments or Improvements that will materially affect the performance of the Application. Big Teams shall not implement any changes to the API that break existing features in the Application until MOKO has notified BigTeams that it has made any necessary adjustments within the Application code base.

3. **Application Development and Maintenance.**

(a) During the Term of this Agreement and any extension thereof, MOKO shall, at its sole cost and expense, (i) develop one (1) Apple Application and one (1) Android Application, each of which shall be branded “BigTeams powered by REC*IT” (the “*Applications*”), (ii) require the Application users to agree to the terms and conditions specified by each of MOKO and BigTeams, (iii) use commercially reasonable efforts to

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make sure that the Applications are available to BigTeams and the end-users; and (iv) maintain and make Improvements to the Applications. MOKO shall provide the Application to users for download, free of charge. The development milestones, specifications and other requirements for the Applications will be pursuant to the parties' Development Plan.

(b) MOKO shall promptly provide BigTeams with any known problem solutions which affect the performance of the API as such solutions become known to MOKO as well as all Improvements which affect the API which MOKO elects to incorporate into and make part of the Application. MOKO shall notify BigTeams at least thirty (30) days in advance of the release of any planned developments or Improvements that will materially affect the performance of the API or the Application.

4. **Grant of Licenses.**

(a) **API.** During the Term of this Agreement, and subject to the terms of this Agreement, BigTeams grants MOKO and MOKO accepts the grant of a royalty free non-transferable (except to the extent provided in Section 18(b)) license to use the API and all Improvements thereto in connection with the development and operation of the Application.

(b) **BigTeams Data.** During the Term of this Agreement, and subject to the terms of this Agreement, BigTeams grants MOKO and MOKO accepts the grant of a royalty free non-transferable (except to the extent provided in Section 18(b)) license to use, access, view, copy, adapt, modify, distribute, publicly display, broadcast and otherwise exploit the BigTeams Data solely for use with the Application. No other rights are granted by BigTeams whether express or implied.

5. **Exclusivity.**

(a) During the Term of this Agreement and any extension or renewal hereof, BigTeams shall not: (i) license the API or any BigTeams Data to any other person or entity for use in a mobile application in competition with the Application; (ii) develop or permit anyone else to develop on its behalf any mobile application that has a majority of or all of the functionality similar to the Application; or (iii) develop or permit anyone else to develop on its behalf any application that taken as a whole, has functionality similar to the Application on any new mobile operating system or device (such as Apple Watch, Google Glass, etc.). Notwithstanding anything to the contrary herein, BigTeams' performance of its obligations under the Data License Agreement between BigTeams and Gannett Co., Inc. dated December 12, 2014 shall be deemed not to violate this Section 5(a).

(b) Except as set forth in the next sentence, during the Term of this Agreement and any extension or renewal hereof, MOKO shall not provide, or permit anyone else on its

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behalf to provide, mobile application development services, directly or indirectly, to any U.S. high school, athletic department, booster group or team, or any business that provides applications, software or tools to high school athletic departments, booster groups or teams in competition with BigTeams. In the event that MOKO acquires any entity that has contracts with U.S. high schools, athletic departments, booster groups or teams, or any business that provides applications, software or tools to high school athletic departments, booster groups or teams in competition with BigTeams ("*Competitive Entity*"), such Competitive Entity or MOKO may provide services under such contracts for the remainder of the existing terms of such contracts, and provided that this Agreement has not been terminated, (i) MOKO shall and/or MOKO shall cause the Competitive Entity to use their best efforts to terminate such contracts within one year after the date that MOKO acquires the Competitive Entity, however neither MOKO nor the Competitive Entity will be required to pay any early termination fee or similar penalty to early terminate the contracts, and (ii) MOKO shall not and MOKO shall cause the Competitive Entity to not extend or renew the terms of such contracts, and at the end of the term of such contracts, shall make an introduction of the other party to such contract to BigTeams.

(c) BigTeams acknowledges and agrees that MOKO has and may have other mobile applications targeted towards students and that MOKO shall not be in breach of Section 5(b) provided that such mobile applications are not targeted to any U.S. high school, athletic department, booster group, or team. By way of example only, MOKO provides mobile applications for college intramural and club teams, and operates a social network for college students (Speakiesy), which social network could be extended to allow high school students to register.

6. Restrictions on Use.

Without the prior written consent of BigTeams, MOKO shall not (and shall not permit any third party to): (i) use the API or any BigTeams Data in a manner that is not in compliance with this Agreement or all federal, state, and local statutes and regulations; (ii) reverse engineer, decompile or disassemble any program code or otherwise attempt to discover the source code of the API; (iii) copy, modify, create derivative works of, sublicense, sell, lease, loan, rent, distribute, convey, pledge as security, or otherwise encumber the API, the BigTeams Data or any part thereof; or (iv) remove proprietary notices or legends or other indicia of ownership included in or on the API or the BigTeams Data.

7. Copies.

MOKO may make one backup or archival copies in printed, machine-readable or electronic form of the API as may be reasonably necessary for MOKO's archival, backup

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and security purposes, provided that MOKO reproduces all copyright, trademark and other notices that appear on the original copy provided to MOKO.

8. Advertising Sales.

(a) During the Term of this Agreement and any extension thereof, MOKO shall have the exclusive third party right to sell advertisements on the Application, as provided below, subject to BigTeams rights in Section 8(b) below and the payment of Ad Minimums in Section 10 below. The Parties shall mutually agree to ad sizes, placement, and frequency of advertisements within the Application. The initial ad sizes, placement, and frequency of advertisements is described in the Development Plan. Changes to the frequency of advertisements may be altered by MOKO based on market conditions, advertiser feedback, or need.

- (i) MOKO shall have the exclusive right to sell 100% of the Mobile App Ad Inventory (as defined herein).
- (ii) MOKO shall have the non-exclusive right to sell up to 75% of the BigTeams Mobile Responsive Ad Inventory (as defined herein).
- (iii) MOKO shall have the non-exclusive right to sell up to 15% of BigTeams Desktop Ad Inventory (as defined herein).

(b) BigTeams shall make its advertising inventory available to MOKO as provided for in the Development Plan and Section 8(a) above as follows: MOKO shall have the first priority to sell up to 75% of Big Teams Mobile Responsive Ad Inventory and up to 15% of BigTeams Desktop Ad Inventory so long as its sales meet the Ad Minimums in Section 10 hereof. Any of the Big Teams Mobile Responsive Ad Inventory or BigTeams Desktop Ad Inventory which is not sold by MOKO at or above the Ad Minimums may be sold by other BigTeams ad sales partners. Notwithstanding the forgoing, BigTeams will continue to sell Mobile Responsive Ad Inventory and Desktop Ad Inventory directly.

(c) The Parties shall mutually agree to the implementation of the MOKO ad tags within the BigTeams websites/mobile responsive sites during the initial development cycle. The initial implementation of the MOKO ad tags is described in the Development Plan.

(d) The Parties agree that following advertising categories will be prohibited: alcohol, tobacco, gambling, dating, sexually oriented content, political and any other advertising categories required to be excluded in order to ensure BigTeams is compliant with the Children's Online Privacy Protection Act.

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9. Scope and Timeline.

(a) The Parties will complete the written Development Plan within thirty (30) days after the Effective Date, and upon completion the Development Plan shall be attached hereto and made a part hereof as an updated **Exhibit A**. The Development Plan shall be updated and modified at least annually, on or before each anniversary date of this Agreement. The parties agree that market factors such as user adoption, profitability and potential market impact shall determine the level of changes and or new features adopted in the Development Plan each year, and that the parties will consider including any new mobile operating systems (such as Apple Watch and Google Glass) in the Application once such new operating system is approaching a ten percent (10%) market share.

(b) The Parties shall mutually agree to the feature set and Development Timeline for the Application as outlined in **Exhibit A** of this Agreement.

10. Fees and Payment.

Big Teams shall receive and MOKO shall pay to BigTeams a monthly royalty payment (the “*Royalty Payment*”) equal to the greater of: (i) [*****] of Net Revenue for such prior month, or (ii) the Ad Minimums for such month. Until the first anniversary date of this Agreement, the “*Ad Minimums*” for BigTeams Mobile Responsive Ad Inventory ads shall be a minimum CPM of \$[***], and for BigTeams Desktop Ad Inventory ads shall be a minimum CPM of \$[***]. Commencing with the first anniversary date of this Agreement and thereafter, the “*Ad Minimums*” for Mobile App Ad Inventory ads and/or BigTeams Mobile Responsive Ad Inventory ads shall be a minimum CPM of \$[***], and for BigTeams Desktop Ad Inventory ads shall be a minimum CPM of \$[***]. The Royalty Payment together with MOKO’s basis and support for its calculation of the Royalty Payment will be paid and provided by MOKO to BigTeams within forty five (45) days of the end of each calendar month.

11. Taxes.

(a) MOKO shall have no liability for any taxes on the income of BigTeams. If at any time any applicable law requires MOKO to make any deduction or withhold any moneys for taxes from any payment to BigTeams under this Agreement, MOKO shall:

- (i) notify BigTeams of the nature of that requirement promptly after MOKO becomes aware of it;
- (ii) pay to the relevant taxing authority the full amount of any deduction or withholding within the time frame for payment allowed under applicable law; and

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- (iii) promptly deliver to BigTeams copies of any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any such deduction or withholding.

12. **Term and Termination.**

- (a) This term of this Agreement shall commence on the date that this Agreement has been executed by both parties and shall continue for a period of three (3) years after the date that the Application becomes live for download (the "*Term*"). This Agreement may be extended or renewed by the mutual agreement of the Parties. Neither Party may terminate this Agreement during the initial three (3) year term.
- (b) Notwithstanding anything to the contrary in this Agreement, either party may terminate this Agreement immediately upon written notice to the other Party if the other Party: (x) terminates or suspends its business; or (y) suffers an Insolvency Event.
- (c) Upon the expiration or termination of this Agreement, each Party shall promptly return to the other Party or, at the other Party's direction, destroy, all property of the other Party (including, all Confidential Information of that other Party) and shall not retain any copies of the same, and shall delete all data of the other party, including individual user data unless an individual user consents to have such data held and/or used by such Party.

13. **Notice of Change of Control.**

In the event BigTeams is contemplating a Change of Control by a third party, BigTeams shall give MOKO with a thirty (30) day right of first negotiation regarding such potential Change of Control. If the Parties do not reach agreement regarding the Change of Control during this thirty (30) day negotiating period, BigTeams shall be free to negotiate a Change of Control with a third party. Additionally, if the proposed Change of Control is after the expiration of the initial term BigTeams shall have the right to terminate this Agreement following a Change of Control upon thirty (30) days' notice to MOKO.

14. **Warranties.**

- (a) BigTeams warrants to MOKO that: (a) it is the owner of the API; (b) the use by MOKO of the API will not breach or infringe the rights, including any intellectual property rights, of any person; (c) the API will not contain any protection feature designed to prevent its use, including time bombs, logic bombs, software locks, copy protect mechanisms, encryptions, time-activated disabling devices or other codes, instructions or devices which may disable the API; (d) the API will be free of any known or reported "virus," or "worm," or "malware"; (e) BigTeams has or will secured the rights to use any third party code contained in the API; and (f) the API will be free of defects in workmanship and will perform substantially in accordance with the requirements set forth in the Development Plan. Except for the warranties outlined in this

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Section 14(a), BigTeams expressly disclaims all warranties of any kind, express, implied, or statutory, relating to the API, including without limitation, fitness for a particular purpose, non-infringement of proprietary rights, course of dealing or course of performance. Except as set forth in this Section 14(a), BigTeams does not represent that (i) the API will meet MOKO's specific requirements, or (ii) the flow of the API will be uninterrupted, timely, secure, or error free.

(b) MOKO warrants to BigTeams that: (a) the Application will not contain any protection feature designed to prevent its use, including time bombs, logic bombs, software locks, copy protect mechanisms, encryptions, time-activated disabling devices or other codes, instructions or devices which may disable the Application; (b) the Application will be free of any known or reported "virus," or "worm," or "malware;" (c) MOKO has or will secured the rights to use any third party code contained in the Application; and (d) the Application will be free of defects in workmanship and will perform substantially in accordance with the requirements set forth in the Development Plan. Except for the warranties outlined in this Section 14(b), MOKO expressly disclaims all warranties of any kind, express, implied, or statutory, relating to the Application, including without limitation, fitness for a particular purpose, non-infringement of proprietary rights, course of dealing or course of performance. Except as set forth in Section 14(b), MOKO does not represent that (i) the Application will meet BigTeams specific requirements, or (ii) the operation of the Application will be uninterrupted, timely, secure, or error free.

15. **Indemnification.**

(a) BigTeams shall indemnify and hold MOKO harmless from any claim, action or proceeding of any kind or description based upon a third party's claim that MOKO's use of the API infringes any patent, copyright, or trademark of such third party, provided that BigTeams is given prompt written notice of any such claim and BigTeams is given the right to control and direct the investigation, defense and settlement of such claim. MOKO shall reasonably cooperate with BigTeams in connection with the foregoing. BigTeams shall pay the costs, including reasonable attorney's fees and expenses and court costs associated with resolving any such claim and will pay the settlement amount, if any. If the API becomes, or in BigTeams' opinion is likely to become, the subject of a claim of infringement, or the use thereof is enjoined, BigTeams shall either (i) procure for MOKO the right to use the API; or (ii) replace or modify the API with other software which does not infringe.

(b) MOKO shall indemnify and hold BigTeams harmless from any claim, action or proceeding of any kind or description based upon a third party's claim that BigTeams' use of the Application infringes any patent, copyright, or trademark of such third party, provided that MOKO is given prompt written notice of any such claim and MOKO is given the right to control and direct the investigation, defense and settlement of such

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claim. BigTeams shall reasonably cooperate with MOKO in connection with the foregoing. MOKO shall pay the costs, including reasonable attorney's fees and expenses and court costs associated with resolving any such claim and will pay the settlement amount, if any. If the Application becomes, or in MOKO's opinion is likely to become, the subject of a claim of infringement, or the use thereof is enjoined, MOKO shall either (i) procure for BigTeams the right to use the Application; or (ii) replace or modify the Application such that it does not infringe.

16. Limitation of Liability.

EXCEPT AS STATED HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT AND/OR CONSEQUENTIAL DAMAGES OF ANY KIND, RESULTING FROM EITHER PARTY'S PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, OR RESULTING FROM THE FURNISHING, PERFORMANCE OR USE OR LOSS OF ANY LICENSED MATERIALS PROVIDED TO MOKO HEREUNDER, INCLUDING WITHOUT LIMITATION ANY INTERRUPTION OF BUSINESS, WHETHER RESULTING FROM BREACH OF CONTRACT OR BREACH OF WARRANTY, EVEN IF THE PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

17. Confidentiality.

(a) **Use of Confidential Information.** The Receiving Party may only use Confidential Information of the Disclosing Party: (i) if necessary to perform the Receiving Party's obligations under this Agreement; or (ii) if the Disclosing Party otherwise consents to the use in writing. The Receiving Party shall protect the confidentiality of any Confidential Information disclosed by the Disclosing Party using at least the degree of care that it uses to protect its own confidential information (but no less than a commercially reasonable degree of care).

(b) **Disclosure of Confidential Information.** The Receiving Party may only disclose Confidential Information of the Disclosing Party: (i) to the Receiving Party's professional advisers and employees who have a need to know such Confidential Information in connection with the Receiving Party's performance of this Agreement; (ii) to the extent required to be disclosed by applicable law or by any authority or regulatory body having jurisdiction over the Receiving Party (a "*Legally Compelled Disclosure*"); (iii) if necessary to perform the Receiving Party's obligations under this Agreement; and (iv) if the Disclosing Party consents to the disclosure in writing. The Receiving Party will, prior to providing any affiliate, employee, or professional adviser access to any Confidential Information of the Disclosing Party, inform such affiliate, employee, or professional adviser of the confidential nature of such Confidential Information and require such affiliate, employee, or professional adviser to comply with the Receiving

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Party's obligations hereunder with respect to such Confidential Information. The Receiving Party will be responsible to the Disclosing Party for any violation of this Section 17 by any such affiliate, employee, or professional adviser.

(c) **Legally Compelled Disclosure.** In the event the Receiving Party is required to undertake a legally Compelled Disclosure (whether by deposition, interrogatory, request for documents, subpoena, civil investigative demand, or other process or otherwise), the Receiving Party shall provide to the Disclosing Party prompt written notice of such requirement so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Section 17. In the event that such protective order or other remedy is not obtained, or the Disclosing Party waives compliance with the provisions hereof, the Receiving Party shall furnish only that portion of the Confidential Information which it is advised by counsel is legally required to be disclosed, and shall use its best efforts to ensure that confidential treatment shall be afforded such disclosed portion of the Confidential Information.

(d) **Survival.** The provisions and obligations of this Section 17 shall survive the expiration or early termination of this Agreement.

18. **Title to Source Code.**

- (a) BigTeams shall retain title to the source code for the API, including all versions and embodiments thereof and all additions and Improvements thereto.
- (b) MOKO shall retain title to the source code for the Application, including all versions and embodiments thereof and all additions and Improvements thereto.
- (c) If the Application incorporates any portion of the code for the application developed by or for BigTeams prior to the Effective Date ("*Existing Application*"), BigTeams shall retain title to the source code for the Existing Application, including all versions and embodiments thereof and all additions and Improvements thereto except as provided in Section 18(b).
- (d) In the event this Agreement is terminated for any reason, MOKO shall own the source code to all new application features developed by MOKO after the date of termination of this Agreement by MOKO and BigTeams shall have the right to develop its own mobile applications via any other third party provider.

19. **Miscellaneous Provisions.**

- (a) **Entire Agreement; Waiver.** This Agreement, together with any exhibits and/or appendices hereto or thereto, contains the entire agreement between the parties with respect to the transactions contemplated by this Agreement and supersedes all prior arrangements or understandings with respect thereto. This Agreement may not be

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modified except by agreement of both parties in writing. No provision of this Agreement will be considered waived unless such waiver is in writing and signed by the party that benefits from the enforcement of such provision. No waiver of any provision in this Agreement, however, will be deemed a waiver of a subsequent breach of such provision or a waiver of a similar provision. In addition, a waiver of any breach or a failure to enforce any term or condition of this Agreement will not in any way affect, limit, or waive a party's rights under this Agreement at any time to enforce strict compliance thereafter with every term and condition of this Agreement.

(b) **Assignment; Binding Effect.** Neither party may assign or transfer this Agreement without the prior written consent of the other party; provided, however that either party may transfer its license rights in connection with a Change of Control with a third party that is not a competitor of the other Party. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties hereto and their respective heirs, legal representatives, successors, and assigns.

(c) **Severability.** If any one or more of the provisions of this Agreement is ruled to be wholly or partly invalid or unenforceable by a court or other government body of competent jurisdiction then: (x) the validity and enforceability of all provisions of this Agreement not ruled to be invalid or unenforceable shall be unaffected; and (y) the provision(s) held wholly or partly invalid or unenforceable shall be deemed severed.

(d) **Headings.** The section headings herein are for reference purposes only and are not intended in any way to describe, interpret, define, or limit the extent or intent of this Agreement or of any part hereof.

(e) **Extended Meanings.** In this Agreement, words importing the singular number only include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders; words importing persons include companies, corporations, partnerships, syndicates, trusts, associations, societies and any number or aggregate of persons; the terms "include" and "including" mean "including, without limitation"; and the term "includes" has a similar meaning, all as the context may require.

(f) **Relationship of the Parties; Neutral Construction.** The parties agree that this Agreement was negotiated between them at arm's length and that the final terms of this Agreement are the product of the parties' negotiations. The parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement will not be construed against a party or parties on the grounds that the party or parties drafted, or was more responsible for drafting, the provisions.

(g) **Signatures.** The parties and their representatives signing this Agreement acknowledge and represent that the representatives signing this Agreement are duly authorized agents of the parties and are authorized and have full authority to enter into

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this Agreement on behalf of the parties for whom they are signing. This Agreement and any written notice, consent, agreement or document provided for in this Agreement shall be deemed signed and/or bearing the original signature of a given person, if such person's name and/or adopted signature is placed by such person on the document whether by manual signature, electronic transmission or facsimile transmission by the person. Delivery of a copy of this Agreement or such other document bearing an original signature by facsimile transmission or a scanned image of the original signature, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

(h) **Counterparts.** The Agreement and any documents pursuant hereto may be separately executed by the Parties in two (2) or more counterparts and all such counterparts shall be deemed an original, but all of which together shall constitute one and the same instrument and will be binding on the Parties as if they had originally signed one copy of this Agreement.

(i) **Notices.** All claims, instructions, consents, designations, notices, waivers, and other communications in connection with this Agreement ("Notices") will be in writing. Such Notices will be deemed properly given (a) when received if delivered personally, (b) if delivered by facsimile transmission when the appropriate telecopy confirmation is received; (c) upon the receipt of the electronic transmission by the server of the recipient when transmitted by electronic mail, or (d) within three (3) days after deposit with an internationally recognized express delivery service, in each case when transmitted to a party as follows:

If to BigTeams, at: 7925 Jones Branch Drive
McLean, Virginia 22102
Attn: Clay Walker
Email: clay@bigteams.com

With a copy to: Daniel Hassett
7925 Jones Branch Drive, Suite 6200
McLean, Virginia 22102
Email: dhassett@wileyrein.com

If to MOKO, at: 320 King Street, Suite 202
Alexandria, VA 22314
Attn: Ian Rodwell

Each party may send any Notices or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal

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delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication will be deemed to have been duly given unless and until it actually is received by the intended recipient. Each party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other notice in the manner herein set forth.

(j) **Publicity.** The parties shall work together to issue publicity and general marketing communications concerning their relationship and other mutually agreed-upon matters. Neither party shall issue such publicity and general marketing communications concerning their relationship without the prior written consent of the other party.

(k) **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia without reference to conflicts of law rules and principles.

(l) **Legal Expenses.** The prevailing party in any legal action brought by one party against the other and arising out of this Agreement shall be entitled, along with any other rights and remedies it may have, to reimbursement for its expenses, including court costs and reasonable attorney's fees. Such fees may be set by the court in the trial of such action or may be enforced in a separate action brought for that purpose. Such fees shall be in addition to any other relief that may be awarded.

(m) **Injunctive Relief.** Each party agree that a breach of any of the promises or agreements contained herein will result in irreparable and continuing damage to a party for which there will be no adequate remedy at law, and such party shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate).

(n) **Remedies Cumulative.** Unless stated otherwise herein, all remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to either party at law, in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

(o) **Further Assurances.** Each of the parties shall, from time to time and at all times, promptly do all such further acts and execute and deliver all such further documents and assurances as shall be reasonably required in order to perform and carry out the terms of this Agreement.

(p) **Survival.** Any term, condition or provision hereof that requires fulfillment or performance, or that is, by its nature, applicable, after the termination of this Agreement and the relationship created hereby shall survive such termination and remain in full force

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and effect. The termination of any provision of this Agreement shall not excuse a prior breach of that provision.

[Signatures on next page]

Big Teams, LLC - MOKO
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IN WITNESS WHEREOF the parties have executed this Agreement effective on the date this Agreement has been executed by both parties.

MOKO Social Media Limited

Big Teams LLC

Signature: /s/ Ian Rodwell
Print Name: Ian Rodwell
Date: April 24, 2015

Signature: /s/ Clay Walker
Print Name: Clay Walker
Date: April 23, 2015

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Exhibit A
Development Plan

BigTeams powered by REC*IT v1.0

Version 1.0 for both Apple and Android will consist of all existing features as defined in the MOU, plus:

1. **Functionality**

(a) **Uploading**

- (i) “Submit Content” button, which brings users to a page where they can create an account using Facebook/Twitter and submit a photo, video, or game summary/article.
- (ii) Coaches may also log in to submit content (scores, schedule changes, news, alerts).
- (iii) A context-sensitive photo button based on the team, school, or event that opens, allowing for easy sharing of images via the usual social channels once uploaded.

(b) **Content**

- (i) Public submission pages to include the following brief language: “I agree that this post will not contain any offensive content.”
- (ii) Photos and video link will display page with photo icon and video icon taking user to photo and video galleries with most recent content on top (displaying only photos/videos approved by admins).

(c) **Push Notifications**

- (i) Upon signup, a user can select push notifications.
- (ii) Where possible (due to 3rd party API limitations), we’ll send push notifications for scores, summaries, photos, cancellations & changes (where available) - all for "Favorited" teams - with granular on/off settings within the app itself.

(d) **Photo Sharing Extension**

- (i) MOKO will create an extension so that people can upload photos directly from the iOS/Android share button within other apps.

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- (ii) A share icon will appear on every page, schedule, roster, etc. as well as individual items such as news items, photo, video (share will include Facebook, Twitter, Instagram)

(e) Moderation: (depending on further discussion between BigTeams & MOKO)

- (i) We discussed options for moderation of the photos. The existing web based admin panel (used by Athletic Department) has only an “on/off” option for photo uploading. This should remain, but we’ll introduce another option for those who choose “on”.
- (ii) Schools where photo sharing is enabled will be able to select from the existing option where they pre-moderate the images themselves, or the new default option where MOKO moderation team does this. It is preferable that the MOKO moderation team will do this so that we get a more immediate social interaction, which should improve retention/engagement.

(f) Viewing

- (i) Gallery buttons on the school, team & event pages to show relevant images. Easy sharing of images via the usual social channels.

(g) Digital Ticketing, Video Player, and eCommerce

- (i) BigTeams is currently vetting (1) a digital ticketing partner to allow users to purchase tickets via app as well as display ticket with bar code at gate; (2) a video player partner to allow people to stream content from their mobile phone; and (3) an e-commerce partner to allow fans to view and purchase branded fan apparel.
- (ii) For all of the items in (1)(g)(i), once a partnership is formed, BigTeams will connect all parties for API and other coordination.

2. Advertising

Concentrating on natives & interstitials, but with banners where appropriate. AdOps departments will discuss the ad placements once the wireframes are agreed.

3. Development Timeline (subject to change)

- (a) 5/1: Wireframes confirmed. Final UI design begins, dev also begins.
- (b) 6/1: API complete.
- (c) 7/1: Dev complete - into QA.
- (d) 8/1: Launch!

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Subsidiaries of MOKO Social Media Limited

	Jurisdiction of Incorporation
MOKO.Mobi, Inc.	California, USA
MOKO Door Foundation	USA
Paper Tree Limited	British Virgin Islands
All Night Media Limited	England

Certification Pursuant to Rule 13a-14(a) of the Exchange Act

I, Ian Rodwell, certify that:

1. I have reviewed this annual report on Form 20-F of MOKO Social Media Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: October 30, 2015

By: /s/ Ian Rodwell
Name: Ian Rodwell
Title: Chief Executive Officer
(Principal Executive Officer)

Certification Pursuant to Rule 13a-14(a) of the Exchange Act

I, Greg McCann, certify that:

1. I have reviewed this annual report on Form 20-F of MOKO Social Media Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: October 30, 2015

By: /s/ Greg McCann
Name: Greg McCann
Title: Chairman
(Principal Financial and Accounting Officer)

Certification Pursuant to 18 U.S.C. Section 1350

Pursuant to U.S.C. Section 1350 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of MOKO Social Media Limited (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended June 30, 2015 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

MOKO SOCIAL MEDIA LIMITED

October 30, 2015

By: /s/ Ian Rodwell
Name: Ian Rodwell
Title: Chief Executive Officer
(Principal Executive Officer)

October 30, 2015

By: /s/ Greg McCann
Name: Greg McCann
Title: Chairman
(Principal Financial and Accounting Officer)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Moko Social Media Limited
Sydney, Australia

We consent to the incorporation by reference in the Registration Statement on Form F-3 (File No. 333-205656) of Moko Social Media Limited of our report dated 30 October 2015 with respect to the consolidated financial statements of Moko Social Media Limited included in the Annual Report on Form 20-F of Moko Social Media Limited for the fiscal year ended June 30, 2015.

/s/ BDO

BDO East Coast Partnership
Sydney, Australia

October 30, 2015
