

28 October 2016

The Manager
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000



By Electronic Lodgment

September 2016 Quarter Update

MOQ Limited (ASX:MOQ) ("MOQ") is pleased to provide an update on its activities for the quarter ending 30 September 2016. MOQ also today released its Appendix 4C.

Key Points:

- **Strong revenue growth and operating cashflows in Q1FY17**
- **Solid pipeline growth and conversion continuing into Q2FY17**
- **Integration of Tetran into the MOQdigital business is progressing well**
- **Enhanced MOQdigital /Tetran offering well received by clients**
- **Sri Lanka office integration to enhance managed services offering and margins**
- **Skoolbag continues to grow in education vertical**
- **New channel partnership in sports industry vertical for Sportsbag**
- **New Skoolbag admin console and other features being developed**
- **Skoolbag leveraging MOQ's Sri Lanka software development and customer services capability**

Business Update

The directors of MOQ Limited are pleased to update that the group has had a strong start to FY17. MOQ is reaffirming its target revenue of between \$50m – \$55m revenue in FY17 with a gross margin of 22%-25%. MOQ also remains focused on increasing the share of Managed Services revenue as it has potential to improve margins with additional revenue.

- **MOQdigital**

MOQ operates **MOQdigital**, an agile Systems Integrator that delivers technical solutions and drives outcomes for customers in a new digital world and Skoolbag a market leading Software-as-a-Service (SaaS) communications application.

The first quarter of FY17 has delivered strong revenue growth and operating cashflows of \$2.1m. This has been underpinned by high demand for MOQdigital's Professional Services and a number of major Integration Projects.

Significant wins this quarter include:

- An enterprise wireless network comprising of 4,500 access points for Brisbane Catholic Education servicing over 140 schools.
- A network and security infrastructure spanning 6 data centres across Australia, Europe and USA for a global financial services business including a 3 year managed services contract.

The momentum into Q2 FY17 continues to be strong, with a healthy pipeline and conversion rate in the period to date. MOQdigital continues to focus on managed service and other recurring revenue opportunities.

Operating cashflows may moderate in Q2 FY17 as some payables for Q1FY17 are due to settle in that period.

The Tetran business acquired towards the end of the last financial year is being integrated into MOQdigital and the resulting enhancements to the MOQdigital Managed Services offering have been well received by customers and continues to deliver new business opportunities.

The Tetran acquisition has also brought immediate scale to MOQdigital's NSW operations where together with MOQdigital's investment in sales capability in the prior year has seen an acceleration of growth in that region.

In addition, the Tetran acquisition brought the Sri Lanka Centre of Excellence (CoE) which provides cost effective highly skilled resources that allows MOQdigital to broaden and enhance its offer to its customers including 24*7 support. As the Sri Lanka CoE is fully integrated into the MOQdigital business it is anticipated that the benefits will flow including by way of improved revenue and margins particularly in the managed service area.

As a result, the expanded MOQdigital business now provides consulting, integration, and managed services across infrastructure, applications and data in both Queensland and NSW.

- **Skoolbag**

MOQ is investing in the **Skoolbag** business that it also acquired towards the end of the last financial year. Skoolbag has engaged additional development and customer service capability including by way of MOQdigital's Sri Lanka CoE.

Skoolbag continues to execute on its product roadmap and sales strategy to grow product revenue by adding functionality, expanding geographically and targeting new industry verticals.

It has recently released an enhanced admin console and has several new features underway. It continues to recruit new schools to the platform and now has over 2,700 customers and over 1,000,000 end users.

A new channel partnership in the sports vertical is showing strong initial growth selling its Sportsbag product, an indication of the scalability of the Skoolbag communication platform for other verticals.

About MOQ Limited

MOQ is a global award winning, cloud systems integrator with more than 200 employees which provides ICT Consulting, Integration, Managed Services and Solutions around data, applications, and infrastructure that enables digital business. Our strategy is to build annuity revenue streams through managed services and commercialised IP to capitalise on a rapidly growing digital economy.

Our purpose is to enable our customers to achieve more through the smart use of technology as they embrace digital transformation. We pride ourselves on building lifetime relationships with our customers by driving outcomes to get the best results the business needs.

For further information, please contact:

Brad Cohen

Company Secretary

bcohen@moqdigital.com.au

+61 2 8039 5015

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

MOQ Limited

ABN

94 050 240 330

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	\$14,929	\$14,929
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(\$5,860)	(\$5,860)
(c) advertising and marketing	(\$109)	(\$109)
(d) leased assets		
(e) staff costs	(\$5,683)	(\$5,683)
(f) administration and corporate costs	(\$1,100)	(\$1,100)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	\$7	\$7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(\$59)	(\$59)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	\$2,125	\$2,125

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(\$60)	(\$60)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(\$30)	(\$30)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Working Capital adjustment received	\$475	\$475
2.6	Net cash from / (used in) investing activities	\$385	\$385

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	\$3,078	\$3,078
4.2	Net cash from / (used in) operating activities (item 1.9 above)	\$2,125	\$2,125

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	\$385	\$385
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	\$5,588	\$5,588

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	\$5,588	\$3,078
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	\$5,588	\$3,078

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

\$258

-

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available
Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

\$1,500

-

-

-

-

-

9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development

\$-

9.2 Product manufacturing and operating costs

(\$4,653)

9.3 Advertising and marketing

(\$33)

9.4 Leased assets

\$-

9.5 Staff costs

(\$5,394)

9.6 Administration and corporate costs

(\$1,100)

9.7 Working Capital Adjustment - Tetran

(\$920)

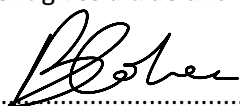
9.8 Total estimated cash outflows

(\$12,100)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 28/10/2016
(~~Director~~ Company secretary)

Print name: Brad Cohen

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.