



APPENDIX 4D

HALF-YEARLY REPORT

Name of Entity:	MOQ LIMITED
ABN:	94 050 240 330
Reporting period:	Half-yearly ended 31 December 2017
Previous corresponding period:	Half-yearly ended 31 December 2016



Results for Announcement to the Market

Set out below are the statutory results for MOQ Ltd (“MOQ” or the “Company”) and its controlled entities for the half- yearly ended 31 December 2017.

	31 Dec 2017	31 Dec 2016	Movement %
Revenue from ordinary activities	28,917,441	29,370,960	(1.5%)
EBITDA	997,268	1,563,981	(36.2%)
Profit from ordinary activities after tax attributable to members	382,644	866,476	(55.8%)
Net profit after tax attributable to members	382,644	866,476	(55.8%)
Interim dividend per share (fully franked)	n/a	n/a	-
Final dividend per share (fully franked)	n/a	n/a	-
Basic Earnings per share (cents per share)			
- Continuing operations	0.2372	0.5589	(57.6%)
- Discontinuing operations	-	-	N/A
Diluted Earnings per share (cents per share)			
- Continuing operations	0.2319	0.5417	(57.2%)
- Discontinuing operations	-	-	N/A
Net Tangible Asset Backing per share	2.4 cents	2.4 cents	0%

Dividend information

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

Commentary on operating results for the period

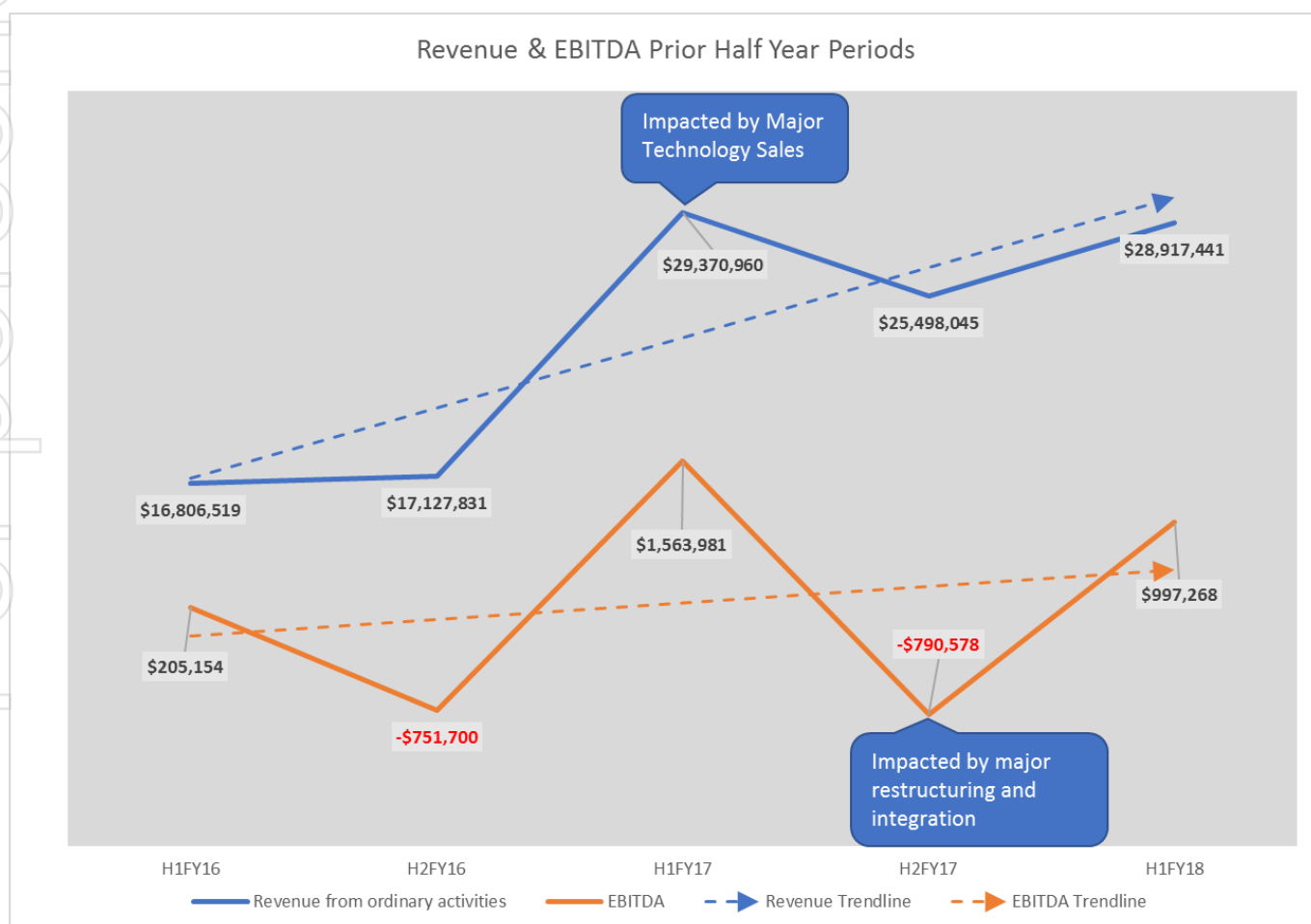
During the H1 FY18 reporting period, MOQ Limited moved into a period of refocus on business development and client engagement after a transitional FY17, which had provided mixed results with H1 FY17 featuring some major success and then H2 FY17 dominated by the integration and restructuring effort resulting from the Tetran acquisition.

The trading results for H1 FY18 are encouraging and feature:

1. Revenue growth of 10.3% in Recurring Services over H1 FY17.
2. Revenue growth of 6.3% in Professional Services over H1 FY17
3. An 8.7% drop in Technology Sales over H1 FY17 – Note that H1 FY17 was an exceptional Technology Sales period with two significant deals sold and delivered during that half.
4. A significant increase in the size and quality of the sales opportunity pipeline.
5. Increasingly strong deal conversion and business momentum late in H1 FY18.

In the context of the comparative H1 FY18 and H1 FY17 consolidated accounts, as presented in this report, it is important to note that for FY17, in H1, the business benefited from two major technology sale wins as well as initial revenue from the new acquisitions of Tetran and Skoolbag.

In order to provide additional guidance, the following chart illustrates the trend in business financial performance against the corresponding periods back to H1FY16 and illustrates the incremental improvement, whilst highlighting some exception situations during the period which have impacted consistency of revenue and EBITDA.





Total Expenses decreased by 4% compared to H1 FY17. Please note that cost savings realised through restructuring initiated in H2 FY17, of the Board, Executive team and duplicated functions allowed for a reshaping of the business. Subsequently, in H1 FY18 investments were made in additional Sales and Marketing capability in key high value areas of the business – both at an Operational Expense and Cost of Sale level to drive business growth into the future. The total re-investment in H1 FY18 has been \$941,264 including:

- | | |
|-----------------------------------------|-----------|
| 1. Cost of Sales Professional Services: | \$435,242 |
| 2. Cost of Sales Recurring Services: | \$193,998 |
| 3. Operating Expenses (Sales-Marketing) | \$312,024 |

In summary, MOQ Limited continues to drive towards both achieving its strategic priorities, and improving its financial performance in H2 FY18.

In addition, MOQ Limited will be releasing an investor presentation mid-late March 2018.

MOQdigital

The MOQdigital business provides a range of services and solutions to enable digital business transformation including consulting, integration, and managed services across applications, data and infrastructure platforms.

For MOQdigital, H1 FY18 has been focused around the following key areas:

- Increased Sales and Marketing effort to ensure pipeline growth and opportunity conversion** – as the business settles after a period of acquisition, integration and investment, focus has been on “high touch” for current and potential clients. The result has been that:
 - Average monthly **new identified and qualified opportunity pipeline** has grown by 49% in potential Gross Profit value over H1 FY18 period.
 - Opportunity Conversion (Deal Win)** – on an average monthly basis has grown by 40% in Gross Profit value over H1 FY18 period.
 - An encouraging trend is that in the month of December, for the first time in the history of MOQdigital, **the NSW business was responsible for the majority of new business won**, in what was MOQdigital’s highest ‘deal close’ month of H1 FY18.
 - Also significant is that the pipeline for Managed Services is growing at a strong rate. These types of deals tend to have a long sales cycle (6 to 12 months is typical) so we are expecting much of the work that is happening on these opportunities to start to come to fruition later in FY18 and into FY19.
 - Excellent momentum established into H2 FY18.
- There have been **key wins across all Lines of Business** in H1 FY18 and in both NSW and Queensland. These include:
 - The extension of one of our largest Operational Services contracts with a long term international client for a further 3 years.
 - A significant digital enhancement project to build a Portal for a Financial Services Provider.
 - An existing client with a global presence has chosen MOQdigital’s Virtual Teams off-shoring model in Colombo, Sri Lanka, to improve its own 24x7 Support and Administration services.
 - Major Data Centre and Infrastructure Refresh Work Programs have been won for two of our significant clients.
- Continued growth of the NSW business and our increased market presence in this state** – Success in NSW is an important factor in achieving the organic growth that we are targeting for the whole of MOQdigital. There are promising indicators including:
 - The previously mentioned pipeline and deal conversion growth (see above).
 - We have attracted a number of key staff members over the last three months and are actively seeking professional staff to deliver on a range of new projects that have been won in H1 FY18.
 - There is a very high retention rate of clients who have come to use MOQdigital services through our Tetran acquisition, and a very positive reaction to the investment we have made in our Colombo Centre of Excellence.

- d. There has been a very positive reaction from a number of our key Technology Partners – including Microsoft, Cisco and Citrix to our growing presence in the NSW market and focus on mid-tier clients who use their technology.
 - e. The appointment of **Chad Lurie**, who joined MOQdigital through the Tetran acquisition, (where he was a Director) as the **State Manager of NSW**. Chad is a member of the MOQdigital Senior Executive team and has a long and respected history in the NSW market.
4. **The new Appointment of a Regional Manager – Colombo Centre of Excellence:** MOQdigital has been fortunate to obtain the services of Kavan Weerasinghe, who has extensive Sri Lankan, Asian and US market experience in the IT services industry to run our Operation in Colombo. Kavan will be part of the MOQdigital Senior Executive team and has taken over from Kelly Wilkes, who has relocated to MOQdigital's Sydney office after one year running MOQ's Sri Lankan Operation and driving what has been a very demanding and successful business transition process. Kelly will be boosting our Leadership team, focusing on growing our Managed Services business in NSW and continuing her role on the Senior Executive team.
 5. **Acquisition activities** – MOQ has continued to actively pursue M&A opportunities, with ongoing assessments of complementary businesses that have the potential to increase MOQ's footprint and capabilities, especially in NSW and Victoria.

For MOQdigital, H1 FY18 represents a period where business stability and positive momentum was re-established and this groundwork started to reflect in the financial results and a growing market presence.

SkoolBag

The SkoolBag business operates and develops a market leading Software-as-a-Service ("SaaS") communications platform, including mobile apps, primarily for Childcare and Education customers and also in the sports vertical.

For SkoolBag, H1 FY18 has been focused around the following key areas:

1. **Implemented partner program to increase value to customer base, channels to market and new revenue models**
 - a. **New application programming interfaces (API) to support partner opportunities:** SkoolBag continues to execute on its strategic roadmap by creating an ecosystem around communication. We have released the first version of our service based API for integration with partners and third party services to enhance the offering to our customer base.
 - b. **New Family Essentials feature:** SkoolBag entered into an exclusive arrangement with 'Community Purchasing Power' (CommPow Pty Ltd) to manage the SkoolBag Family Essentials offering, including negotiating special offers with vendors for SkoolBag users to save on commonly purchased goods and services (e.g. Origin Energy, Woolworths, Bupa, Flight Centre, Kogan, The Iconic and more.). SkoolBag Family Essentials supports Australian schools in their fundraising efforts – each time SkoolBag users redeem offers, their school receives a portion of referral funds from the vendor towards their fundraising goal. The Family Essentials feature has shown considerable early traction in terms of both traffic and conversion, delivering value to parents, schools and SkoolBag.
 - c. **Affiliate sales model:** Implemented affiliate program, with initial partners introduced in both education and sport verticals. This program will assist SkoolBag to reach international markets, some in which we already have an initial presence.
2. **Enhanced product offering**
 - a. **Release of Admin Console v3:** SkoolBag released Version 3 of the admin console for its communications platform in January 2018. This upgrade included a number of feature and usability enhancements, significant performance and speed improvements, as well as optimisations to our cloud based infrastructure deployment and scalability.
 - b. **New SkoolBag app:** We have progressed to the final stages of development of the new SkoolBag mobile app, built ground up using the latest mobile technologies.
 - c. **New module development:** We are currently working on new products that are complementary to our existing communication product suite, bringing further productivity opportunities and value to our customers.



3. **Investment in key roles to broaden capability**

- a. **Appointment of Daniel Matos**, Head of Product and Engineering. Daniel has over 18 years' experience in managing B2B and B2C software products. Previously the Product Director of startup businesses as well as a multibillion dollar US listed company, Daniel's international experience spans US, Europe and APAC.
- b. **Appointment of Miles Thomas**, Head of Marketing and Growth. Previously Head of Growth at Recomazing, Miles has over ten years' experience across integrated marketing and digital strategy roles, including managing multi-million dollar marketing campaigns for global FMCG brands and building media startups.

Additional information

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

This Appendix 4D is based on the 31 December 2017 half-yearly financial report, which is reviewed by Stantons International Audit and Consulting Pty Ltd (Stantons International).



**MOQ LIMITED
AND ITS CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

ABN: 94 050 240 330

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MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
ABN: 94 050 240 330

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the “**Group**”) consisting of MOQ Limited (“MOQ” or “**Company**”) and its controlled entities for the half-year ended 31 December 2017. The information in the preceding operating and financial review forms part of this directors’ report for the half-year ended 31 December 2017 and is to be read in conjunction with the following information.

General Information

Officers and Directors

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

Name	Particulars
Mr David Shein	Non Executive Chairman
Mr Joe D’Addio	Executive Director and Chief Executive Officer
Mr Scott McPherson	Executive Director and Solutions Director
Mr Joey Fridman	Non Executive Director
Mr Michael Pollak	Non Executive Director
Mr Don Francis Nanayakkara	Non Executive Director (resigned 5 th July 2017)
Mr Jonathan Pager	Non Executive Director (resigned 31 st July 2017)

Our Business Model and Objectives

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

MOQ Limited’s strategic priorities include:

- Investment in the organic growth of MOQdigital and a build out of capability in the New South Wales and Queensland markets;
- Continued and increased focus on the growth of recurring revenue streams such as managed services;
- Investment in function and feature improvement of the Skoolbag product, to further grow the user base and revenue streams.
- Market differentiation through continued investment and development of in-house products, tools and applications; and
- Growth via strategic acquisitions.

Operating and Financial Review for H1 FY18

During the H1 FY18 reporting period, MOQ Limited moved into a period of refocus on business development and client engagement after a transitional FY17, which had provided mixed results with H1 FY17 featuring some major success and then H2 FY17 dominated by the integration and restructuring effort resulting from the Tetran acquisition.

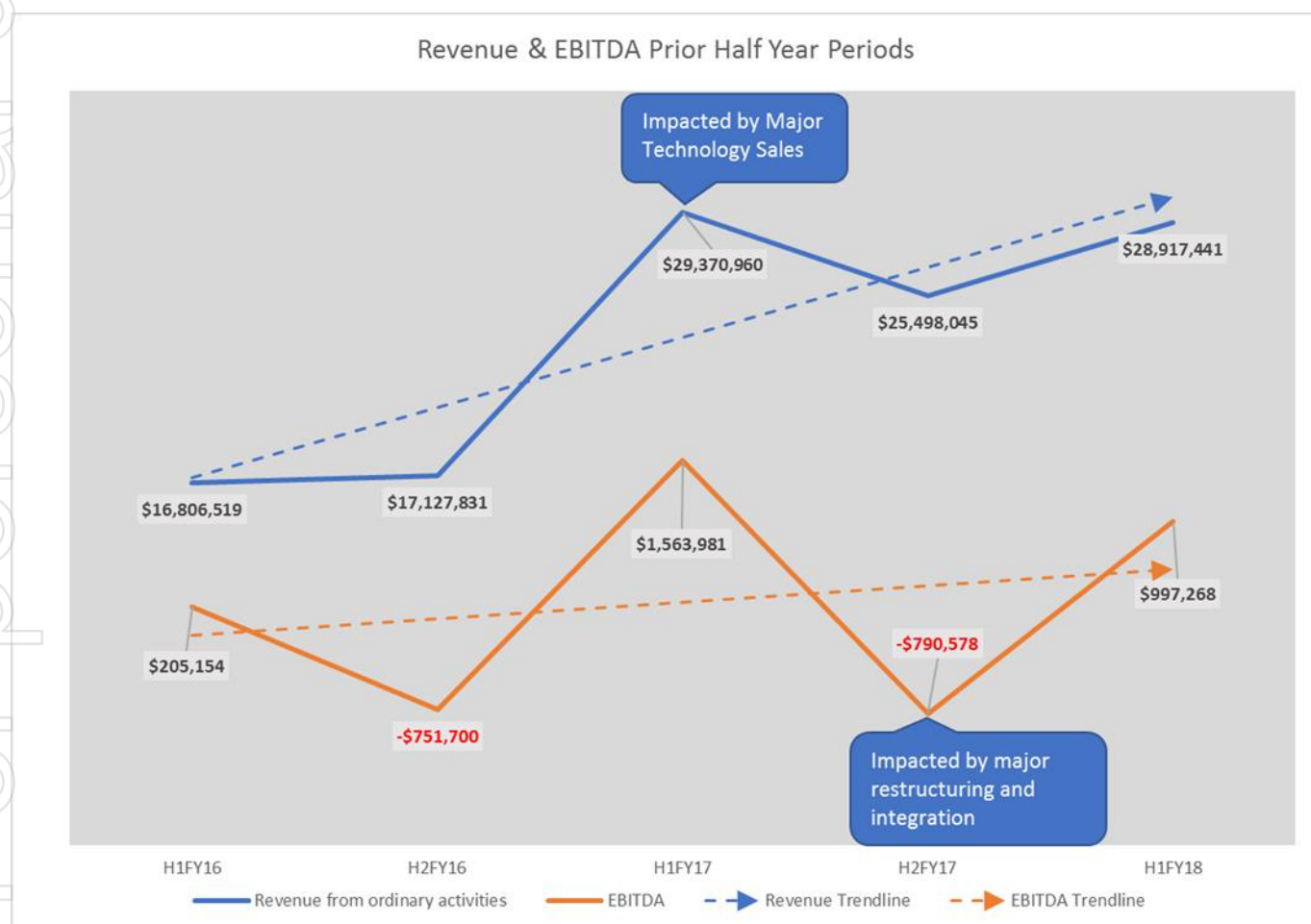
DIRECTORS' REPORT (CONT.)

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In summary, MOQ Limited whilst improving its market position and financial performance, continues to drive towards achieving its strategic priorities.

The following information provides additional detail about MOQ Limited's two operating entities, MOQdigital and Skoolbag.

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DIRECTORS' REPORT (CONT.)

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DIRECTORS' REPORT (CONT.)

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3. Investment in key roles to broaden capability

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Significant Events after Balance Sheet Date

The directors are not aware of any matters or circumstances that have arisen since the half-year ended 31 December 2017 that have significantly affected or may significantly affect the operations, results or state of affairs of the Group.

Options Exercised

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

Grant Date	Balance at 31/12/2017	Balance at the date of this report	Exercise price	Expiry
21/11/2012	16,667	-	\$7.00	12/02/2018 ⁽¹⁾
01/09/2016 ⁽²⁾	3,690,901	3,690,901	\$0.275	01/09/2020
TOTAL	3,707,568	3,690,901		

⁽¹⁾ Expiry of options – as at the date of this report, these options have expired.

⁽²⁾ On 1 September 2016, an Employee Option Plan was introduced, which provided certain key management and employees with 3,690,901 unlisted and unvested options. These options have an exercise price of \$0.275 each, vest upon employee period of service milestones and expire on 1 September 2020

Dividends Paid or Recommended

In respect of the current half-year, no dividends have been declared or paid and none are recommended (2016: \$nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2017 can be found on page 22 of the financial report.

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

A handwritten signature in dark ink, appearing to read 'D Shein', is written over a faint, large, vertical watermark that says 'For personal use only'.

David Shein
Non-Executive Chairman
28 February 2018

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
Revenue			
Revenue		28,917,441	29,370,960
Other income		83,966	131,712
Total Revenue	3	29,001,407	29,502,672
Cost of sales	4	(23,282,421)	(22,892,760)
Gross Profit		5,718,986	6,609,912
Expenses			
Depreciation expenses	4	(171,298)	(109,032)
Amortisation expenses	4	(149,128)	(104,891)
Directors and Related Party Remuneration		(344,270)	(569,053)
Employee benefits	4	(2,579,357)	(2,544,497)
ASX and registry related expenses		(27,713)	(55,007)
Marketing expense		(337,646)	(208,935)
Occupancy expenses		(539,465)	(386,698)
Professional fees	4	(160,493)	(185,670)
Telecommunication expenses		(172,938)	(174,841)
Other expenses		(553,654)	(908,544)
Total expenses		(5,035,962)	(5,247,168)
Profit before income tax expense		683,024	1,362,744
Income tax expense	5	(250,891)	(500,134)
Profit after income tax		432,133	862,610
Other comprehensive income for the half-year			
Items that may be reclassified subsequently to profit and loss		-	-
Items that will not be reclassified to profit and loss		-	-
Other comprehensive (loss) / income		(49,489)	3,866
Total comprehensive income for the half-year		382,644	866,476

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

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		\$	\$
Profit is attributable to			
MOQ Limited		382,644	866,476
		<u>382,644</u>	<u>866,476</u>
Total comprehensive income is attributable to			
MOQ Limited		382,644	866,476
		<u>382,644</u>	<u>866,476</u>
Earnings per share from continuing operations attributable to equity holders of the parent entity			
Basic earnings per share (cents per share)			
- Continuing operations	6	0.2372	0.5589
		<u>0.2372</u>	<u>0.5589</u>
Diluted earnings per share (cents per share)			
- Continuing operations	6	0.2319	0.5417
		<u>0.2319</u>	<u>0.5417</u>

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

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 December 2017 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents		3,810,770	3,265,859
Trade and other receivables		7,056,578	8,172,252
Work In Progress		591,715	309,578
Other assets		436,715	648,499
		<u>11,895,778</u>	<u>12,396,188</u>
Non Current Assets			
Other assets		409,760	377,460
Deferred tax assets		599,941	687,884
Property, plant and equipment		946,825	525,536
Intangibles		14,222,609	14,142,826
		<u>16,179,135</u>	<u>15,733,706</u>
Total assets		28,074,913	28,129,894
Current Liabilities			
Trade and other payables		6,543,229	7,361,808
Deferred revenue		1,949,624	1,712,654
Provisions		1,467,301	1,413,944
		<u>9,960,154</u>	<u>10,488,406</u>
Non - Current Liabilities			
Provisions		88,035	77,782
Total Liabilities		<u>10,048,189</u>	<u>10,566,188</u>
Net Assets		18,026,724	17,563,706
Equity			
Issued capital	7 (a)	49,615,752	49,615,752
Reserves		4,122	(26,763)
Accumulated losses		(31,593,150)	(32,025,283)
Total Equity		18,026,724	17,563,706

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

MOQ LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Shares to be Issued	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2016	49,365,752	-	2,467	(32,126,259)	17,241,960
Net profit for the half-year	-	-	-	862,610	862,610
Other comprehensive profit for the half-year	-	-	3,866	-	3,866
Total comprehensive (loss) for the half-year	-	-	3,866	862,610	866,476
Issue of share capital	90,000	-	-	-	90,000
Option Premium Reserve	-	-	38,732	-	38,732
Balance as at 31 December 2016	49,455,752	-	45,065	(31,263,649)	18,237,168
Balance as at 1 July 2017	49,615,752	-	(26,763)	(32,025,283)	17,563,706
Net profit for the half-year	-	-	-	432,133	432,133
Other comprehensive (loss) for the half-year	-	-	(49,489)	-	(49,489)
Total comprehensive income for the half-year	-	-	(49,489)	432,133	382,644
Issue of share capital / exercise of options	-	-	-	-	-
Option Premium Reserve	-	-	80,374	-	80,374
Balance as at 31 December 2017	49,615,752	-	4,122	(31,593,150)	18,026,724

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

MOQ LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
Cash flow from operating activities			
Receipts from customers		33,014,285	30,859,398
Payments to suppliers and employees		(31,768,387)	(29,506,494)
Interest received		6,182	12,686
Income taxes paid		(58,200)	(110,937)
Net cash provided by operating activities		1,193,880	1,254,653
Cash flow from investing activities			
Payment for property plant and equipment		(396,102)	(133,983)
Payments for intellectual property		(221,031)	-
Payments for deposit		(31,836)	(31,151)
Working capital completion receipts / payments		-	(307,197)
Net cash (used in) investing activities		(648,969)	(472,331)
Cash flow from financing activities			
Proceeds from issue of shares and options		-	90,000
Net cash provided by financing activities		-	90,000
Net increase in cash and cash equivalents		544,911	872,322
Cash and cash equivalents at beginning of the half-year		3,265,859	3,078,326
Cash and cash equivalents at end of the half-year		3,810,770	3,950,648

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

This interim financial report of the Company and its controlled entities (the Group) for the half-year ended 31 December 2017 was authorised for issue at the date of the directors' report.

(a) Basis of preparation of the interim financial report

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by MOQ Limited (formerly Montech Holdings Limited) and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's financial report for the financial year ended 30 June 2017. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

(c) Critical accounting estimates and judgements

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

Key Estimates

Impairment of Non-Current Assets

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

Debtors (Bad Debt Provision)

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

Impairment of goodwill

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

(d) Going Concern Basis

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: SEGMENT INFORMATION

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

We have identified three reportable segments, as follows:

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

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

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

31 December 2017	Recurring Services \$	Professional Services \$	Technology Sales \$	Unallocated \$	Total \$
Revenue from external customers	5,646,615	8,049,112	15,221,714		28,917,441
Other income	-	-	-	83,966	83,966
Total Reportable Segment results (before tax)	1,223,068	1,678,657	2,733,295	(4,951,996)	683,024
Total segment assets				28,074,913	28,074,913
Total segment liabilities				9,960,154	9,960,154

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: REVENUE

	2017	2016
	\$	\$
Revenue from services	28,917,441	29,370,960
Interest received	6,182	12,686
Other income	77,784	119,026
Total Revenue	29,001,407	29,502,672

NOTE 4: OPERATING PROFIT

	2017	2016
	\$	\$
Profit before income tax includes the following expenses:		
(a) Cost of sales		
Technology	12,488,419	13,636,599
Recurring services	4,423,547	3,332,372
Professional services	6,370,455	5,923,789
	23,282,421	22,892,760
(b) Depreciation	171,298	109,032
Amortisation	149,128	104,891
	320,426	213,923
(c) Employee benefits, other labour and related expenses		
Wages and salaries	1,755,406	1,960,621
Superannuation	185,867	232,381
Other employee benefits expenses	638,084	351,495
	2,579,357	2,544,497
(d) Professional services		
Consultants fees	60,805	30,503
Compliance fees	88,496	59,938
Other fees	11,192	95,229
	160,493	185,670

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 5: INCOME TAX

	2017	2016
	\$	\$
Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Profit/(loss) from continuing operations before income tax expense	683,024	1,362,744
Income tax calculated at 30% (2016: 30%)	204,907	408,823
Tax effect of amounts which are not taxable income (including R&D rebate)	45,984	82,393
Under/(over) provision previous period	-	8,918
Tax loss not recognised	-	-
Income tax expense	<u>250,891</u>	<u>500,134</u>

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

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

NOTE 6: EARNINGS PER SHARE

	Dec 2017	Dec 2016
	\$	\$
(a) Basic earnings per share (cents per share)		
From continuing operations	<u>0.2372</u>	<u>0.5589</u>
	<u>0.2372</u>	<u>0.5589</u>
(b) Diluted earnings per share (cents per share)		
From continuing operations	<u>0.2319</u>	<u>0.5417</u>
	<u>0.2319</u>	<u>0.5417</u>
(c) Reconciliation of profit in calculating earnings per share		
Basic and diluted profit per share		
Profit after tax from continuing operations attributable to ordinary equity holders	<u>382,644</u>	<u>866,476</u>
	<u>382,644</u>	<u>866,476</u>
(d) Total shares		
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share	<u>161,320,702</u>	<u>155,036,734</u>

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Weighted average number of ordinary shares outstanding during the half-year used in the calculation of diluted earnings per share

165,028,270

159,963,902

NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 7: SHARE CAPITAL

(a) Details of share issues

For the half-year ended 31 December 2017:

Date	Details	Share Price \$	No. of Shares	Issue Value \$
	Total share capital as at 31 December 2016		159,720,702	49,455,752
May-17	Securities issued for the exercise of options	0.10	1,600,000	160,000
	Total share capital as at 30 June 2017 and 1 July 2017		161,320,702	49,615,752
	Total share capital as at 31 December 2017		161,320,702	49,615,752

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

(b) Options

ASX Code	Balance at 31 Dec 2017	Balance at 31 Dec 2016	Exercise price	Expiry
MOQOPT8	-	1,600,000 ¹	\$0.10 ¹	30/06/2017
MOQOPT6	-	16,667 ¹	\$7.00 ¹	12/02/2017
MOQOPT7	16,667	16,667 ¹	\$7.00 ¹	12/02/2018 ²
Unlisted options	3,690,901 ³	3,690,901 ³	\$0.275 ³	01/09/2020
Total Options	3,707,568	5,324,235		

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

² Options have expired as at 12th February 2018.

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

NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets as at the date of this report.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any matters or circumstances that have arisen since the half-year ended 31 December 2017 that have significantly affected or may significantly affect the operations, results or state of affairs of the Company.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of MOQ Limited (the "Company"), the directors of the Company declare that:

1. In the Directors opinion, the financial statements and notes, as set out on pages 7 to 20 are in accordance with the *Corporations Act 2001* and
 - i. comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii. give a true and fair view of the financial position as at 31 December 2017 and of the performance for the half-year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

On behalf of the Directors



David Shein
Non-Executive Chairman
28 February 2018
Sydney

28 February 2018

Board of Directors
MOQ Limited
Suite G.01, Ground Floor
3-5 West Street
North Sydney, NSW, 2060

Dear Sirs

RE: MOQ LIMITED

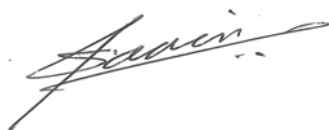
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MOQ Limited.

As Audit Director for the review of the financial statements of MOQ Limited for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



Samir Tirodkar
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MOQ Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for MOQ Limited (the consolidated entity). The consolidated entity comprises both MOQ Limited ("the Company") and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MOQ Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

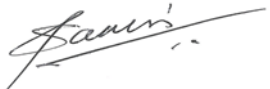
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of MOQ Limited on 28 February 2018.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
28 February 2018