

PROJECT GOTH INC.

Annual Report for the financial year ended
31 December 2013



Directors

Mr. Steven Goh	Chairman and CEO
Mr. Dmitry Levit	Director
Mr. Andi Zain	Director
Mr. John Lee	Director
Mr. Stephen Llanwarne	Director
Mr. Craig White	Director (Resigned December 21, 2013)

Company Secretary

Patrick Wong

Principal Place of Business & Registered Office

111 North Bridge Road, Suite 26-01
Peninsula Plaza
Singapore 179098

Auditors

Stantons International
Level 2,
1 Walker Avenue
West Perth, WA, 6005

Solicitors

Baker & McKenzie
AMP Centre,
Level 27,
50 Bridge Street
Sydney NSW 2000

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Project Goth INC.

Directors' Report

The Directors of Project Goth Inc. ("PGI" or "the Company") submit herewith the annual report of the Company and its controlled entities ("the Group") for the financial year ended 31 December 2013. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of the Directors of the Company in office during or since the end of the financial year are:

Mr. Steven Goh (Chairman and CEO)

Mr. Dmitry Levit (Director)

Mr. Andi Zain (Director)

Mr. John Lee (Director)

Mr. Stephen Llanwarne (Director)

Mr. Craig White (Director, Resigned December 21, 2013)

The above named Directors held office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors

- | | |
|------------------------------|---|
| Mr. Steven Goh | Mr Goh achieved considerable success in the late 1990's by developing Sanford Securities, Australia's first online stock broking company. This operation grew to 160,000 customers with over \$2.4 billion in customer assets, before being taken over in 2003. Steven is Managing Director and CEO of PGI and is recognised as an authority on contemporary IT issues and serves on a number of advisory panels throughout the Asian region. Mr Goh received both a Bachelor of Commerce and an MBA from the University of Western Australia. |
| Mr. Dmitry Levit | Mr Levit is a partner of Digital Media Partners which is a venture capital firm within the technology sector. He has extensive experience in the emerging markets internet space and has previously held a variety of business development and investment roles with Yahoo and IDG Ventures in South East Asia. Mr Levit attained his Master of Science in International Management at St. Petersburg State University in Russia, along with his MBA at INSEAD, Singapore. |
| Mr. Andi Zain | Mr Zain has 15 years' experience in building internet and mobile businesses in South East Asia and launched the first content provider and ringtone service in Indonesia. Mr Zain currently sits on the board of publicly listed PT Puncak Teknologi Indonesia. Andi is the Founder & organizer of MobileMonday Indonesia, a networking forum of 400 mobile centric companies in Indonesia. Mr Zain is also a Director of Jakarta Founder Institute, mentorship & incubation program for startups in Indonesia. Mr Zain previously attained a Master of Business Administration degree from Monash University in Australia and has a Post Graduate Diploma in International Finance & Business Law from Monash University, Australia. Mr Zain also holds a Bachelor of Business Administration from GS Fame, Indonesia. |
| Mr. John Lee | Mr Lee is currently CEO of a mobile games platform company based in Singapore. He has previously had multiple executive roles in privately held and publicly listed games companies in both the United States and Asia. He also was a venture capitalist at Softbank Venture Capital and has had consulting roles with McKinsey & Company and Deloitte & Touche in their technology services divisions. Mr Lee received a degree in Finance and Operations Management from the New York University Stern School of Business and a B.A. in Political Science from the University of Michigan. |
| Mr. Stephen Llanwarne | Mr Stephen Llanwarne is a technology professional with over 30 years of |

commercial global experience across commercial systems, global investment banking and in the last 10 years the mobile space. Mr Llanwarne has also held senior roles with Deutsche Bank, Bankers Trust, and Merrill Lynch in their technology divisions. Mr Llanwarne was also previously a founding partner and CIO of Zurich Capital Markets Asia. Mr Llanwarne has also served on the board of Vibe Capital which launched Minti.com. Launched in 2007, Minti was the first Web 2.0 niche social networking service to provide parent generated and ranked advice. Mr Llanwarne received his Bachelor of Business Information Technology from Curtin University in Perth, Western Australia.

Mr. Craig White

Mr. White resigned 21 December, 2013. Mr. White was former CEO of Naspers/MIH Southeast Asia and has more than 20 years of global leadership experience in the Internet and technology sectors. During his tenure at Naspers/MIH Southeast Asia, Craig was responsible for several of the Naspers' invested Internet and media companies including BuzzCity, ibibo, Lelong.com.my, Multiply, among others. He also led the 30% investment in Tencent. Prior to MIH group Craig was President for Sanook Online Limited and Managing Director for KSC. Craig is also currently President for Global Operations for MOL Global, a fast growing payment business.

Principal activities

The principal activities of the Group during the financial year ended 31 December 2013 was the development of a public social entertainment blogging platform model, where visitors can engage openly with content, celebrities and friends.

Review of operations

In 2013 the Company began maturation of its products and business model, moving from what was private mobile chat based service with SMS and VOIP, to a public social entertainment platform this has included creation of a miniblogging platform, in addition to having games, and virtual gifts. The Company's growth strategy will focus on the complementary establishment of artists, media and industry partnerships and expanding business development that will be combined with a viral referral program.

Accordingly, the Company primary operational focus has been to focus on redevelopment of its platform repositioning it in the marketplace. Early results have been encouraging and the company has changed its capital strategy to include the pursuit of a listing by merging with an already listed vehicle as a means to lowering its cost of capital and giving the current shareholders a pathway to liquidity.

Simultaneous, the Company has begun reducing support for retiring legacy products and services. Cost of Sales and Sales and Marketing expenses decreased significantly compared to the prior year as the Company restructured its headcount and phased old product and service lines, including SMS and VOIP services, and reducing its infrastructure footprint. As expected, the Company monthly average users (MAU) decreased by approximately 4,000,000 MAU in 2012 to about 3,000,000 MAU in 2013, with a commensurate decrease in revenues.

Operating result

The consolidated loss to members of the Group for the financial year after providing for income tax amounted to \$4,508,359 (2012: \$5,075,950). Sales have decreased to \$2,811,436 (2012: \$3,200,851) with overall cost of sales decreasing to \$2,014,943 (2012: \$2,704,752) and operating expenses also decreasing to \$5,168,331 (2012: \$5,632,611).

The cash assets of the Consolidated Entity at 31 December 2013 were \$212,985, down from \$311,015 at 31 December 2012.

Significant changes in the state of affairs

On 23 January 2014, the Company agreed to be acquired by Latin Gold (ASX: LAT) through the issue of approximately 720 million shares in Latin Gold subject to the approval by Latin Gold Shareholders. Key terms to the proposed transaction are the combined Latin Gold and mig33 Group will have net cash resources of at least A\$5.0 million once all necessary shareholder approvals are obtained.

On 19 February 2014, Mig33 announced that it had acquired 100% of the alivenotdead.com business, online artist community based in Hong Kong with a regional presence and serves over 1,800 artists. These services include events, social media management and advisory, booking and casting opportunities, promotion and networking. Total costs of the acquisition are valued at \$525,000 through a combination cash and equity.

On 29 April 2014 Latin Gold announced that FIH Mobile Limited (**FIH Mobile**) had agreed to invest a total of US\$9.6 million into the merged Mig33 and Latin Gold group of companies. Of the US\$9.6 million investment, US\$2.2 million will be used to purchase PGI shares prior to the proposed merger with Latin Gold. The balance of the investment, approximately US\$7.4 million will be invested via the placement of 40 million Shares (on a post Consolidation basis) at an issue price of \$0.20 per Share immediately following the receipt of Shareholder approval.

Matters subsequent to the end of the financial year

Other than the matters described in Note 28 to these financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and usual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Future developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Dividends

No dividends have been paid by the Company during the financial year ended 31 December 2013, nor have the Directors recommended any dividend to be paid.

Options

Options, over issued shares or interests in the Company or Group were granted during the year ended 31 December 2013 and there were 14,542,407 options (2012: 15,580,565 options) outstanding at the date of this report. No shares were issued since the end of the year as a result of the exercise of an option over unissued shares or interests.



Directors' meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director). During the financial year, 8 board meetings were held.

Directors	Board of Directors	
	Held	Attended
Mr. Steven Goh	8	8
Mr. Dmitry Levit	8	7
Mr. Andi Zain	8	6
Mr. John Lee	8	1
Mr. Stephen Llanwarne	8	8
Mr. Craig White	8	6

The Group also maintains an audit committee which includes Mr. Levitt and Mr. Llanwarne and the Group's Chief Financial Officer, Mr. Patrick Wong.

Proceedings on behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Non-audit services

There are no other provisions of non-audit services provided to the Company by the Company's auditors.

Auditor's independence declaration

The auditor's independence declaration as required under s 307C of the Corporations Act 2001 is included on page 7 of the annual report.

This Directors' report is signed in accordance with a resolution of the Board of Directors, made pursuant to Corporation Act.

On behalf of the Directors



Chairman

Dated at PERTH this 27th May 2014

27 May 2014

Board of Directors
#26-01 Peninsula Plaza
111 North Bridge Road
Singapore
179098

Dear Directors

RE: PROJECT GOTH INC

I am pleased to provide the following declaration of independence to the directors of Project Goth Inc.

As the Audit Director for the audit of the financial statements of Project Goth Inc for the year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



Samir Tirodkar
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PROJECT GOTH INC**

Report on the Financial Report

We have audited the accompanying financial report of Project Goth Inc, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with International Accounting Standard IAS 1 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001 in Australia*.

Opinion

In our opinion the financial report of Project Goth Inc gives a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date, and complies with International Accounting Standards

Emphasis on Matter of Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following uncertainty:

As referred to in note 2 to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2013 the consolidated entity had a working capital deficiency of \$4,478,350 and had incurred losses for the year of \$4,508,359. Accumulated losses at 31 December 2013 for the consolidated entity were \$45,141,965.

The ability of the consolidated entity to continue as a going concern and to meet planned and committed expenditure requirements is subject to the consolidated entity raising further equity and/or loan capital and generating sufficient profitability and cashflows from its existing businesses and proposed business activities to meet the consolidated entity's liabilities and commitments as and when they fall due. In our opinion there is uncertainty as to when or whether these objectives will be met.

In the event that the consolidated entity is not successful in generating sufficient profitability and cashflows and/or raising further equity and loan funds, the consolidated entity may not be able to continue as a going concern and the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

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

Stantons International

Samir

Samir Tirodkar
Director

West Perth, Western Australia
27 May 2014

Project Goth Inc.
Directors' declaration

The Directors of the Company declare that:

1. In the opinion of the Directors:

- (a) the financial statements and notes as set out on pages 11 to 37 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2013 and of its performance for the year then ended;
 - (ii) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2 to the financial statements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors

On behalf of the Directors



Chairman
Dated at PERTH this 27th day of May 2014.

Project Goth Inc.**Consolidated statement of profit or loss and other comprehensive income**

For the financial year ended 31 December 2013	Note	2013 \$	2012 \$
Revenues			
Total Revenue	5	2,845,229	3,301,490
Cost of Sales	6	2,014,943	2,704,752
Gross Margin		830,286	596,738
Operating Costs			
Marketing	6	946,982	1,448,717
Development	6	2,330,544	2,460,274
Directors fees		253,981	261,485
Depreciation		176,069	256,746
Share based payments		159,324	381,321
General and administrative	6	1,301,431	824,068
Total Expenses		5,168,331	5,632,611
Operating Profit (Loss)		(4,338,045)	(5,035,873)
Non-Operating income/ (Expenses)			
Interest payable		78,768	-
Loss on divestment of interest in joint venture		-	50,000
Foreign exchange Losses/(gains)		33,680	(66,954)
Profit (Loss) After Other Non - Operating Expenses		(4,450,493)	(5,018,919)
Profit (Loss) before taxation		(4,450,493)	(5,018,919)
Income Taxes	7	(57,886)	(57,031)
Net Income (Loss) for the year		(4,508,359)	(5,075,950)
Other comprehensive income			
Items that will not be reclassified to the Profit and Loss		-	-
Items that may be reclassified subsequently to Profit or Loss		-	-
Foreign currency translations		7,044	(696,699)
Other comprehensive income (Loss) (net of income tax) attributable to members of the Company		7,044	(696,699)
Total comprehensive income (Loss) for the year attributable to members of the Company		(4,501,315)	(5,772,649)

The accompanying notes form part of these financial statements.

Project Goth Inc.**Consolidated statement of financial position**

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	8(a)	212,985	311,015
Trade and Other receivables	10	122,824	254,755
Deposits	9	77,774	101,902
Prepaid and other	11	70,918	95,142
Other financial assets	12	-	10,000
Total current assets		484,501	772,814
Non-current assets			
Property and equipment	13	120,516	191,534
Intangible assets-patents		28	-
Total non-current assets		120,544	191,534
Total Assets		605,045	964,348
Current liabilities			
Trade and other payables	14	2,029,018	652,905
Convertible loan notes	15	2,650,000	-
Provisions	16	64,400	133,262
Current tax liabilities	17	84,898	55,727
Deferred revenue	19	134,535	140,653
Total Current liabilities		4,962,851	982,547
Non-current liabilities			
Deferred tax liabilities	18	3,258	1,569
Total non-current liabilities		3,258	1,569
Total liabilities		4,966,109	984,116
Net Liabilities		(4,361,064)	(19,768)
Equity			
Issued capital	20	38,816,394	38,815,699
Reserves	21	1,964,507	1,798,139
Accumulated losses		(45,141,965)	(40,633,606)
Total deficiency		(4,361,064)	(19,768)

The accompanying notes form part of these financial statements.

Project Goth Inc.

Consolidated statement of changes in equity

For the financial year ended 31 December 2013

	Issued capital \$	Reserve Option Reserve \$	Reserves Warrants \$	Reserves FCTR \$	Accumulated Losses \$	Total \$
Balance at 1 January 2012	34,090,737	1,999,086	229,699	(115,267)	(35,557,656)	646,599
Loss attributable to members of the Company	-	-	-	-	(5,075,950)	(5,075,950)
Foreign currency translation movement	-	-	-	(696,699)	-	(696,699)
Total comprehensive income	-	-	-	(696,699)	(5,075,950)	(5,772,649)
Transaction with owners, directly recorded in equity						
Shares issued during the year	4,724,962	-	-	-	-	4,724,962
Costs of shares issued	-	-	-	-	-	-
Warrants granted	-	-	15,861	-	-	15,861
Options granted	-	365,459	-	-	-	365,459
Balance at 31 December 2012	38,815,699	2,364,545	245,560	(811,966)	(40,633,606)	(19,768)

Balance at 1 January 2013

Loss attributable to members of the Company
Foreign currency translation movement
Total comprehensive income

38,815,699	2,364,545	245,560	(811,966)	(40,633,606)	(19,768)
-	-	-	-	(4,508,359)	(4,508,359)
-	-	-	7,044	-	7,044
-	-	-	7,044	(4,508,359)	(4,501,315)
695	-	-	-	-	695
-	-	-	-	-	-
-	-	-	-	-	-
-	159,324	-	-	-	159,324
38,816,394	2,523,869	245,560	(804,922)	(45,141,965)	(4,361,064)

The accompanying notes form part of these financial statements.

Project Goth Inc.**Consolidated statement of cash flows****For the financial year ended 31 December 2013**

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers		2,977,160	3,854,665
Payments to suppliers and employees		(5,567,164)	(7,724,136)
Income tax paid		(27,006)	(7,246)
Net cash (used in) operating activities	8(b)	(2,617,010)	(3,876,717)
Cash flows from investing activities			
Payments for plant and equipment	13	(105,218)	(51,153)
Patents acquired		(28)	-
Net cash (used in) investing activities		(105,246)	(51,153)
Cash flows from financing activities			
Proceeds from shares	20	-	4,724,962
Proceeds from exercise of share options	20	695	-
Proceeds from (Repayment of) from convertible loan notes	15	2,650,000	(1,500,000)
Payment for share issue costs		-	-
Net cash provided by financing activities		2,650,695	3,224,962
Net (decrease) in cash and cash equivalents		(71,561)	(702,908)
Difference in foreign exchange		(26,469)	152,036
Cash and cash equivalents at the beginning of the year		311,015	861,887
Cash and cash equivalents at the end of the year	8(a)	212,985	311,015

The accompanying notes form part of these financial statements.

For the year ended 31 December 2013

1. General information

The consolidated financial statements and notes represent those of Project Goth Inc. ("PGI" or "the Company") and its controlled entities ("the Group"). Project Goth Inc is a company limited by shares, incorporated and domiciled in the United States of America. The addresses of its registered office and principal place of business are disclosed in the corporate directory of the annual report.

2. Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with International Accounting Standards and the *Corporations Act*.

International Accounting Standards set out accounting policies that the IASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with International Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

The financial statements were authorised for issue on 27 May, 2014 by the Board of Directors.

Going concern basis

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 31 December 2013 of \$4,508,359 (2012: \$5,075,950), and a net cash outflow from operations of \$2,617,010 (2012: outflow \$3,876,717). As at 31 December 2013, the Group has working capital deficiency of \$4,478,350 (2012: \$209,733).

The Group's ability to continue as a going concern and pay its debts as and when they fall due, assumes the following:

- a) active management of the current level of discretionary expenditure in line with the funds available to the Group.
- b) the Group is able secure ongoing investment to finance the Group's operations.

The Directors have reviewed the business outlook and cash flow forecast and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. As such, the Directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises. Since 31 December 2013, the Group has raised a further \$1,186,111 in convertible loan notes.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

3. Significant accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Project Goth Inc.) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 27.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

(b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (i.e. the parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

(c) Income tax

The income tax expense for the year comprises current income tax expense/(benefit) and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Property and Equipment

Property and equipment are measured on the cost basis less depreciation and impairment losses.

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. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including property and capitalised lease assets is depreciated on a diminishing balance basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for Property and equipment is 20-30%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 income statement. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to accumulated losses.

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(f) Financial instruments

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(g) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Intangibles

Development

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be reliably measured.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Patents and trademarks

Material patents and trademarks are recognised at cost of acquisition. Patents and trademarks have an infinite life and are tested annually for impairment and carried at costs less accumulated impairment losses.

(i) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollars, which is the parent entity's functional and presentation currency. The functional currency of Mig33 Pte Limited is Singapore Dollars. The functional currency of Project Goth SDN BHD is Malaysian Ringgit. The functional current of Project Goth (India) Private Limited is Indian Rupees and of Eva Advisors South Africa (Private) Limited is South African Rand.

Transactions and balances

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 income statement except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference 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 income statement.

Subsidiaries

The financial results and position of foreign operations, whose functional currency is different from the consolidated entity's presentation currency, are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve (12) months or less, and bank overdrafts. Bank overdrafts are shown within trade and other payables in current liabilities on the statement of financial position.

(m) Revenue recognition policy

Revenue from the sale of virtual products is recognised upon completion of delivery of the virtual goods to customers. The Company currently generates revenue from providing Mig33 services. The Company recognises revenue in accordance with IAS 18 Revenue which outlines the accounting requirements for when to recognize revenue from the sale of goods, rendering of services. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue. The Company recognises revenue once the following criteria's has been met:-

- (i) Persuasive evidence of an arrangement exists;
- (ii) Delivery of the Company's obligation to its customer has occurred;
- (iii) Price has been fixed and determinable and;
- (iv) Collection of the related receivables is reasonably assured.

(n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated entity during the reporting period, which remain unpaid. The balance is

recognised as a current liability.

(o) Borrowing costs

Borrowing costs directly attributable to the funds borrowed through convertible loans that necessarily take a substantial period of time to repay in form of cash or in mostly likely possibility to conversion into shares. The cost of financing of these convertible loans is recognised in profit or loss in the period in which the interest expense is accrued from the time the funds are advanced.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(q) Critical accounting estimates and judgements

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

(r) Key judgements

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. When 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. The calculations and assumptions have been based upon the fair-value as determined by interested buyers.

(s) New and amended standards adopted by the group

In the year ended 31 December 2013, the Group has reviewed the new and revised Standards and Interpretations issued that are relevant to its operations and effective for reporting periods beginning on or after 1 January 2013. The following new and revised Accounting Standards together with consequential amendments to other Standards which are applicable to the Group became mandatorily applicable from 1 January 2013:

IFRS 10: Consolidated Financial Statements;
IFRS 11: Joint Arrangements
IFRS 12: Disclosure OF Interests in Other Entities
IFRS 13: Fair Value Measurement

These Standards became applicable to the Group for the first time in the current reporting year to 31 December 2013. The Group has applied these Accounting Standards retrospectively.

Although the first-time application of IFRS 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 3(a).

There is no impact to the financials statements of the Group as a result of the other amendments to the Accounting Standards.

(t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the company are set out below. The company does not plan to adopt these standards early.

(i) IFRS 9 Financial Instruments (2010) and IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities.

The IFRS (2009) requirements contain two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of loans and receivables.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment to the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015. Given the nature of the company's operations, this standard is expected to have a little impact on the company's financial statements.

IFRIC 21 Levies

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12 Income Taxes), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards.

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. Initial application is in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, i.e. the requirements are applied on a retrospective basis.

Amendments to IAS 32 on offsetting financial assets and financial liabilities (2011)

Clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods.

Given the nature of the company's operation, the company is not expecting a significant impact from the adoption of the amendments to IAS 32.

IAS 36 Amendments

The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are applicable to annual periods beginning on or after 1 January 2014.

Amendments to IAS 19 -The pronouncement amends IAS 19 Employee Benefits (2011) to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendments are effective for annual periods beginning on or after 1 July 2014.

4. Parent information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with accounting standards.

Statement of financial position

	2013	2012
	\$	\$
Assets		
Current assets	132,438	433,242
Non-current assets	62,799	86,948
Total assets	195,237	520,190
Liabilities		
Current liabilities	4,105,298	693,095
Non-current liabilities	2,529,877	1,717,932
Total liabilities	6,635,175	2,411,027
Net Liabilities	(6,439,938)	(1,890,837)
Equity		
Issued capital	38,816,394	38,815,699
Reserves	2,769,429	2,610,105
Accumulated losses	(48,025,761)	(43,316,641)
Total deficiency	(6,439,938)	(1,890,837)

Statement of comprehensive income

	2013	2012
	\$	\$
Statement of Profit or Loss and Other Comprehensive Income		
Loss for the year	(4,709,119)	(12,714,954)

5. Revenue and other income

	2013	2012
	\$	\$
Revenue		
Sales	2,811,436	3,200,851
Other income		
Advertising Income	33,793	100,639
	2,845,229	3,301,490

6. Loss before income tax

The loss for the year includes the following items of expenditure:

	Consolidated	
	2013	2012
	\$	\$
Employee expense:		
Salaries	3,647,397	3,432,314
Payroll related taxes	219,489	247,032
Health benefits and other	110,870	135,603
Total Personnel Expense (i)	3,977,756	3,814,949
Cost of Services		
SMS and Voice-over-IP	40,467	512,181
Hosting	453,901	800,761
Broadband	140,944	202,111
Total Cost of Services (i)	635,312	1,515,053
Accounting and administration expense:		
Audit	89,842	65,382
Transaction and financing costs	419,981	143,685
Accounting	39,665	31,988
Total Accounting and Administrative	549,488	241,055

- (i) The above costs have been apportioned in the statement of profit or loss and other comprehensive income by management in the following ratios:

	2013	2012
	\$	\$
Costs of sales	25%	27%
Marketing	15%	15%
Development	45%	43%
General administration	15%	15%

7. Income taxes

	Consolidated	
	2013	2012
	\$	\$

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Loss from continuing operations	(4,508,359)	(5,075,950)
Income tax expense calculated at 43.7%	(1,970,153)	(2,218,190)
Effect of expenses that are not deductible in determining taxable loss	494,886	494,031
Effect of different tax rates	-	-
Unused tax losses not brought to account as deferred tax assets	1,417,381	1,667,128
Income tax expense	(57,886)	(57,031)

The tax rate used for the 2013 and 2012 reconciliations above is the corporate tax rate of 35% and 8.7% payable by United States of America corporate entities on taxable profits under U.S federal and state tax laws.

Project Goth Inc.

Notes to financial statements

7. Income taxes (cont'd)

	Consolidated	
	2013	2012
	\$	\$
Unrecognised deferred tax assets		
Tax losses	14,943,404	13,526,023

Tax losses

As of 31 December 2013, the Company had net operating loss carry forwards of approximately \$34,342,396 (2012: 30,999,426) and 33,604,198 (2012: 30,761,195) available to reduce future taxable income, if any for federal and California state income taxes purposes.

Unused tax losses for which no deferred tax asset has been recognised have not been disclosed as the future recovery of those losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities. The benefits of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

8. Cash and cash equivalents

	Consolidated	
	2013	2012
	\$	\$
(a) Reconciliation of cash		
Cash at bank	212,985	311,015
Cash and cash equivalents	212,985	311,015

(b) Reconciliation of loss for the year to net cash flows from operating activities

Loss for the year after income tax	(4,508,359)	(5,075,950)
Depreciation	176,069	256,746
Share based payments	159,324	381,321
Loss on divestment in interest in joint venture	-	50,000
Exchange losses	33,680	(66,954)
Operating loss before changes in working capital	(4,139,286)	(4,454,837)
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	131,931	553,175
Deposits prepayments and other assets	58,352	(82,602)
<i>Increase/(decrease) in liabilities:</i>		
Trade and other payables	1,369,995	1,889
Provisions	(68,862)	55,873
Current tax liability	29,171	55,727
Deferred tax liability	1,689	(5,942)
Net cash used in operating activities	(2,617,010)	(3,876,717)

9. Deposits

	Consolidated	
	2013	2012
	\$	\$
Deposits	77,774	101,902

10. Trade and other receivables

	Consolidated	
	2013	2012
	\$	\$
Trade receivables (i)	100,648	234,783
Other debtors	22,176	19,972
	122,824	254,755

(i) The Company maintains accounts and relationship with financial institutions that serve as collection points for customers payments. Customers can choose to remit funds directly to the Company's bank accounts or to remit funds through these financial intermediaries when bank facilities are not readily available or feasible. Once receipt of funds is confirmed with the bank or the financial intermediaries, credits are released to customers for use on the Company's platform. Customer payments received at financial institutions are generally transferred to the Company's bank accounts on a daily basis. Balances at financial institutions at year end, which have yet to be transferred to the Company's bank accounts, are classified as trade receivables. As at 31 December 2013 (and at 31 December 2012), the company had no receivables which were past due or impaired. Most of trade receivables are receivable within 30 days from reporting date.

11. Prepayments

	Consolidated	
	2013	2012
	\$	\$
Prepayments	47,710	94,242
Advances	23,208	900
	70,918	95,142

12. Other financial assets

	Consolidated	
	2013	2012
	\$	\$
Security deposit – Credit card	-	10,000

13. Plant and equipment

	Consolidated	
	2013	2012
	\$	\$
Gross carrying amount		
Balance at 1 January	1,523,158	1,462,920
Additions	105,218	51,153
Foreign exchanges difference	(36,716)	9,085
Balance at 31 December	1,591,660	1,523,158
Accumulated depreciation		
Balance at 1 January	1,331,624	1,065,793
Depreciation expense	176,069	256,746
Foreign exchanges difference	(36,549)	9,085
Balance as 31 December	1,471,144	1,331,624
Net book value		
As at 31 December 2013	120,516	191,534

14. Trade and other payables

	Consolidated	
	2013	2012
	\$	\$
Trade payables	1,070,290	324,077
Sundry payables and accruals	958,728	328,828
	2,029,018	652,905

15. Convertible loan notes

	Consolidated	
	2013	2012
	\$	\$
<i>Current</i>		
Convertible loan notes to related parties	850,000	-
Convertible loan notes to others	1,800,000	-
	2,650,000	-

16. Provisions

	Consolidated	
	2013	2012
	\$	\$
Provision for annual leave	64,400	133,262
Provision for long service leave	-	-
	64,400	133,262

17. Current Tax Liabilities

	Consolidated	
	2013	2012
	\$	\$
Income tax payable (i)	84,898	55,727

(i) This is mainly payable in respect of the subsidiary incorporated in Malaysia.

18. Deferred Tax Liabilities

	Consolidated	
	2013	2012
	\$	\$
Deferred tax Liabilities (i)	3,258	1,569

(i) This is mainly in relation to the subsidiary incorporated in Malaysia.

19. Deferred Revenue

	Consolidated	
	2013	2012
	\$	\$
Deferred revenue (i)	134,535	140,653

(i) This is mainly in respect of advance sales proceeds received from users who have purchased the credits but have not consumed the Mig33 services.

20. Issued Capital

	Consolidated	
	2013	2012
	\$	\$
72,421,600 fully paid ordinary shares (2012: 72,387,220)	38,816,394	38,815,699

	2013		2012	
	\$	No.	\$	No.
Fully paid ordinary shares				
Balance at beginning of financial year	38,815,699	72,387,220	34,090,737	15,303,580
Issuance of shares (Series 1 and Series D)	-	-	4,724,962	49,974,568
Conversion of Series A, B and C into Series 1 (ii)	-	-	-	7,109,072
Options exercised (i)	695	34,380	-	-
Capital raising costs	-	-	-	-
Balance at end of financial year	38,816,394	72,421,600	38,815,699	72,387,220

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(i) Exercise of 34,380 options at \$0.02 per share.

(ii) Series A, B and C were converted into Series 1 Shares with further shares issued at no consideration

21. Reserves

	Consolidated	
	2013 \$	2012 \$
Reserves		
Share option reserve (i)	2,523,869	2,364,545
Share warrants reserve (ii)	245,560	245,560
Foreign currency translation reserve (iii)	(804,922)	(811,966)
	1,964,507	1,798,139

(i) Share option reserve

	Consolidated	
	2013 \$	2012 \$
Movement in share option reserve		
At start of the year	2,364,545	1,999,086
Options issued to employees and directors	159,324	365,459
At end of the year	2,523,869	2,364,545

At 31 December 2013 there were 14,542,407 unlisted options (2012: 15,580,565 unlisted options) on issue with exercisable price of \$0.02, \$0.47, \$0.74 and \$0.75 respectively with various expiry dates.

(ii) Share warrants reserve

	Consolidated	
	2013 \$	2012 \$
Movement in share warrants reserve		
At start of the year	245,560	229,699
Warrants issued	-	15,861
At end of the year	245,560	245,560

At 31 December 2013 there was 909,914 (2012: 946,700) share warrants on issue. Out of the 909,914 warrants on issue:-

- (a) 844,139 expired on 23 January 2014;
- (b) 25,886 share warrants have an expiry date of 28 June 2017;
- (c) 32,152 share warrants have an expiry date of 3 July 2017 and;
- (d) 7,737 share warrants have an expiry date of 27 November 2017

There were no share warrants granted in the year ended 31 December 2013.

During the prior year ended 31 December 2012 the Company granted 21,038 shares warrants to a third party as approved by shareholders at a meeting of shareholders in 2010. The fair value of the share warrants at the grant date was 75.39 cents per warrant. The fair value of the warrants has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price: \$2.00

Project Goth Inc.**Notes to financial statements**

Weighted average life of options:	28/6/2017
Underlying share price:	\$2.00
Expected volatility:	50%
Risk free interest rate:	7.5%

(iii) Foreign currency translation reserve

	Consolidated	
	2013	2012
	\$	\$
Movement in foreign currency translation reserve		
At start of the year	(811,966)	(115,267)
Translation differences	7,044	(696,699)
At end of the year	(804,922)	(811,966)

22. Share based payments

During the year the Company granted 2,861,314 unlisted options to employees, at an exercise price of \$0.02 cents each and expiring on 21 May 2023, 16 July 2023 and 28 October 2023 respectively. The fair value of the options at the grant date was \$0.01 cents per option. The fair value of the options has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$0.02
Weighted average life of options:	10 years from date of grant
Underlying share price:	\$0.02
Expected volatility:	50%
Risk free interest rate:	2.5%

A discount of 20% in recognition of the illiquid nature of the options and the underlying shares was applied.

During the prior year the Company granted the 10,458,518 unlisted options to employees (excluding Directors), at an exercise price of \$0.02 each and expiring on 28 March 2022, 17 September 2022, 19 November 2022 or 17 December 2022 respectively. The fair value of the options at the grant date was \$0.01 cents per option. The fair value of the options has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$0.02
Weighted average life of options:	10 years from date of grant
Underlying share price:	\$0.02
Expected volatility:	50%
Risk free interest rate:	2.5%

A discount of 30% in recognition of the illiquid nature of the options and the underlying shares was applied.

Summary of options granted under share incentive arrangements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued to employees during the year.

	2013	2013	2012	2012
	No.	WAEP (cents)	No.	WAEP (cents)
Outstanding at the beginning of the year	15,580,565	\$0.21	5,122,047	\$0.59
Granted during the year	2,861,314	\$0.02	10,458,518	\$0.02
Forfeited during the year	(3,865,092)	\$0.18	-	-

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Exercised during the year	(34,380)	\$0.02	-	-
Expired during the year	-	-	-	-
Outstanding at end of year	14,542,407	\$0.18	15,580,565	\$0.21
Exercisable at the end of the year	6,437,895		3,337,727	

23. Operating segments

The Group has adopted AASB 8 *Operating Segments*. As a requirement of AASB 8, the Company has identified one reportable segment, being provision for Mig33 services within one geographic location, being Asia from where its investing activities are managed, based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Although the Company has operations in Australia and Africa at this stage, the revenue, assets and liabilities of these operations do not have a significant impact on segmental reporting.

The Board reviews financial information on the same basis as presented in the financial statements and has therefore determined the operating segment on this basis.

24. Financial instruments**a) Overview**

The Group has exposure to credit, liquidity and interest rate risks from their use of financial instruments.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company or the Group. The Company and Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk arising from the generation of revenue is not material as revenue is generally received in advance.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group's maximum exposure to credit risk at the reporting date was:

	2013	2012
	\$	\$
Cash and cash equivalents	212,985	311,015
Trade and other receivables	122,824	254,755
	335,809	565,770

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Company and Group manage liquidity risk by monitoring forecast cash flows and ensuring that adequate funding is maintained as well as having financial support from its major shareholder, Escomindo Pte Limited. The Company's and Group's operations include planned capital raisings on an on-going basis to fund its planned acquisition program. If the Company or Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed acquisition expenditure until funding is available.

Interest rate risk

At reporting date, there were \$2,650,000 convertible loan notes with an exposure to interest rate risk.

Project Goth Inc.**Notes to financial statements**

The Group's exposure to interest rate risk as at the reporting date is minimal as all of its cash and cash equivalents, trade and other payables, financial liabilities and trade and other receivables do not attract or receive any form of interest apart from the convertible loan notes. The interest payable on these convertible loan notes is at 6% per annum. An increase or decrease of 1% in the interest rate will result in change in net gain/(loss) and equity of \$26,500.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group is also at risk if there is a change in technology since the Company is operating in the field of information technology. A change in the mobile services provider applications can result in change in market share.

Fair value of financial assets and liabilities

The aggregate net fair values of financial assets and financial liabilities, at the balance date, approximate their carrying value.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

25. Related party transactions**Equity interests in subsidiaries**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 27 to the financial statements.

Transactions with key management personnel**i. Key management personnel compensation**

The names and positions of key management personnel are disclosed within the Directors' Report. The total remuneration paid to key management personnel during the year was \$253,981 (2012: \$261,485.).



25. Related party transactions**(a) Details of directors and key management personnel****Directors**

Mr. Steven Goh	Chairman and CEO
Mr. Dmitry Levit	Director
Mr. Andi Zain	Director
Mr. John Lee	Director
Mr. Stephen Llanwarne	Director
Mr. Craig White	Director (resigned)

(b) Options holding of Directors and Key Management personnel

31 December 2013	Balance at beginning of year 01-Jan-13	Granted as remuneration	Options exercised	Net change other	Balance at end of year 31-Dec-13	Vested at 31 December 2013		
						Total	Exercisable	Non-exercisable
Directors								
Steven Goh	111,225	-	-	-	111,225	111,225	111,225	-
Andi Zain	916,813	-	-	-	916,813	916,813	210,102	706,711
John Lee	1,833,625	-	-	-	1,833,625	1,833,625	191,003	1,642,622
Stephen Llanwarne	1,375,219	-	-	-	1,375,219	1,375,219	315,153	1,060,066
Craig White ¹	687,610	-	-	-	687,610	687,610	157,577	530,033
Dmitry Levit	-	-	-	-	-	-	-	-
Total	4,924,492	-	-	-	4,924,492	4,924,492	985,060	3,939,432

Craig White resigned as Director on 21 December 2013

Project Goth Inc.

Notes to financial statements

31 December 2012	Balance at beginning of year 01-Jan-12	Granted as remuneration	Options exercised	Net change other	Vested at 31 December 2012		
					Balance at end of year 31-Dec-12	Total	Non-exercisable
Directors							
Steven Goh	111,225	-	-	-	111,225	111,225	108,907
Andi Zain	916,813	-	-	-	916,813	916,813	191,002
John Lee	1,833,625	-	-	-	1,833,625	1,833,625	152,802
Stephen Llanwarne	1,375,219	-	-	-	1,375,219	1,375,219	286,503
Craig White	687,610	-	-	-	687,610	687,610	143,252
Demitry Levit	-	-	-	-	-	-	-
Total	4,924,492	-	-	-	4,924,492	4,924,492	882,466
							4,042,026

(c) Share warrants holdings of Directors and Key Management Personnel

31 December 2013	Balance at beginning of year 01-Jan-13	Granted as remuneration	Warrants	Net change other	Vested at 31 December 2013		
					Balance at end of year 31-Dec-13	Total	Non-exercisable
Directors							
Steven Goh	50,000	-	-	-	50,000	50,000	50,000
Total	50,000	-	-	-	50,000	50,000	-

31 December 2012	Balance at beginning of year 01-Jan-12	Granted as remuneration	Warrants	Net change other	Vested 31 December 2012		
					Balance at end of year 31-Dec-12	Total	Non-exercisable
Directors							
Steven Goh	50,000	-	-	-	50,000	50,000	50,000
Total	50,000	-	-	-	50,000	50,000	-

Project Goth Inc.

Notes to financial statements

There were no share warrants held by other Directors and / or Key Management Personnel apart from Steven Goh.

(d) Shareholding of directors and key management personnel

The number of shares in the Company held during the financial year by each director and other key management personnel of the company, including their related parties, are set out below;

31 December 2013	Balance 01-Jan-13		Granted as remuneration	On exercise of options	Net change other		Balance 31-Dec-13	
	Ord	Ord	Ord	Ord	Ord	Ord	Ord	Ord
Directors								
Steven Goh		16,608,938	-	-	-	-	16,608,938	
Dmitry Levit		16,000,000	-	-	-	-	16,000,000	
Stephen Llanwarne		389,778	-	-	-	-	389,778	
Andi Zain		-	-	-	-	-	-	
John Lee		-	-	-	-	-	-	
Craig White		-	-	-	-	-	-	
Total		32,998,716	-	-	-	-	32,998,716	

31 December 2012	Balance 01-Jan-12		Granted as remuneration	On exercise of options	Net change other		Balance 31-Dec-12	
	Ord	Ord	Ord	Ord	Ord	Ord	Ord	Ord
Directors								
Steven Goh		16,608,938	-	-	-	-	16,608,938	
Dmitry Levit		16,000,000	-	-	-	-	16,000,000	
Stephen Llanwarne		389,778	-	-	-	-	389,778	
John Lee		-	-	-	-	-	-	
Andi Zain		-	-	-	-	-	-	
Craig White		-	-	-	-	-	-	
Total		32,998,716	-	-	-	-	32,998,716	

All transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

- (e) Loans to key management personnel

There were no loans to key management personnel during the year.

- (g) Other transactions and balances with key management personnel and their related parties

Project Goth entered into convertible loan notes with M3H Pte Ltd during the year which amounted to \$850,000. Mr. Andi Zain is the sole shareholder and a Director of M3H.

26. Remuneration of auditors

	Consolidated	
	2013	2012
	\$	\$
Audit and review of parent entity	17,746	21,803
Audit of subsidiaries by foreign auditors	2,216	1,776
	19,962	23,579

27. Controlled entities

	Country of Incorporation	Percentage Owned (%)	
		2013	2012
Mig33 Pte Ltd	Singapore	100	100
Project Goth SDN BHD	Malaysia	100	100
Project Goth (India) Private Ltd	India	100	100
Project Goth Pty Ltd	Australia	100	100
Eva Advisors South Africa (Private) Ltd	South Africa	100	100

28. Commitments, Contingent assets and contingent liabilities

There are no outstanding commitments which are not disclosed in the financial report of the Company as at 31 December 2013 other than

- (i) Operating lease commitments

	Consolidated	
	2013	2012
	\$	\$
Within one year	94,613	231,287
After one year but not more than five years	8,234	106,283
	102,847	337,570

The Company has a commercial lease on its corporate office premise in Singapore. This is a non-cancellable lease expiring on 31 May 2014. The Company also has a commercial non-cancellable lease expiring on 12 June 2015 on its corporate office premise in Kuala Lumpur. The amount of the leases has not been recognised as a liability or payable in the financial statements.

Project Goth Inc. has no known material contingent assets and/or liabilities at 31 December 2013 (2012: \$nil).

29. Subsequent events

Acquisition of Project Goth Inc. by Latin Gold Limited

On the 23 January 2014 the Board of Latin Gold Limited entered a Heads of Agreement to acquire 100% of the Project Goth Inc. social entertainment platform through the issue of approximately 720 million shares to the various shareholders of Project Goth Inc. and its operating entity ("Project Goth Inc. Group").

Following the completion of the transaction, Stephen Goh, Andy Zain, John Lee and Dmitry Levit will be appointed to the Latin Gold Board and three Latin Gold Directors will resign.

Key terms to the proposed transactions are:-

- (i) the combined Latin Goth and Project Goth Inc. Group will have net cash resources of at least A\$5 million;
- (ii) all necessary shareholder approvals are obtained, including:
 - (a) holders of shares in the Project Goth Inc. Group approving the transactions and the merger agreement; and
 - (b) Latin Gold shareholders approving the transaction in accordance with applicable ASX Listing Rules including a change in the nature and/or scale of Latin Gold's activities in accordance with ASX Listing Rule 11.1.2, the allotment and issue of the Latin Gold shares, the election of new Directors, share consolidation, and a change of Company name;
- (iii) all necessary ASX, governmental and regulatory consents and approvals being obtained for completion and for the continued listing and quotation of Latin Gold shares on ASX following completion; and
- (iv) Latin Gold complying with any requirements of ASX including, if necessary, receiving conditional approval to have its shares readmitted to trading on the Official List of ASX and those conditions being satisfied to reasonable satisfaction of the parties (as required by ASX Listing Rule 11.1.3).

On completion of the merger, Project Goth Inc. shareholders with own approximately 69.5% of the merged group.

Latin Gold further agreed to provide Project Goth Inc. with a full-recourse loan of US\$500,000 that will become immediately repayable if completion of the transaction does not occur within 5 months.

Acquisition of 'Alivenotdead.com' by Project Goth Inc.

On the 19th February 2014 Project Goth Inc. acquired "Alivenotdead.com". Project Goth Inc. paid \$25,000 cash and US\$500,000 in form of shares as part of the consideration for the acquisition of Alivenotdead.com. .

FIH Mobile Limited (FIH) invests US\$2.2 million in Project Goth Inc.

On 30 April 2014 Project Goth Inc. reached an agreement with FIH to make an initial investment of US\$2.2 million through a mix of existing securities and subscribing to the rights in new shares in Project Goth Inc.

Subject to the receipt of Latin Gold shareholder approval and the successful completion of the merger between Project Goth Inc. and Latin Gold Limited, an additional US\$7.4 million will be invested in FIH via a placement of 40 million Latin Gold Limited shares (on a post 1 for 5 consolidation basis) at an issue price of A\$0.20 per share.

Convertible Loan notes advanced by M3H Pte Limited

On 24 January 2014, M3H Pte limited advanced a further \$150,000 in respect of the convertible loan note to Project Goth Inc.

Project Goth Inc.**Notes to financial statements**

In addition to the above, M3H Pte Limited has advanced a further \$1,336,111 to Project Goth Inc. since 26 February 2014 to 2 May 2014 via convertible loan notes.

M3H Pte Limited at the date of this report is yet to advance a further \$4,739,947 and \$250,000 to Project Goth Inc. via convertible loan notes.

Warrants expired

844,139 warrants expired on 23 January 2014