



OPERATIONS UPDATE – Steven Goh CEO

30 October 2014 – migme Limited (ASX: MIG, WKN: A117AB)

HIGHLIGHTS: SEPTEMBER 2014 QUARTER (Q3)

- Debut as migme Limited on the ASX in August 2014
- Grew to over 7 million monthly active users (MAU) at the end of Q3; up from 5 million MAU in August
- Distribution partnerships with telecommunication companies Trikomsel, Smartfren and Spice Global in Indonesia
- Added 150 artists and entertainers' verified accounts by end of Q3; up from 20 at end of Q2
- Content partnership established with Universal Music Indonesia
- Acquisition of Southeast Asian based LoveByte Pte Ltd to expand engagement, virtual gifting and avatar production capabilities, to drive monetisation
- Recently signed with electronic payment provider DOKU to widen payment reach and market expansion in Indonesia

Building Our Future

I have great pleasure in reporting that the September 2014 quarter marked a new beginning for migme Limited, with the merger completed between the mig33 group of companies and migme Limited (formally Latin Gold Limited). The new migme Limited debuted on the ASX on Monday 11 August 2014 with over 5 million MAU. The transaction also welcomed a new cornerstone shareholder, FIH Mobile Limited (part of Foxconn Technology Group).

In the first quarter, we invested in the anticipated rise of the Internet across South and Southeast Asia, and other emerging markets. This gave us the foundational building blocks for an accelerated growth path as we continue to build out the business.

Throughout the merger period, we continued to take steps in expanding our social entertainment platform by adding through acquisition to our company portfolio. The first acquisition was artist entertainment company alivenotdead in February 2014. alivenotdead is a Hong Kong based company and brought to migme access to a portfolio of over 1,200 artists with a 1.3 million fan base reach. This was followed by the September 2014 acquisition of LoveByte Pte Ltd ("LoveByte"), a company who originated a "couples" sharing mobile app. that includes avatar and virtual goods production capabilities with over 200,000 MAU.

These acquisitions are important to help pave the way for growth in engagement (driving MAU) and monetisation (via premium activities). As a social entertainment platform, we are in the business of mass intimacy and monetising through premium activities. Creation of shareholder value is through audience building (measured with MAU), percentage monetising, and ultimately revenues generated per monetising user. Handset partnerships help grow the user base, but other activities are needed to retain it. Growth in verified artists, entertainers and partnership deals with companies like Universal Music, grow the MAU and helps us retain users and each artist drives premium activities.

The LoveByte acquisition not only adds a different type of social engagement experience to migme, but also accelerates an update to our avatar and virtual goods' production capabilities, both of which are used in premium activities that drive monetisation.

The combination of the above will contribute to growth in user numbers and depth of engagement. Over the next three quarters we are looking towards consolidating the momentum in growth and to driving revenues in 2015.

Audience

The focus is on building an audience and continued monthly growth, commonly measured by MAU. We started with over 5 million MAU at our ASX debut, and we now have over 7 million MAU at this quarter end.

We are establishing momentum in the Southeast Asian region by adding partnerships with content creators including Universal Music Indonesia and alivenotdead, and we have now reached 150 artists and entertainers' verified accounts, which are up from over 20 in Q2.

We have also added new distribution channels in Indonesia by partnering with local telecommunication providers and distributors Trikomsel, Smartfren and Spice Global, who add reach by handset pre-installations. Shipping of these handsets commenced in October 2014 with Smartfren preinstalling migme onto an initial shipment of over 700,000 devices.

Over ensuing quarters we expect increased preinstalls on handsets and growing momentum with the onboarding of artists and media companies, as we work with FIH Mobile and other partners. We expect to grow our active user base in Indonesia and other countries across the region. A range of other activities may also contribute to additional growth including product improvements, the use of increased gamification elements, community management, metrics and instrumentation systems.

Platform & Product Development

Over the last quarter, we made progress on the product and platform. Much of this was to position the Company for growth over ensuing quarters. This includes performance enhancements and investment in infrastructure and we are looking forward to that investment bearing results with a new Android mobile client due in November 2014. Over and above that client, we're expecting other mobile clients, new products and service improvements over ensuing quarters.

To accelerate development, we have established an office in Taiwan and made one acquisition. Building an operation in Taiwan brings us closer to the Taiwanese and south China handset ecosystem, which now accounts for the vast majority of all mobile handsets produced each year. We have completed our first hires and expect initial results in early 2015.

The LoveByte acquisition is both complementary to our platform and accelerates development in the two areas of avatars and virtual gifts. migme's social entertainment platform is primarily an open and mass audience social experience. Lovebyte's 'couples' app. further builds out our social experiences by adding the ability to create private spaces on our platform. Their avatar and virtual goods production capabilities fast tracks an update to migme's avatar system which was founded in the feature phone past, and compliments the development, maintenance and growth of our inventory of virtual gifts, that account for half of our current revenues.

As we look to monetisation next year, we have started by partnering with electronic payment provider DOKU in Indonesia. Soon our customers in Indonesia will be able to go to everyday payment locations such as convenience stores, ATM's and other channels to buy prepaid credits for use with migme's premium activities. We intend to establish similar relationships in other emerging markets in the coming months.

Over ensuing quarters, we intend to accelerate development which includes an update to the web and mobile experience, the build out of new mobile clients for different mobile operating systems, the build out monetisation infrastructure and the opening up of the platform to third party developers.

Operations

Since the merger was completed, we focused on strengthening the Company leadership and execution team.

We made two executive hires in marketing and business development this quarter. We are pleased to see the return of company co-founder Ms. Mei Lin Ng Wnuk, most recently of King Digital Entertainment Plc. (the developer of many games including Candy Crush Saga), to the lead role of VP of Marketing. We have also hired Mr. Gene Yu formerly of Palantir Technologies, as VP of Corporate Development. Mr. Yu is based in Taiwan and will lead the team's corporate and business development activities.

Along with key hires and building a development centre in Taiwan, we have built out a market development team in Indonesia and community managers in South Asia. This has led to a number of early positive results including many of the business development partnerships outlined in the Audience section above.

Finance

Within expectations, we completed the quarter with \$9.681m after net operating outflows of \$1.613m. During the third quarter, we recognised various one-time transaction costs related to the merger, re-financing and the ASX re-listing of the Company. The priority in 2014 is to

establish growth momentum in user numbers and engagement, with revenues and sales planned in 2015.

Looking Ahead

Over the past 6 months, Samsung has lost its market leadership position in China to Xiaomi and other low cost Android handset providers. Growth in Internet usage fueled by low cost handsets across South and Southeast Asia, Africa and other emerging markets is accelerating.

We believe our Company is in a unique position to take advantage of these trends. Other companies have focused on the emerging market opportunities in China, Russia, Brazil and several others, which have delivered substantial returns to their shareholders. As such, the priority for migme is to focus on consolidating momentum with initial audience growth in Southeast and South Asia ahead of revenues in 2015 and to capitalise on this emerging market opportunity to become the social entertainment platform for these next 3.5 billion smartphone users.

It's an exciting time for the Company and we thank our users, partners and shareholders for their continued support. The migme team is very focused on our objectives and we welcome new shareholders to share our vision too.

Should you have any questions or inquiries, please do not hesitate to contact us through email at investor@mig.me.

Yours Sincerely,

Steven Goh
CEO & Cofounder

migme is listed on the Australian Stock Exchange (ASX: MIG) and quoted on Deutsche Börse: WELA (WKN: A117AB), with operations headquartered in Singapore and offices in Malaysia, Indonesia, Taiwan and Hong Kong.

This announcement is for informational purposes only and is neither an offer to sell nor an offer to buy any securities, or a recommendation as to whether investors should buy or sell.

Special Note on Forward-Looking Statements

This press release contains information that may constitute forward-looking statements and uses forward-looking terminology such as "anticipate" "propose" "expect" and "will," negatives of such terms or other similar statements. You should not place undue reliance on any forward-looking statement due to its inherent risk and uncertainties, both general and specific. Although we believe the assumptions on which the forward-looking statements are based are reasonable and within the bounds of our knowledge of our business and operations as of the date hereof, any or all of those assumptions could prove to be inaccurate. Risk factors that could

contribute to such differences include the performance of global capital markets and companies in our sector, as well as factors relating to the performance of our business, including intense competition we face; failure to innovate and provide products and services that are useful to users; our ongoing need for capital for investment in new and existing business strategies and new products, services and technologies, including through acquisitions; the potential for declines in our revenue growth rate and downward pressure on our operating margin in the future; increased regulatory scrutiny that may negatively impact our business; legal proceedings that may result in adverse outcomes; failure to maintain and enhance our brand; uncertainty as to our ability to protect and enforce our intellectual property rights; and uncertainty as to our ability to attract and retain qualified executives and personnel. The forward-looking information provided herein represents the Company's estimates as of the date of the press release, and subsequent events and developments may cause the Company's estimates to change. The Company specifically disclaims any obligation to update the forward-looking information in the future. Therefore, this forward-looking information should not be relied upon as representing the Company's estimates of its future intentions as of any date subsequent to the date of this press release. Our plans may differ materially from information contained in the forward-looking statements as a result of these risk factors or others, as well as changes in plans from our board of directors and management.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

migme Limited

ABN

43 059 457 279

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers	306	306
1.2	Payments for (a) staff costs	(1,148)	(1,148)
	(b) advertising and marketing	(211)	(211)
	(c) research and development	-	-
	(d) leased assets	(493)	(493)
	(e) other working capital	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(68)	(68)
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(1,613)	(1,613)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,613)	(1,613)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(255)	(255)
(c) intellectual property	-	-
(d) physical non-current assets	(42)	(42)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Opening cash balances on acquisition of Project Goth Inc and its related entities	2,135	2,135
	1,838	1,838
Net investing cash flows		
1.14 Total operating and investing cash flows	225	225
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Capital Raising Costs	(1,037)	(1,037)
Net financing cash flows	(1,037)	(1,037)
Net increase (decrease) in cash held	(812)	(812)
1.21 Cash at beginning of quarter/year to date	9,854	9,854
1.22 Exchange rate adjustments to item 1.20	639	639
1.23 Cash at end of quarter	9,681	9,681

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	119
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Payment of salaries, directors' fees and related parties for services to the company	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	9,681	9,854
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	9,681	9,854

+ See chapter 19 for defined terms.

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Project Goth Inc. and its related entities	N/A
5.2 Place of incorporation or registration	Delaware, USA	N/A
5.3 Consideration for acquisition or disposal	Issuance of 147,001,367 fully paid ordinary shares in Migme Ltd	N/A
5.4 Total net assets	\$3,323,064	N/A
5.5 Nature of business	Social entertainment services company	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 30 October 2014
 (Company secretary)

Print name: Michael Higginson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
- 3 **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.