



**Three months report January – March 2014 (Q3)**

**Trig Social Media AB (publ.)**

**Corporate Identity Number 556788-2807**

## **HIGHLIGHTS FOR THE TREE MONTHS PERIOD 1 JANUARY – 31 MARCH 2014**

- Net sales during the period totaled Euro 46,481 (0)
- Operating losses were Euro -216,932 (0) for the period
- The total number of employees at the end of the period was 11 (0)
- On 28 March 2014, Trig Social Media AB (publ.) acquired Trig Entertainment AB from its Parent Company, Trig Media Group AB (publ.).
- On 28 March 2014, Trig Social Media AB (publ.) acquired certain intellectual property and other rights from its Parent Company, Trig Media Group AB (publ.).
- After the period Trig Social Media AB (publ.) has initiated and started a special right issue currently ongoing which will provide the company 2,5 million euro in cash and increase the equity with the same amount. The issue will increase the number of share with 6,249,998 new shares at a share price of Euro 0,40 per share. The special rights issue will be finalized in July 2014.
- After the period Trig Social Media AB (publ.) has filed an application to the Swedish Financial Supervisory Authority, SFSE, for an approval of a prospectus that, if approved, will be used for an application to list Trig Social Media AB (publ.) shares on the Frankfurt Stock Exchange's regulated market segment the General Standard.

## **CEO's comments**

Trig Social Media AB (publ.) (TSM) is a 100% owned subsidiaries to Trig Media Group AB (publ.) Trig Entertainment AB (TEAB) is a 100 % owned subsidiary to Trig Social Media AB (publ.) (TSM)

The group structure was created with the aim of having the shares in Trig Social Media AB (publ.) quoted on a suitable stock exchange in Europe during 2014. Accordingly all assets in Trig Media Group AB (publ.)'s core business has been transferred into Trig Social Media AB (publ.).

The core business of the Group is to develop, operate and market the social media platform, trig.com. All operations are carried out through Trig Entertainment AB which also employs all of the personnel except for the CEO who is employed by Trig Social Media AB (publ.). Currently, the Group has 11 employees but this number is expected to grow substantially over the year as the business operations expand.

The business concept has, contrary to the majority of similar ventures, a unique income generator in the form of TrigMoney which is a cash back scanner automatically keeping track of members shopping on the Internet and which produces cash back as soon a transaction is concluded in an Internet store connected to Trig Social Media AB (publ.). Currently, there are more than 1,000 stores are connected to Trig Social Media AB (publ.).

2014 is expected to be a year of rapid expansion with growth in sales and profits. The Group has recently released an instant messenger service called HeyHey and more services are in the pipeline of being released. The forthcoming listing of Trig Social Media AB (publ.) on the Frankfurt Stock Exchange will bring the business into a market place where the potential of social media platforms is appreciated and well understood.

It is, of course, pleasing to note that the members of the Board and I look forward to 2014 with great expectations.

Nacka, 27 June 2014

Anthony Norman  
CEO

## Key ratios for the Group

	Jan - March 2014	July 13 – March 14	Jan 13 – March 13	July 12 – March 13
Euro (€)				
Net sales	46 481	64 533	0	0
Operating profit/loss	-216 932	-605 388	0	0
Operational margin	Neg.	Neg.	Neg.	Neg.
Balance total	4 448 334	4 448 334	380 467	380 467
Solidity	82 %	82 %	9 %	9 %
Investment non current assets	6 404 870	6 404 870	0	0
Number of shares at the end of the period	325 000 000	325 000 000	275 000	275 000
Earnings per share	-0,002	-0,017	0	0
Dividends per share	N/A	N/A	N/A	N/A
Number of Employees	11	11	0	0

Unless indicated otherwise, all amounts are in Euro.

In the report Trig Social Media AB (publ.) will also designate as TSM. Trig Entertainment AB will also designate as TE and Trig Media Group AB (publ.) as TMG.

The Group was formed on 28 March 2014. The comparative figures refer to Trig Entertainment AB. Trig Entertainment was acquired as a so-called common control and then will historical figures be used for comparison figures. More information about this acquisition is presented in Note 1.1.

### Business operations and organization

Trig Social Media AB has one 100 %-owned subsidiary in the form of Trig Entertainment AB, Swedish Corporate Identity Number 556781-3729, founded on 22 February 2009 and registered with the Swedish Companies Registration Office on 23 April 2009. In April 2014 Trig Social Media AB changed its financial year to calendar year thus extending the current financial year to 18 months covering the period 1 July – 31 December 2014. The following financial years will cover 12 months (1 January – 31 December).

Due to this change this report covers the third quarter of the current financial year that all in all will cover 6 quarters.

The operations are carried out through Trig Entertainment in which all personnel are employed, except for the CEO who is employed by TSM.

The Group develops, manages and operates an international social media platform under the brand, trig.com. Coupled to the platform is a partially patented applied income generator with the trade name, TrigMoney. TrigMoney has been developed by Trig Social Media's main owner, Trig Media Group AB (publ.). All associated intellectual property rights have been transferred to Trig Social Media. The ultimate goal of the platform is to create a forum offering various interesting content products which will attract members and tempt them to use the platform regularly for their purchases. The income sources are twofold. First, in the usual form of various advertisement fees and, secondly, in the form of the TrigMoney cash back scanner which creates a cash back as soon as a member makes a purchase in any of the on line shops with which Trig Media Group has an agreement. Already, today, more than 1,000 shops are connected.

The social community engaged in trig.com comprises more than 3 million members. The member base serves as a “fishing pond” where one can, through various means, prompt existing and new members to download the TrigMoney plug in into their different media platforms. This large member base also serves as an incentive for interesting Internet shops to connect to the TrigMoney concept. Recently, Trig Social Media AB (publ.) introduced three new products in the form of the newly launched messenger service HeyHey and the forthcoming services TrigMusic and TrigSocialGaming which are to be released within short.

In addition to promoting TrigMoney through trig.com, the Group also has a strategy to market so- called “White Label” solutions to various organizations with large customer data bases, such as sport organizations, etc.

### **Business concept, vision and strategy**

Trig Social Media, through the trig.com web site, is a global social media platform designed as a social communication platform all social needs. Our goal is to deliver to our users a service:

- Where users can communicate seamless across borders in the language of their choice;
- Where users with similar interests can exchange ideas and information;
- Where news and information can be provided freely and without bias;
- Where entertainment can be received from their country of origin;
- Where this content is available free wherever the user is located;
- Where for free the user can receive cash refunds as they shop online by using our cash refund application TrigMoney.

We have a primary interest in protecting the data regarding our users and, due to this, we will always ensure

- That the data and images belong to our users;
- That we will never use this information for marketing purposes;
- That we will never license or sell this data to any advertiser;
- That we will organize the transfer of information over the Internet in a manner which can protect the information from the access by public officials, government agencies, etc.
- That we will protect the innocence of children and minimize the potential of them being exposed to grooming and or unseemly images of any kind.

### **Risks and uncertainties**

Through its business operations, The Group is exposed to various risks, both financial and operational. Operational risks relate to The Group's day-to-day business and the financials risks relate to the capital requirements of The Group's different operations.

## **Operational and development risks**

For a Group providing online social media services and other online services the risk phase is during the development of the services and immediately after launch of the services due to either taking costs for the development of services that are not, when launched, liked or enjoyed by the user or, when liked or enjoyed by the user, that so called copy cats do launch a similar or even improved service. The strategy of The Group is to adopt a selective approach to tendering in order to reduce unprofitable projects. When selecting suitable projects, The Group prefers projects whose risks are identified, and thus manageable and calculable but also projects that are likely to have a high risk – reward ratio.

## **Financial risks**

Through its business operations The Group is always exposed to financial risks. The principal risks are currency risks and the risk of co-operation partners not paying their debts to The Group. The Group does not have any bank loans or similar and the operations are funded by equity and loans from the parent company.

## **Interest-rate risk**

Since The Group does not have any loans or external financing other from its parent company there is no interest-rate risk. If the Group will require taking up bank loans or similar the risk is that changes in interest rates will affect net interest items and cash flow.

## **Currency risks**

The currency risk is the risk that changes in exchange rates will affect the consolidated income statement, balance sheet and cash flow statement. The functional currency of Group is euro while the operating currency in projects may be other currencies.

## **Financing risk**

The financing risk is the risk that the Group will not be able to raise enough funds to continue to develop additional services or to finalize the ongoing projects.

## **Legal risk**

No companies in The Group are currently exposed to any litigation or arbitration and the management is not aware of any potential disputes. However there is always a risk that competitors may argue that The Group infringes on patents, trademarks or similar which, however, is also the case for The Group in relation to other parties.

## **Seasonal fluctuations**

The Company is not exposed to seasonal fluctuations due to the fact that the services provided are not so.

## **Significant event during the period**

During the period TSM has acquired:

- Trig Entertainment AB
- Intellectual property rights – and other rights associated with the trig.com platform

The acquisitions have been made from the Parent Company, Trig Media Group AB at the amount 2 648 949 Euro. The transactions have been deemed to be regarded as transactions under common control and have been dealt with accordingly in the preparation of the financial statements for the Group (consolidated financial statements). These have been prepared in accordance with IFRS as adopted by the EU.

### **Significant events after the period**

After the end of the accounting period, TSM filed an application with Swedish Financial Supervisory Authorities for listing of the Company to have a prospectus for listing purposes approved. Upon approval of the prospectus, TSM will obtain a so-called Euro Pass which TSM will use for an application for the listing of its shares on the Frankfurt Stock Exchange's regulated market, the General Standard segment. If successful in the process the shares in TSM are expected to be listed during the second half of August 2014. For this purpose TSM has engaged Renell Wertpapierhandelsbank AG in Frankfurt, Germany, to act as its so called Listing agent in relation to the filing of the application to list the shares on the Frankfurt Stock Exchange.

TSM is in addition to the above currently conducting a special rights issue directed towards its Parent Company's shareholders which, fully subscribed, will raise Euro 2.5 million in cash. The special rights issue will be finalized by mid July 2014. The Board of Directors is of the opinion that the funds being raised through the rights issue will suffice as working capital for at least the forthcoming 12 months.

### **Net sales**

2014 is a startup year for the Group and the operations in its new form in the newly created group. For this reason the Group has not yet shown any essential income streams for the period July 2013 to March 2014 but will do so in the second period of 2014. It shall also be noted that the income stream of the group has a built in delay of approx. 60 - 90 days, i.e. any cash back generated through a connected store will not recognize until at least two months after the transaction takes place as the Group's cash back (commission) is out paying from the connected store 60-90 days after the transaction has been made.

### **Profit/loss**

The Q 3 reports (period July 2013 to March 2014) show a loss depending on the fact that the Group has had significant costs with the development and deployment of trig.com.

### **Cash Flow**

Cash flow from operating activities during the period July 2013 to March 2014 was negative due to the fact that The Group has previously invested 3,8 million Euros in intellectual property rights and acquiring Trig Entertainment AB for 2,6 million Euros which was funded through the Parent Company (TMG), and have had significant costs with the development and deployment of trig.com.

### **Financial position and liquidity**

As per 31 March 2014 the Group had cash reserves amounting to approx. 65 000 Euros.

After the reporting period TSM has initiated and is currently, through Mangold Fondkommission AB, conducting a special rights issue directed towards its Parent Company's shareholders through which TSM will raise Euro 2.5 million cash. The Board of Directors is of the opinion that this, combined with income from sales, will suffice as working capital until mid-2015.

## **Investment, disposal and acquisition – related party transactions**

Trig Social Media AB (publ.) has 28 March 2014 acquired Trig Entertainment AB together with intellectual property rights from its Parent Company. The amount was 6,4 million Euros.

## **Employees**

During the period, the Group has, through the newly created group structure, taken over the organization of the parent company and has, at this point in time, an organization comprising of 11 employees. However, it is expected that the Group will need to employ more personnel during the remainder of the year in pace with its expansion.

## **Parent Company**

Trig Social Media AB (publ.)'s main owner is Trig Media Group AB (publ.), controlling 100% of the shares. The main owner of Trig Media Group AB (publ.) is Social Media Investments FzC holding 82,16% of the shares. Social Media Investments FzC is controlled by Phillip Cook, an Australian investment banker aged 60, and Australian citizen. Mr. Cook has been working in the US and Europe for more than 35 years.

## **Trig – Share**

At the end of the period, there were 325,000,000 shares issued with a quote value of Euro 0.0002.

The Group's major shareholders do not have varying voting rights. The Group is directly controlled by one shareholder, Trig Media Group AB (publ), which as per 31 March 2014 owns 100 % of the shares. There are currently no arrangements with Trig Media Group AB (publ) in place to regulate this control.

## **Financial calendar**

- The semi-annual Financial report (Q4) for the period January through June will be presented on 29 August 2014
- The interim report (Q5) for the period January through September will be presented on 29 November 2014.
- The Year-end report for 2014 (Q6) will be presented on 27 February 2015.
- The Annual Financial Report for 2014 will be presented on 29 April 2015.

The financial year 2015 will cover the period 1 January – 31 December 2015.

This report has not been audited by the Group's auditor.

Nacka, Sweden 27 June 2014

## **The Board of Directors of Trig Social Media AB (publ)**

<b>Peter Kusendal</b>	<b>Anthony Norman</b>	<b>Lars Hellewig</b>
Chairman of the board	CEO	Member



## Consolidated income statement

	Jan – March 14	July 13 – March 14	Jan 13 – March 13	July 12 – March 13
<b>CONSOLIDATED INCOME STATEMENT</b>				
Amounts in Euro (€)				
Net sales	46 481	64 533	0	0
<b>Gross operating income</b>	<b>46 481</b>	<b>64 533</b>	<b>0</b>	<b>0</b>
Other external costs	-149 201	-429 339	0	0
Personell costs	-104 247	-184 979	0	0
Depreciation and write down of tangible and intangible assets	-9 965	-55 603	0	0
<b>Operating profit/loss</b>	<b>-216 932</b>	<b>-605 388</b>	<b>0</b>	<b>0</b>
Financial items, net	-536	-773	0	0
<b>Profit before income tax</b>	<b>-217 468</b>	<b>-606 161</b>	<b>0</b>	<b>0</b>
Income tax	0	0	0	0
<b>Profit/loss for the period</b>	<b>-217 468</b>	<b>-606 161</b>	<b>0</b>	<b>0</b>
Attributable to parent company shareholders	100%	100%	100%	100%
Average number of shares	108 334 000	36 355 555	275 000	275 000
Earnings per share, before and after dilution	-0.002	-0,017	0	0

## Consolidated statement of comprehensive income

	Jan – March 2014	July 13 – March 14	Jan 13 – March 13	July 12 – March 13
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
Amounts in Euro (€)				
Profit/loss for the period	-217 468	-606 161	0	0
<b>Items that may be subsequently reclassified to profit or loss</b>				
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>-217 468</b>	<b>-606 161</b>	<b>0</b>	<b>0</b>
Attributable to parent company shareholders	100%	100%	100%	100%

## Consolidated Balance Sheet

	March 31 2014	June 30 2013
<b>CONSOLIDATED BALANCE SHEET</b>		
Amounts in Euro (€)		
<b>Assets</b>		
Intangible Assets	3 941 818	380 467
<b>Total non-current assets</b>		
Short term receivables	441 515	0
Cash and bank balances	65000	0
<b>Total current Assets</b>	<b>506 515</b>	<b>0</b>
<b>Total Assets</b>	<b>4 448 333</b>	<b>380 467</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	65 000	32 164
Additional paid in capital	6 798 509	0
Retained earnings	-3 213 093	-509
<b>Total Equity</b>	<b>3 650</b>	<b>31 655</b>
<b>Long term liabilities</b>	<b>0</b>	<b>0</b>
Current liabilities	730 807	348 813
Accrued expenses and deferred income	67 110	0
<b>Total current liabilities</b>	<b>797 917</b>	<b>348 813</b>
<b>Total Equity and liabilities</b>	<b>4 448 333</b>	<b>380 467</b>

## Consolidated cash flow statement

	Jan – March 2014	July 13 – March 14	Jan – March 2013	July 12 – March 13
<b>CONSOLIDATED CASH FLOW STATEMENT</b>				
Amounts in Euro (€)				
Operating profit/loss	-216 932	-605 388	0	0
Adjustment for non-cash items	9 965	55 603	0	0
Interest paid	-536	-773	0	0
Income tax paid	0	0	0	0
<b>Cash flow from operating activities before working capital changes</b>	<b>-207 503</b>	<b>-550 558</b>	<b>0</b>	<b>0</b>
Changes in receivables	-420 936	-441 515	0	0
Changes in liabilities	245 800	609 434	0	0
<b>Cash flow after working capital changes</b>	<b>-382 639</b>	<b>-382 639</b>	<b>0</b>	<b>0</b>
Acquisition intangible assets	-6 404 870	-6 404 870	0	0
Acquisition subsidiaries	-2 648 949	-2 648 949	0	0
<b>Cash flow from investment activities</b>	<b>-6 404 870</b>	<b>-6 404 870</b>	<b>0</b>	<b>0</b>
Shareholders contributions	6 798 509	6 798 509	0	0
New issue	54 000	54 000	0	0
<b>Cash flow from financing activities</b>	<b>6 852 509</b>	<b>6 852 509</b>	<b>0</b>	<b>0</b>
<i>Cash flow of the year</i>	65 000	65 000	0	0
Cash at the beginning of the year	0	0	0	0
<b>Cash at the end of the year</b>	<b>65 000</b>	<b>65 000</b>	<b>0</b>	<b>0</b>

## Changes in Group Equity

	Share capital	Profit or loss brought forward	Total equity attributable to parent company shareholders
<b>Opening balance 1 July 2012</b>	<b>32 164</b>	<b>0</b>	<b>32 164</b>
Total comprehensive income for the period		0	
<b>Closing balance 31 March 2013</b>	<b>32 164</b>	<b>0</b>	<b>32 164</b>
Total comprehensive income for the period		-509	- 509
<b>Closing balance 30 June 2013</b>	<b>32 164</b>	<b>-509</b>	<b>31 655</b>
New share issue	54 000	0	54 000
Effect acquisition	-21 164	-2 995 116	-3 016 280
Total comprehensive income for the period	0	-217 468	-217 468
Shareholders contributions	0	6 798 509	6 798 509
<b>Closing balance 31 March 2014</b>	<b>65 000</b>	<b>3 585 416</b>	<b>3 650 416</b>

## Parent Company Income Statement

	Jan – March 2014	July 13 – March 14	Jan 13 – March 13	July 12 – March 13
<b>INCOME STATEMENT</b>				
Amounts in Euro (€)				
Net sales	0	0	0	0
<b>Gross operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other external costs	-1 735	-1 735	0	0
Personnel costs	0	0	0	0
Depreciation and write down of tangible and intangible assets	0	0	0	0
<b>Operating profit/loss</b>	<b>-1 735</b>	<b>-1 735</b>	<b>0</b>	<b>0</b>
Financial items, net	0	0	0	0
<b>Profit before income tax</b>	<b>-1 735</b>	<b>-1 735</b>	<b>0</b>	<b>0</b>
Income tax	0	0	0	0
<b>Profit/loss for the period</b>	<b>-1 735</b>	<b>-1 735</b>	<b>0</b>	<b>0</b>
Average number of shares	108 334 000	12 037 777	0	0

## Parent Company statement of comprehensive income

	January – March 2014
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	
Amounts in Euro (€)	
Income for the period	-1 735
<b>Other comprehensive income</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>-1 735</b>

## Parent Company Balance Sheet

	March 31 2014	June 30 2013
<b>BALANCE SHEET</b>		
Amounts in Euro (€)		
<b>Assets</b>		
Intangible Assets	3 755 921	0
Financial assets	2 648 949	0
<b>Total non-current assets</b>	<b>6 404 870</b>	<b>0</b>
Short term receivables	347	11 000
Cash and bank balances	65 000	0
<b>Total current Assets</b>	<b>65 347</b>	<b>11 000</b>
<b>Total Assets</b>	<b>6 470 217</b>	<b>11 000</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
<u>Restricted equity</u>		
Share capital	65 000	11 000
<u>Non-restricted equity</u>		
Additional paid in capital	6 406 952	0
Retained earnings	-1 735	0
<b>Total Equity</b>	<b>6 470 217</b>	<b>11 000</b>
<b>Long term liabilities</b>	<b>0</b>	<b>0</b>
Current liabilities	0	0
Total current liabilities	0	0
<b>Total Equity and liabilities</b>	<b>6 470 217</b>	<b>11 000</b>

## Parent Company cash flow statement

	Jan – March 2014	July 13 – March 14	July 12 – March 13
<b>CASH FLOW STATEMENT</b>			
Amounts in Euro (€)			
Operating profit/loss	-1 735	-1 735	0
Adjustment for non-cash items	0	0	0
Interest paid	0	0	0
Income tax paid	0	0	0
<b>Cash flow from operating activities before working capital changes</b>	<b>-1 735</b>	<b>-1 735</b>	<b>0</b>
Changes in receivables	10 653	10 653	0
Changes in liabilities	0	0	0
<b>Cash flow after working capital changes</b>	<b>8 918</b>	<b>8 918</b>	<b>0</b>
Acquisition intangible assets	-6 404 870	-6 404 870	0
<b>Cash flow from investment activities</b>	<b>-6 404 870</b>	<b>-6 404 870</b>	<b>0</b>
Shareholders contributions	6 406 952	6 406 952	0
New issue	54 000	54 000	0
<b>Cash flow from financing activities</b>	<b>6 460 952</b>	<b>6 460 952</b>	<b>0</b>
<i>Cash flow of the year</i>	65 000	65 000	0
Cash at the beginning of the year	0	0	0
<b>Cash at the end of the year</b>	<b>65 000</b>	<b>65 000</b>	<b>0</b>

## Change in Parent Company Equity

	Share capital	Profit or loss brought forward	Total equity attributable to parent company shareholders
<b>Opening balance 1 July 2012</b>	<b>11 000</b>	<b>0</b>	<b>11 000</b>
Total comprehensive income for the period		0	0
<b>Closing balance 31 March 2013</b>	<b>11 000</b>	<b>0</b>	<b>11 000</b>
Total comprehensive income for the period		0	0
<b>Closing balance 30 June 2013</b>	<b>11 000</b>	<b>0</b>	<b>11 000</b>
New share issue	54 000	0	54 000
Total comprehensive income for the period		-1 735	-1 735
Shareholders contributions		6 406 952	6 406 952
<b>Closing balance 31 March 2014</b>	<b>65 000</b>	<b>6 405 217</b>	<b>6 470 217</b>

## Notes to the accounts

### Note 1 General information

The Group consists of the parent Trig Social Media AB (TSM) and its subsidiary Trig Entertainment AB (TME). TSM is a public limited company registered and domiciled in Sweden. The Head office address is Vikdalsgränd 10B, Box 1268, 131 28 Nacka Strand, Sweden. The Group's business is to develop, manage and operate an international social media platform under the brand trig.com. Coupled to the platform is a partly patent applied income generator with trade name TrigMoney. The Board decided in 2014 to seek a listing on the Frankfurt Stock Exchange's regulated market.

Unless otherwise stated, all figures are in Euro which is the reporting currency. The consolidated financial statements have been prepared based on going concern. Assets and liabilities are valued at their historical cost.

The Parent Company (TSM) applies the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2, the parent company as far as possible applies all EU-approved IFRS as part of the Annual Accounts Act and Security Act, and considering the relationship between accounting and taxation.

Since Trig Social Media AB (publ.) draws up consolidated groups accounts for the first time and the chosen accounting policy is IFRS the parent company changes accounting policy from The Swedish Accounting Standards Board (Swedish: Bokföringsnämnden) recommendations to RFR 2 accounting for legal entities. The transition from the earlier used accounting principles in the parent company to RFR 2 has not created any effect on the parent company's accounting. If the parent company in any case uses other accounting principles than the Group this is stated separately at the end of this note.

#### 1.1 Basis for preparation and Accounting Principles

This interim report is Trig Social Media AB's first interim report prepared according to IFRS (International Financial Reporting Standards). It covers the first quarter of 2014 and nine months ended March 31 2014 and it is prepared in accordance with IAS 34, Interim Financial Reporting.

In April 2014 an Extraordinary General Meeting decided to extend the company's financial year with 6 months making the current financial 18 months and covering the period from 1 July 2013 to 31 December 2014. Therefore the first quarter report for 2014 is actually the third quarter report.

The following financial years, starting 1 January – 31 December 2015, will be calendar year.

Trig Social Media AB (publ.), formerly Grundstenen 126558 AB, was founded in 2009. On 27 March 2014 the shares in Trig Social Media AB (publ.) were acquired by Trig Media Group AB (publ.) from Svenska Standardbolag AB for an amount of 11 000 Euro. The same day when Trig Media Group AB (Publ.) had the influence and control a new share issue was made with the amount 54 000 Euro in Trig Social Media AB (publ.) On 28 March 2014 Trig Social Media AB (publ.) acquired the subsidiary Trig Entertainment AB from Trig Media Group AB (publ.) at the amount 2 648 949 Euro.

The acquisition is, from an accounting perspective, regarded as a transaction under common control.



Given that IFRS does not deal with this type of transactions, the group has chosen an accounting principle that prepares consolidated financial statements based on historical book values. This method implies that assets and liabilities are presented based on the carrying amounts of the acquired entities for the highest level of common control for which financial statements are prepared. This also means that the group decided to include comparative figures and the current financial year results as if the companies have always been part of the same group.

The consolidated financial statements for the Group have been prepared in accordance with IFRSs as adopted by the EU. The principal accounting principles applied in these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain judgments in applying the group's accounting policies, see Note 5 below.

### **Note 2 Segment reporting**

The group has had revenue during the period July 13 to March 14 amounting to 64 533 Euro. The group will conduct its operations in one business and several geographical areas. The business segment is to develop the platform trig.com and all connected services. The geographical area is today only Sweden but will after the period end expand to several more countries mainly in Europe. The Segment reporting regarding geographical areas will then be updated and presented in the future reports.

### **Note 3 Transitions to IFRS**

This report is the first reports of the Group which are prepared in accordance to IFRS. The accounting policies described in Note 1 applied in the preparation of this interim report. The transition to IFRS for the Group and Trig Entertainment AB has had no impact neither for the Group or Trig Entertainment AB's accounting, consolidated financial position, result of operation or cash flow.

### **Note 4 Transactions with related parties**

Trig Social Media AB (Publ.) has acquired Trig Entertainment AB and certain intellectual property rights from Trig Media Group AB (publ.) amount 6 404 870 Euros. It is the Boards opinion that these transaction were made on commercial terms.

### **Note 5 Disclosure of critical accounting estimates and assumptions that have affected the financial statements**

The Group has acquired the subsidiary Trig Entertainment AB and certain intellectual property rights from Trig Media Group AB (publ.). These acquisitions have meant that the board had to make estimates and assumptions.

- Regarding the acquisition of the subsidiary Trig Entertainment AB, the Group has chosen the principle to account for this common control transaction by usage of predecessor accounting. Under this method the acquirer incorporates predecessor carrying values. The difference between the consideration given and the aggregate book value of the assets and liabilities are recognized in retained earnings.

- Regarding the acquisition of intellectual property rights these have been acquired based on the latest know market transaction which the board believes is the fair market value. The Board will on a regular basis evaluate any need for impairment of the value. Currently there is no impairment needed.
- The Board has also had assumptions regarding Trig Social Media AB´s (publ.) shares in the subsidiaries Trig Entertainment AB. The Board has therefore commissioned an independent valuation which indicates that there is no impairment needed.

#### **Note 6 Other information**

This is the Groups first report regarding IFRS. The Groups latest annual report applies the Annual Accounts Act and Swedish Accounting Standard Boards. The transaction to IFRS has had no impact neither to the Group or Trig Entertainment AB.

The Groups financial assets and liabilities carried at amortized costs and is an approximation of fair value.

#### **Note 7 Definitions**

Operational margin:	Operating income as a percentage of net sales
Solidity:	Adjusted equity as a percentage of total assets
Earnings per share:	Profit after tax divided by the numbers of shares
Dividends per share:	Dividend divided by the numbers of shares

## **Appendix 1 Accounting policies**

### **Consolidation**

The consolidated financial statements include Trig Social Media AB and those companies over which the Parent Company directly or indirectly has a controlling influence (subsidiaries). Control is the right to directly or indirectly establish strategies for a company in order to obtain benefits.

In assessing whether control exists, shareholder agreements and potential voting rights that are currently exercisable or convertible are taken into account. Control exists in the normal case when the parent company directly or indirectly owns shares representing more than 50% of the votes.

Subsidiaries included in the consolidated financial statements from the acquisition date and are excluded from the consolidated financial statements from the date on which control ceases. Accounting policies of subsidiaries have been adjusted where necessary to conform to the Group's accounting policies.

All intercompany transactions, balances and unrealized gains and losses related to intercompany transactions have been eliminated in preparing the consolidated financial statements.

### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing performance of the operating segments. Group Management represents TSM's chief operating decision making body.

Transfer pricing between segments are made on market terms.

### **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below.

### **Revenue from commission income**

The Group has revenue from commission. The revenue from this commission recognizes when the amount of this revenue can be reliably measured, and this normally occurs 60-90 days after the customer has made their purchase in the shops that are connected to trig.com.

**Revenue from advertising**

The Group will have revenue from advertising. The revenue from this advertising recognizes when the amount of this revenue can be reliably measured, and this normally occurs when the advertisement is published on trig.com.

**Interest income**

Interest income is recognized on a time proportion basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future receipts and payments during the fixed interest equal to the carrying value of the receivable.

**Employee Benefits**

Employee benefits in the form of salaries, paid vacation, paid sick leave, etc. and pensions are recognized as earned. Pensions and other post-employment benefits are classified as defined contribution or defined benefit plan.

**Defined contribution plans**

For defined contribution plans, the Company pays fixed contributions into a separate independent legal entity and has no obligation to pay further contributions. The Group's income is charged as the benefits are earned, which normally coincides with the time when premiums are paid.

**Defined benefit plans**

The Group currently has no defined benefit plans or other pension plans for any its employees. However the Group will implement such plans during 2014.

**Termination benefits**

Termination benefits are payable when employment is terminated before retirement age or when an employee accepts voluntary redundancy in exchange for a replacement. The Group recognizes termination benefits when it is obliged to terminate the employees according to a detailed formal plan without possibility of withdrawal or when a resignation offer made to encourage voluntary redundancy accepted by the person who received the offer. Benefits falling due more than 12 months after the balance sheet date are discounted to present value if they are significant.

**Borrowing Costs**

Borrowing costs are recognized in income in the period incurred.

**Taxes**

The tax expense represents the sum of current tax and deferred tax.

**Current tax**

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the reported results in the income statement when it is adjusted for non-taxable income and non-deductible expenses as well as income and expenses that are taxable or deductible in other periods. The Group's current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases used in the computation of taxable profit. Deferred tax is accounted for under the so-called liability method. Deferred tax liabilities are recognized for practically all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that can be realized against future taxable income. Deferred tax liabilities and assets are not recognized if the temporary difference is attributable to goodwill or if it arises from a transaction which constitutes the initial recognition of an asset or liability (other than a business combination), and who, at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group can control the reversal of the temporary differences and it is probable that one will not reverse in the foreseeable future. The deferred tax assets relating to deductible temporary differences associated with such investments are only recognized to the extent that it is probable that the amount can be utilized against future taxable income and it is likely that such exploitation will occur in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to offset, in whole or in part, against the deferred tax asset.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and the Group intends to settle the tax on a net basis.

**Current and deferred tax for the period**

Current and deferred tax are recognized as an expense or income in the income statement , except when the tax relates to items recognized in other comprehensive income or directly in equity . In such cases, the tax is also recognized in other comprehensive income or directly in equity. At current and deferred tax arising in accounting for business combinations, the tax effect is recognized at acquisition cost calculation.

**Intangible assets**

Intangible assets are stated at cost less accumulated depreciation and impairment losses.

The cost comprises the purchase price. Subsequent costs are included only in the asset or recognized as a separate asset when it is probable that future economic benefits attributable to the item will flow to the Group and the cost of the same can be measured reliably.

Depreciation expense so the asset value, less estimated residual value at end of useful life, are depreciated over their estimated useful life which is estimated at:

- License and intellectual property rights 10 year

The estimated useful lives, residual values and depreciation methods are reviewed at least at each financial year, the effect of any changes in estimates accounted for prospectively.

The carrying amount of a intangible asset is removed from the statement of financial position at retirement or disposal or when no future economic benefits are expected from its use or disposal / sale of the asset. The gain or loss arising on the disposal or sale of the asset, is the difference between any net income on disposal and its carrying amount, and are recognized in earnings in the period when the asset is removed from the statement of financial position.

### **Impairment of intangible assets**

At each balance sheet analyzes the Group reviews the carrying values of intangible assets to determine whether there is any indication that those assets have been impaired. If so, the assets recoverable amount to determine the value of any impairment. 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.

The recoverable amount is the higher of fair value less costs to sell and value in use. In calculating the fair value of discounted estimated future cash flows to present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset.

If the recoverable amount of an asset (or cash-generating unit) is set at a value lower than the carrying amount, the carrying amount of the asset (or cash- generating unit) is reduced to its recoverable amount. An impairment loss is to be expensed in the income statement.

If an impairment loss is subsequently reversed, the asset (cash-generating unit) is increased to the revalued recoverable amount, the increased carrying amount may not exceed the carrying amount that would be determined if no impairment of the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income.

### **Leases**

A finance lease is a contract under which the risks and rewards associated with ownership of an asset are substantially transferred from the lessor to the lessee. Other leases are classified as operating leases. The Group currently has no financial leases.

### **The Group as lessee**

Assets held under finance leases is recognized as assets in the consolidated balance sheet at fair value at the lease's inception and the present value of the minimum lease payments, whichever is lower. The liability that the lessee has to the lessor is in the balance sheet under the headings Other liabilities, non-current liabilities and current liabilities. Lease payments are allocated between interest and principal. The interest rate amortized over the lease period so that each accounting period by an amount equal to a fixed interest rate on the balance of the liability. Interest expense is recognized

directly in the income statement unless they are directly attributable to the acquisition of an asset that necessarily takes a substantial period of time to get ready for their intended use or sales.

Lease payments under operating leases are expensed on a straight-line basis over the lease term unless another systematic basis is more representative user's benefit over time.

### **Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method (FIFO). Net realizable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

### **Financial instruments**

A financial asset or financial liability is recognized in the balance sheet when the Company becomes party to the contractual terms. A financial asset or part of a financial asset is derecognized when the rights are realized, expire or the company loses control over it. A financial liability or a part of a financial liability is derecognized when the obligation specified in the contract is discharged or otherwise extinguished.

At each reporting date the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired because of past events. Examples of such events are significantly deteriorated financial position of the defendant or non-payment of past due amounts. Financial assets and financial liabilities as at the subsequent statements are measured at fair value through profit or loss are recognized at initial recognition at fair value plus or minus transaction costs. Financial assets and financial liabilities as at the subsequent recognition at fair value through profit or loss are recognized at initial recognition at fair value. In the subsequent recognition, financial instruments at amortized cost or fair value depending on the initial classification under IAS 39.

Upon initial recognition, classified a financial asset or a financial liability in one of the following categories:

#### Financial assets

- Fair value through profit or loss
- Loans and receivables
- Investments held to maturity
- Financial assets available for sale

#### Financial liabilities

- Fair value through profit or loss
- Other financial liabilities at amortized cost

TSM only holds financial assets in the category "loans and receivables" and financial liabilities in the category "Other financial liabilities at amortized cost".

### **Financial instruments fair value**

For all financial assets and liabilities, value is assessed to be a good approximation of fair value unless otherwise indicated in the following notes.

#### **Amortized cost**

Amortized cost is the amount at which the asset or liability is initially recognized minus principal payments, plus or minus the cumulative amortization using the effective interest method of the initial difference between the received / paid amount and the amount to pay / receive at maturity and less impairment.

The effective interest rate is the rate at discounting all expected future cash flows over the expected term results in the initial carrying value of the financial asset or financial liability.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash and bank deposits and other short-term highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of changes in value. To be classified as liquid assets, the duration does not exceed three months from the date of acquisition. Cash assets and cash equivalents are classified as "Loans and receivables", which are measured at amortized cost. Because the bank balances are payable on demand the amortized cost of a nominal amount. Short-term investments are classified as "Held for trading " and are measured at fair value with changes in value recognized in the income statement.

#### **Accounts receivable**

Accounts receivable are classified as "Loans and receivables", which are measured at amortized cost. Trade accounts receivable expected duration is short, though, why accounting is done at nominal amount without discounting. Deductions are made for receivables assessed as impaired. Impairment of trade receivables are recorded in operating expenses.

#### **Accounts payable**

Accounts payable are classified as "Other financial liabilities" which are measured at amortized cost. Accounts payable expected term is short, though, so liabilities are recognized at nominal amount without discounting.

#### **Liabilities to credit institutions and other borrowings**

Interest-bearing bank loans, overdrafts and other loans are categorized as "Other financial liabilities" and are measured at amortized cost. Any differences between the received loan proceeds (net of transaction costs) and the loan repayment amount is accrued over the life of the loan using the effective interest method and recognized in the income statement as interest expense.



### **Foreign currency**

Items included in the financial statements of the entities in the Group is recognized in the currency of the primary economic environment in which the entity primarily operates (its functional currency). In the consolidated financial statements, all amounts are translated to Euro, which is the Company's accounting currency.

Foreign currency transactions are translated into the respective entity to the entity's functional currency at the exchange rates prevailing on the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not about.

Exchange differences are recognized in the income statement in the period in which they arise, except for transactions as hedges that qualify for hedge accounting of cash flow or net investment, where gains and losses are recognized in other comprehensive income.

The results and financial position of group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follow

- a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) Income and expenses for each income statement are translated at average exchange rates; and
- c) All resulting exchange differences are recognized in other comprehensive income

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made.

The amount allocated represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditures expected to be required to settle the obligation, the carrying value equal to the present value of those payments.

### **Warranties**

The Group has no guaranteed obligations

**Disputes**

Provision for disputes are recognized if it is probable that a dispute will result in an outflow of resources from the company and whether it can be a reliable estimate of the amount.

**Restructuring**

A provision for restructuring costs is recognized only when TSM has an established, detailed restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement this plan or announcing its main features to those affected by them. Restructuring provisions include only the direct expenditures arising from the restructuring, ie those that are both necessarily entailed by the restructuring and not associated with the ongoing activities.

**Accounting Principles for the Parent Company**

The parent company applies the Swedish Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". Application of RFR 2, means that the parent company, as far as possible, applies IFRS as adopted by EU but with limitations and additions stated in the Annual Accounts Act and with considerations to the relationship between accounting and taxation. The differences between the Parent Company and the Group are described below:

**Classification and presentation**

The parent company's income statement and balance sheet are presented according to the requirements in the Annual Accounts Act. Difference between the consolidated accounts presented according to IAS 1 "Presentation of financial statements" and the parent company accounts are mainly terminology differences relating to financial income and expenses & equity.

**Subsidiaries**

Investments in subsidiaries are accounted for at cost in the parent company's financial statements. Acquisition-related costs for the subsidiaries, which are expensed in the consolidated financial statements, included as part of the cost of investments in subsidiaries. Dividends are recognized as revenue to the extent they relate to profits generated after the acquisition. Dividends in excess of such profits are seen as a recovery of investment and thus reduce the carrying value of investments in subsidiaries.

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