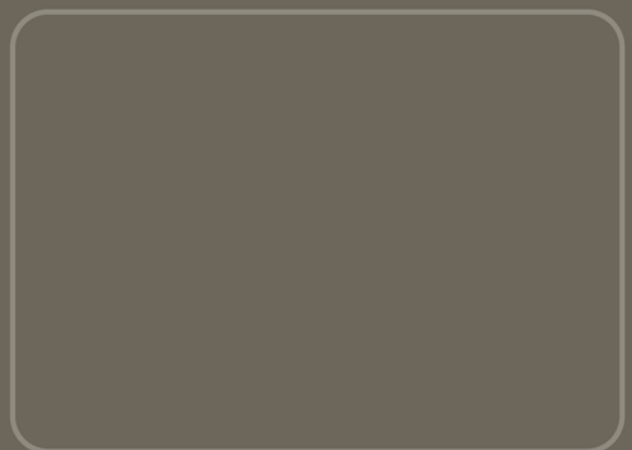


**SNAKK  MEDIA**

**INTERIM REPORT**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013





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Dear Shareholders,

We are pleased to share our first half year results as a public company, for the period April to September 2013.

The business continues to grow strongly and we remain very excited about the future. Our team is working hard and we are focussed on building a successful company to be proud of.

As always, we thank you for your ongoing support.



**Derek Handley**  
Chairman



**Mark Ryan**  
Group Chief Executive

## SNACK'S HALF YEAR RESULT SHOWS 147% YEAR-ON-YEAR GROWTH

### *Q2 revenues almost tripled*

AUCKLAND, New Zealand, 2 December 2013 - Snakk Media Ltd., (NZAX: SNK) is announcing its first unaudited half year financial results since becoming a public company in March, reporting 147% year on year revenue growth, and generating \$3,020,596 in the first six months to 30 September 2013.

Second quarter revenues almost tripled, increasing 183% from the previous year's corresponding quarter, when the 'smart screen' start-up generated \$1,800,109 from July-September 2013.

Snakk, which generates revenue when its ads are targeted and delivered to audiences on smartphones and tablets across its networks of apps, sites and games, reported its first quarter revenues for April to July at \$1,220,486. First quarter revenues increased 116% from the previous year's first quarter.

At the half year point, Snakk has generated 83% of its full year revenues of the previous reporting year, which were \$3,654,346.

Snakk Group CEO Mark Ryan explains the Q2 and HY jump: "We are starting to see an end to the seasonality of smartphone and tablet advertising. In previous years the first two quarters were far quieter, with most brands spending their mobile ad dollars during the lead-up to Christmas and the period after. Now it's an 'always on' media activity.

"The growth seen to 30 September 2013 has been extraordinary, with Snakk delivering results that exceed industry growth rates predicted for the mobile media market in Australia and New Zealand."

Mr Ryan says for the next two quarters, Snakk plans to continue its strategy of outpacing market growth and establishing itself as a dominant local player. He expects to announce the company's next new market entry by the end of March next year, with Asian expansion planning underway currently. The company is also continuing to evaluate a range of strategic investment opportunities to differentiate and scale its operations.

Highlights from the first six-month reporting period include raising \$6.5m through a Share Purchase Plan supported by over 1,200 shareholders and through private placements, opening a New Zealand sales office, adding new sales and operational staff in Australia, introducing new technologies into the company's fast expanding product portfolio, and being one of the first publicly-listed companies in the world to become a Certified B Corporation (B Corp) for meeting social, environmental and governance standards.

The ads placed across Snakk's networks are highly targeted to ensure the right audiences see them at the right time and place. Geo-locational targeting and interactive rich media allow marketers to personalise messages and focus on relevant content, while respecting the increasing importance of individual privacy.

"Brands are seeing their customers move to smart screens at an increasingly rapid pace, and marketers want to be part of these moments of convenience, fun and context," says Mr. Ryan. "Our smartphones and tablets are devices so pervasive that we are checking them an average of 150x/day<sup>1</sup>. These screens are becoming the primary customer touchpoint for brands, and we're connecting them for marketers."

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<sup>1</sup> Internet Trends D11 Conference, [Meeker Report](#), May 2013

Frost & Sullivan's recent report on mobile advertising reveals<sup>2</sup> the Australian market is predicted to grow strongly at a compound annual growth rate of 39% from 2013 to 2018, with expenditure reaching \$AU682 million in 2018.

The report shows that 50% of companies plan to increase their mobile advertising budget substantially compared to the previous year, and says "very high growth" in mobile advertising spend is being fuelled by strong growth in consumer media consumption on smartphones, especially tablets.

These findings correspond to an October update from Edison Investment Research, which noted the rapid adoption of smartphones is dramatically changing media consumption patterns globally, which is not yet reflected in the allocation of marketing dollars into mobiles and tablets.

Edison continues to publish a valuation range for Snakk's share price at 14-17 cents, the same valuation it issued in July 2013.

Snakk's Half Year growth comes two months after being ranked New Zealand's 6th fastest-growing business on the [Deloitte Fast 50 index](#). This ranking was based on the company's audited year-on-year growth from the past three years, calculated at 486.3% from 1 April 2011 to 31 March 2013.

**Investors:**

Malcolm Lindeque, Company Secretary, 021 464 392, [investors@snakkmedia.com](mailto:investors@snakkmedia.com), [www.snk.co.nz](http://www.snk.co.nz), [www.twitter.com/snakkir](http://www.twitter.com/snakkir)

**About Snakk Media Limited:**

NZAX-listed Snakk Media helps brands find and reach consumers using apps, games and social media on their smartphones, tablets and other smart screens. The company generates revenue every time it successfully targets and delivers an ad across its networks of mobile websites, apps and games. The ads are targeted to ensure the right audiences see them at the right time and place.

Snakk is one of the first publicly listed companies in the world that has met the rigorous social and environmental performance standards required to become a certified B Corporation.

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<sup>2</sup> [Frost and Sullivan, Australian Online General Mobile Advertising Market 2013 report.](#)

	<b>Unaudited 30 September 2013</b>	Unaudited 30 September 2012	Audited 31 March 2013
<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating revenue</b>	<b>3,020,596</b>	1,220,486	3,654,346
Direct media costs	<b>(1,644,920)</b>	(562,905)	(1,745,542)
	<b>1,375,676</b>	657,581	1,908,804
Finance income	<b>92,679</b>	13,174	24,250
Finance costs	<b>(23,061)</b>	(602)	(4,958)
<b>Net finance income</b>	<b>69,618</b>	<b>12,572</b>	<b>19,292</b>
<b>Expenses</b>			
Depreciation	<b>(6,524)</b>	(7,996)	(14,812)
Employment benefits	<b>(1,028,969)</b>	(511,451)	(1,293,620)
Other expenses	<b>(1,247,453)</b>	(831,581)	(1,809,622)
Total expenses	<b>(2,282,946)</b>	(1,351,028)	(3,118,054)
<b>Loss before taxation</b>	<b>(837,652)</b>	(723,820)	(1,189,958)
Income tax benefit	-	-	-
<b>Loss after taxation</b>	<b>(837,652)</b>	(723,820)	(1,189,958)
<b>Other comprehensive income</b>			
Change in foreign currency translation reserve	<b>(82)</b>	(4,861)	27,182
<b>Other comprehensive income after tax</b>	<b>(82)</b>	(4,861)	27,182
<b>Total comprehensive loss for the period</b>	<b>(837,734)</b>	(728,680)	(1,162,776)
Basic loss per share (New Zealand Cents)	3	(0.38)	(0.60)
Diluted loss per share (New Zealand Cents)	3	(0.36)	(0.57)

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

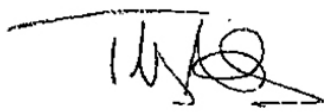
	Note	Share Capital \$	Share Options Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 April 2012</b>		2,810,457	212,720	(35,401)	(2,088,146)	899,630
<b>Comprehensive loss for the period</b>						
Loss for the period		-	-	-	(723,820)	(723,820)
Change in foreign currency translation reserve		-	-	(4,861)	-	(4,861)
<b>Total comprehensive loss for the period</b>		-	-	(4,861)	(723,820)	(728,681)
<b>Transactions with owners</b>						
Issue of ordinary shares	2	49,900	-	-	-	49,900
Share-based payment transactions	2	-	119,509	-	-	119,509
<b>Total transactions with owners</b>		49,900	119,509	-	-	169,409
<b>Balance as at 30 September 2012</b>		<b>2,860,357</b>	<b>332,229</b>	<b>(40,262)</b>	<b>(2,811,966)</b>	<b>340,358</b>
<b>Balance at 1 April 2012</b>		2,810,457	212,720	(35,401)	(2,088,146)	899,630
<b>Comprehensive loss for the year</b>						
Loss for the year		-	-	-	(1,189,958)	(1,189,958)
Change in foreign currency translation reserve		-	-	27,182	-	27,182
<b>Total comprehensive loss for the year</b>		-	-	27,182	(1,189,958)	(1,162,776)
<b>Transactions with owners</b>						
Issue of ordinary shares	2	811,535	-	-	-	811,535
Share-based payment transactions	2	-	291,653	-	-	291,653
<b>Total transactions with owners</b>		811,535	291,653	-	-	1,103,188
<b>Balance as at 31 March 2013</b>		<b>3,621,992</b>	<b>504,373</b>	<b>(8,219)</b>	<b>(3,278,104)</b>	<b>840,042</b>
<b>Balance at 1 April 2013</b>		<b>3,621,992</b>	<b>504,373</b>	<b>(8,219)</b>	<b>(3,278,104)</b>	<b>840,042</b>
<b>Comprehensive loss for the period</b>						
Loss for the period		-	-	-	(837,652)	(837,652)
Change in foreign currency translation reserve		-	-	(82)	-	(82)
<b>Total comprehensive loss for the period</b>		-	-	(82)	(837,652)	(837,735)
<b>Transactions with owners</b>						
Issue of ordinary shares	2	6,590,138	-	-	-	6,590,138
Share-based payment transactions	2	-	224,030	-	-	224,030
<b>Total transactions with owners</b>		6,590,138	224,030	-	-	6,814,168
<b>Balance as at 30 September 2013</b>		<b>10,212,130</b>	<b>728,403</b>	<b>(8,301)</b>	<b>(4,115,756)</b>	<b>6,816,475</b>

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.



	Unaudited 30 September 2013	Unaudited 30 September 2012	Audited 31 March 2013
Note	\$	\$	\$
<b>Equity</b>			
Share capital	2 <b>10,212,130</b>	2,860,357	3,621,992
Share option reserve	<b>728,403</b>	332,229	504,373
Accumulated losses	<b>(4,115,756)</b>	(2,811,966)	(3,278,104)
Foreign currency translation reserve	<b>(8,301)</b>	(40,262)	(8,219)
<b>Total equity</b>	<b>6,816,476</b>	340,359	840,042
<b>Current liabilities</b>			
Trade and other payables	<b>1,987,195</b>	947,786	1,363,362
Total current liabilities	<b>1,987,195</b>	947,786	1,363,362
<b>Total liabilities</b>	<b>1,987,195</b>	947,786	1,363,362
<b>Total equity and liabilities</b>	<b>8,803,671</b>	1,288,144	2,203,404
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>15,720</b>	17,942	13,320
<b>Total non-current assets</b>	<b>15,720</b>	17,942	13,320
<b>Current assets</b>			
Cash and cash equivalents	<b>6,923,709</b>	665,813	1,244,463
Trade and other receivables	<b>2,088,505</b>	595,938	923,473
Taxation receivable	<b>48,885</b>	8,451	22,148
<b>Total current assets</b>	<b>9,061,099</b>	1,270,202	2,190,084
<b>Total assets</b>	<b>9,076,819</b>	1,288,144	2,203,404

For and on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Dated: 2<sup>nd</sup> December 2013

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

	<b>Unaudited 30 September 2013</b>	Unaudited 30 September 2012	Audited 31 March 2013
<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>			
Receipts from customers	<b>1,855,564</b>	1,179,797	3,269,032
Payments to suppliers and employees	<b>(2,850,211)</b>	(1,800,081)	(4,086,044)
<b>Net cash applied to operating activities</b>	<b>(1,267,795)</b>	(620,284)	(817,012)
	5		
<b>Investing activities</b>			
Finance income	<b>92,679</b>	13,174	24,250
Purchase of property, plant and equipment	<b>(8,924)</b>	(14,691)	(16,885)
<b>Net cash applied to investing activities</b>	<b>83,755</b>	(1,517)	7,365
<b>Financing activities</b>			
Proceeds from share issue	<b>6,590,138</b>	49,900	811,535
<b>Net cash provided from financing activities</b>	<b>6,590,138</b>	45,039	811,535
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>5,406,098</b>	(576,762)	1,888
Cash and cash equivalents at beginning of period	<b>1,244,463</b>	1,242,575	1,242,575
<b>Cash and cash equivalents at end of period</b>	<b>6,650,561</b>	665,813	1,244,463
<b>Comprising:</b>			
Cash and cash equivalents	<b>6,923,709</b>	665,813	1,244,463

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

## 1) Basis of presentation & accounting policies

These unaudited consolidated condensed interim financial statements of Snakk Media Limited (the Company) and its subsidiaries (together “the Group”) have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and with New Zealand Equivalent to International Accounting Standard (IAS) 34 Interim Financial Reporting.

The Company is a profit oriented entity and is an issuer for the purposes of the New Zealand Financial Reporting Act 1993.

The unaudited consolidated condensed interim financial statements of the Group for the six months ended 30 September 2013 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group’s Annual Report for the year ended 31 March 2013.

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Group’s Annual Report for the year ended 31 March 2013 have been applied to these consolidated condensed interim financial statements.

These unaudited consolidated condensed interim financial statements were approved by the Board of Directors on 2<sup>nd</sup> December 2013.

## 2) Share Capital and Other Equity Instruments

All shares issued are ordinary shares with no par value and rank equally with one vote attached to each fully paid share. Issued shares are detailed below.

	Unaudited 30 September 2013 \$	Unaudited 30 September 2012 \$	Audited 31 March 2013 \$
<b>Issued and paid up capital</b>			
Balance at beginning of period	3,621,992	2,810,457	2,810,457
Issue of shares	6,590,138	49,900	811,535
<b>Balance at end of the period</b>	<b>10,212,130</b>	<b>2,860,357</b>	<b>3,621,992</b>

	Unaudited 30 September 2013 No. of Shares	Unaudited 30 September 2012 No. of Shares	Audited 31 March 2013 No. of Shares
<b>Movement in ordinary shares</b>			
Balance at beginning of period	206,630,124	193,914,665	193,914,665
Movements during the period	56,232,860	998,000	12,715,459
<b>Balance at end of the period</b>	<b>262,862,984</b>	<b>194,912,665</b>	<b>206,630,124</b>

## 2) Share Capital and Other Equity Instruments (continued)

### Share Option Reserve

The share option reserve is used to record the accumulated value of unexercised share options and unvested shares rights which have been recognised in the Statements of Comprehensive Income. As at balance date, executives and directors have options over 15,330,098 shares (30 September 2012: 11,700,000; 31 March 2013: 13,870,000).

	<b>Unaudited 30 September 2013</b>	Unaudited 30 September 2012	Audited 31 March 2013
	\$	\$	\$
Balance at the start of the period	504,373	212,720	212,720
Share based payment	224,030	119,509	291,653
<b>Balance at end of the period</b>	<b>728,403</b>	<b>332,229</b>	<b>504,373</b>

## 3) Loss Per Share

The loss of 837,734 (30 September 2012:\$728,680; 31 March 2013:\$1,162,776) for the period represented a loss per share shown below based on the weighted average number of ordinary shares on issue during the period.

	<b>Unaudited 30 September 2013</b>	Unaudited 30 September 2012	Audited 31 March 2013
	\$	\$	\$
<b>Weighted average ordinary shares issued</b>	<b>223,254,869</b>	191,520,161	197,907,529
Weighted average dilutive options issued	<b>12,204,905</b>	10,513,973	11,765,397
<b>Weighted average number of ordinary shares for dilutive loss per share</b>	<b>235,459,774</b>	202,034,133	209,672,926
Basic loss per share (cents)	<b>(0.38)</b>	(0.38)	(0.60)
Dilutive loss per share (cents)	<b>(0.36)</b>	(0.36)	(0.57)

## 4) Segment Information

The Group is organised into one operating segment, the provision of mobile phone enabled promotions and marketing services. The segment result is reflected in the financial statements. The Group operates principally in Australia.

**5) Reconciliation of Operating Cash Flows**

	<b>Unaudited 30 September 2013 \$</b>	Unaudited 30 September 2012 \$	Audited 31 March 2013 \$
<b>Loss after tax</b>	<b>(837,652)</b>	(723,820)	(1,189,958)
<b>Items classified as investing/financing</b>			
Interest received	<b>(92,679)</b>	(13,174)	(24,250)
<b>Add non-cash items and investment activities</b>			
Depreciation	<b>6,524</b>	7,996	14,812
Share based payment expense	<b>224,030</b>	119,509	291,653
Foreign currency translation reserve	<b>(82)</b>	-	27,182
<b>Add/(less) movements in working capital</b>			
Receivables and prepayments	<b>(1,165,032)</b>	(40,689)	(385,314)
Creditors, accruals and taxation	<b>597,096</b>	29,894	448,863
<b>Net cash flow applied to operating activities</b>	<b>(1,267,795)</b>	(620,284)	(817,012)

**6) Related Party Information**
**General**

All members of the Group are considered to be related parties of Snakk Media Limited.

	<b>Unaudited 30 September 2013 \$</b>	Unaudited 30 September 2012 \$	Audited 31 March 2013 \$
<b>Directors' remuneration</b>			
D Handley	<b>62,500</b>	62,500	125,000
T Alpe - Appointed 28 January 2013	<b>10,000</b>	-	-
M Kong - Appointed 28 January 2013	<b>10,000</b>	-	-
S Joyce - Resigned 28 January 2013	-	17,500	29,167
P Norman - Resigned 28 January 2013	-	17,500	29,166
<b>TOTAL</b>	<b>82,500</b>	97,500	183,333
<b>Other related services</b>			
Corporate Counsel	<b>5,635</b>	7,500	60,213
P Norman - Consulting fee	-	5,000	-
Really Useful Crew	-	-	108,716
<b>Balances outstanding</b>			
Payable to Derek Handley	<b>10,390</b>	-	1,686
Payable to Corporate Counsel	-	-	6,808
Payable to Really Useful Crew	-	-	47,300

**7) Commitments & Contingencies**

There are no capital expenditure commitments at 30 September 2013 (30 September 2012: Nil; 31 March 2013: Nil).

There are no contingent liabilities at 30 September 2013 (30 September 2012: Nil; 31 March 2013: Nil).

**8) Events after the Balance Date**

There have been no other significant events after balance date.

# COMPANY DIRECTORY

## Registered Office

Level 6  
57 Symonds Street  
Grafton  
Auckland, 1010

## Postal Address

PO Box 302430  
North Harbour  
Auckland, 0751

## Share Registrar

Computershare Investor Services Limited  
Private Bag 92119, Auckland  
Phone: 09 488 8700

## Auditor

PricewaterhouseCoopers  
PwC Tower, 188 Quay Street  
Auckland

## Board of Directors

Derek Handley	(appointed 16 July 2011)
Tim Alpe	(appointed 28 January 2013)
Michelle Kong	(appointed 28 January 2013)
Sean Joyce	(resigned 28 January 2013)
Phil Norman	(resigned 28 January 2013)

## Company Number

3202682

## Incorporated

24 November 2010

## Shares Issued

206,630,124 Ordinary shares

## Solicitors

Sean Joyce – Corporate Counsel  
P.O. Box 105745, Auckland City  
Auckland 1143  
Phone: 021 865 704

## Bankers

BNZ Bank Limited  
80 Queen Street, Auckland, 1010

## Independent Directors

Tim Alpe  
61 Kurahaupo Street,  
Orakei, Auckland, 1071

Michelle Kong  
39 Onslow Road,  
Mount Eden, Auckland, 1024

## Executive Director

Derek Handley  
417 Clinton Street, Brooklyn,  
New York, 11231, USA

