

YUUZOO CORPORATION LIMITED

(Incorporated in Bermuda)

(Company registration number: 36658)

SECOND QUARTER 2015 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
1(a)(i) Income statement

An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2nd Quarter ended 30 June		Incr/(Decr) %	Half year ended 30 June		Incr/(Decr) %
	2015	2014		2015	2014	
	USD'000	USD'000		USD'000	USD'000	
Revenue	7,987	4,094	95%	17,619	10,200	73%
Other income	-	47	-100%	11	124	-91%
Total income	7,987	4,141	93%	17,630	10,324	71%
Cost of services	(3,561)	(3,987)	-11%	(6,054)	(9,730)	-38%
Amortisation of intangibles assets	(1,861)	(852)	118%	(3,736)	(1,672)	123%
Depreciation	(18)	(6)	200%	(27)	(13)	108%
Employee benefit expenses	(1,314)	(437)	201%	(2,091)	(795)	163%
Other expenses	(281)	(344)	-18%	(1,526)	(686)	122%
Profit/(Loss) before tax	952	(1,485)	nm	4,196	(2,572)	nm
Taxation	-	-	nm	-	-	nm
Profit/(Loss) after tax	952	(1,485)	nm	4,196	(2,572)	nm
Other comprehensive income	(21)	-	nm	26	-	nm
Total comprehensive income/(expenses)	931	(1,485)	nm	4,222	(2,572)	nm
Profit/(Loss) attributable to:						
Equity holders of the Company	986	(1,485)	nm	4,159	(2,572)	nm
Non controlling interests	(34)	-	nm	37	-	nm
Total comprehensive income/(expenses) attributable to:						
Equity holders of the Company	965	(1,485)	nm	4,185	(2,572)	nm
Non controlling interests	(34)	-	nm	37	-	nm
	931	(1,485)	nm	4,222	(2,572)	nm
EBITDA	2,831	(627)	nm	7,959	(887)	nm
EBIT	952	(1,485)	nm	4,196	(2,572)	nm

1(a) (ii) Profit before income tax is arrived at after charging / (crediting) the following

	Group			Group		
	2nd Quarter ended 30 June		Change in %	Half year ended 30 June		Change in %
	2015	2014		2015	2014	
	USD'000	USD'000		USD'000	USD'000	
Unrealised exchange loss/(gain)	(459)	(3)	NM	524	17	NM

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1(b)(i) Balance sheet

A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group			Company		
	30 Jun 2015	31 Dec 2014	Incr/(Decr) %	30 Jun 2015	31 Dec 2014	Incr/(Decr) %
	Unaudited USD'000	Audited USD'000		Unaudited USD'000	Audited USD'000	
Non-current assets						
Plant and equipment	224	74	203%	-	-	nm
Investments in subsidiaries	-	-	nm	229,051	229,051	0%
Intangible assets	9,191	10,971	-16%	-	-	nm
Assets available for sale	10,200	-	nm	-	-	nm
Total non-current assets	19,615	11,045	78%	229,051	229,051	0%
Current assets						
Trade and other receivables	23,501	24,689	-5%	14,320	7,049	nm
Prepayments	87	44	98%	4	-	nm
Cash and cash equivalents	5,853	9,447	-38%	739	8,692	-91%
Total current assets	29,441	34,180	-14%	15,063	15,741	-4%
Total assets	49,056	45,225	8%	244,114	244,792	0%
Equity						
Share capital	63,207	63,207	0%	63,207	63,207	0%
Share premium	18,166	18,166	0%	204,584	204,584	0%
Other reserves	623	117	nm	545	65	738%
Accumulated losses	(35,077)	(39,236)	-11%	(24,797)	(23,235)	7%
Total equity attributable to owners of the Company	46,919	42,254	11%	243,539	244,621	0%
Non-controlling interests	544	507	7%	-	-	na
Total equity	47,463	42,761	11%	243,539	244,621	0%
Current liabilities						
Trade and other payables	1,273	2,144	nm	575	171	nm
Deferred revenue	320	320	0%	-	-	nm
Loans and borrowings	-	-	nm	-	-	nm
Total current liabilities	1,593	2,464	nm	575	171	nm
Total liabilities	1,593	2,464	nm	575	171	nm
Total liabilities and equity	49,056	45,225	8%	244,114	244,792	0%

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1(b)(ii) Details of borrowings

In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:—

(A) the amount repayable in one year or less, or on demand;

(B) the amount repayable after one year;

(C) whether the amounts are secured or unsecured; and

(D) details of any collaterals.

The group does not have any outstanding borrowing as at 30 June 2015 and 31 December 2014.

	Amount repayable in one year or less		Amount repayable after one year	
	<u>Group</u>		<u>Group</u>	
	As at 30 Jun 2015	As at 31 Dec 2014	As at 30 Jun 2015	As at 31 Dec 2014
	Unaudited USD'000	Audited USD'000	Unaudited USD'000	Audited USD'000
Loans and borrowing				
Secured	-	-	-	-
Unsecured	-	-	-	-

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1(c) Cash flows statement
A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	2nd Quarter ended 30 June		Half year ended 30 June	
	2015	2014	2015	2014
	USD'000	USD'000	USD'000	USD'000
Cash flows from operating activities				
Profit/(Loss) before tax	952	(1,485)	4,196	(2,572)
Adjustments for:				
Amortisation of intangible assets	1,861	661	3,736	1,672
Intangible assets acquired	-	-	(1,600)	-
Depreciation of plant and equipment	18	12	27	13
Share based compensation	358	-	480	-
Asset available for sale acquired	(4,600)	-	(10,200)	-
Disposal of investment	-	(8)	-	(8)
Operating cash flows before working capital changes	(1,411)	(820)	(3,361)	(895)
Change in trade and other receivables	(100)	(2,585)	1,188	(2,370)
Change in prepayments	(10)	-	(43)	-
Change in trade and other payables	116	(864)	(871)	15
Cash generated from/(used in) operations	(1,405)	(4,269)	(3,087)	(3,250)
Interest received	-	-	-	-
Net Cash generated from/(used in) operating activities	(1,405)	(4,269)	(3,087)	(3,250)
Cash flows from investing activities				
Purchase of plant and equipment	(99)	(25)	(173)	(25)
Development costs incurred/Purchase of intangible asset	(183)	-	(356)	(375)
Net cash generated from/ (used in) investing activities	(282)	(25)	(529)	(400)
Cash flows from financing activities				
Proceeds from issuance of shares	-	4,893	-	4,893
Share issue expenses	-	-	-	-
Net cash (used in)/generated from financing activities	-	4,893	-	4,893
Net change in cash and cash equivalents	(1,687)	599	(3,616)	1,243
Cash and cash equivalents at beginning of period	7,567	3,110	9,447	2,479
Net effect of exchange differences	(27)	(17)	22	(30)
Cash and cash equivalents at end of period	5,853	3,692	5,853	3,692

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1(d)(i) Change in Equity

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital USD'000	Share premium USD'000	Foreign currency translation account USD'000	Share option reserve USD'000	(Accumulated Losses)/ Retained earnings USD'000	Total equity attributable to the owners of the parent USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance at 1 January 2015	63,207	18,166	52	65	(39,236)	42,254	507	42,761
Profit/(Loss) for the financial year	-	-	-	-	4,159	4,159	37	4,196
Exchange differences on translation of foreign operations	-	-	26	-	-	26	-	26
Total comprehensive income for the financial year	-	-	26	-	4,159	4,185	37	4,222
Employee share option scheme	-	-	-	480	-	480	-	480
Total transactions with owners of the parent	-	-	-	480	-	480	-	480
Balance at 30 June 2015	63,207	18,166	78	545	(35,077)	46,919	544	47,463
Balance at 1 January 2014	120	15,337	(12)	84	6,491	22,020	(624)	21,396
Loss for the financial year	-	-	-	-	(2,572)	(2,572)	-	(2,572)
Exchange differences on translation of foreign operations	-	-	(20)	-	-	(20)	-	(20)
Loss/total comprehensive income for the financial year	-	-	(20)	0	(2,572)	(2,592)	-	(2,592)
Issue of new share	15	4,878	-	-	-	4,893	-	4,893
Premium on share capital	-	-	-	-	-	-	-	-
Balance at 30 June 2014	135	20,215	(32)	84	3,919	24,321	(624)	23,697

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Company

	Share capital	Share premium	Other reserve	(Accumulated Losses)/ Retained earnings	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 January 2015	63,207	204,584	65	(23,235)	244,621
Loss for the financial year	-	-	-	(1,562)	(1,562)
Share option scheme	-	-	480	-	480
Balance at 30 June 2015	63,207	204,584	545	(24,797)	243,539
Balance at 1 January 2014	23,803	35,449	-	(59,624)	(372)
Loss/total comprehensive income	-	-	-	(801)	(801)
Capital reduction	(16,674)	-	-	16,674	-
Conversion of convertible notes	460	1,128	-	-	1,588
Balance at 30 June 2014	7,589	36,577	-	(43,751)	415

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1(d)(ii) Change in number of shares

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company did not issue any new shares during the quarter ended 30 June 2015.

The Company had on 14 November 2014, granted a total of 25,065,845 share options under the Company's Employee share Option Scheme ("Options"), of which 6,320,759 Options were granted to the Executive Director and CEO subject to shareholders' approval that was given at the Annual General Meeting held on 29 May 2015. Of the aforementioned share options, 7,642,224 have lapsed on termination of employment. As such the total number of Options outstanding as at 30 June 2015 is 17,423,621. These Options are exercisable into 17,423,621 ordinary shares in the Company.

As at 1 Jan 2014 the Company had 19,854,064 options on issue. Of these, 120,000 and 14,838,922 were converted to an equivalent number of shares during 1Q 2014 and 2Q 2014 respectively. The remaining 4,895,142 options, exercisable into an equivalent number of shares, were outstanding as at 30 June 2014.

Save for the aforementioned Options, the Company did not have any other outstanding convertibles or treasury shares as at 30 June 2015 and 30 June 2014.

1 (d)(iii) Total number of shares

To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	30-Jun-15	31-Dec-14
Total number of outstanding shares	632,075,910	632,075,910
Total number of shares ex. Treasury shares	632,075,910	632,075,910

1 (d)(iv) Evolution of treasury shares

A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Group and Company have no treasury shares.

2. Review of financial figures

Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial statements have not been audited or reviewed by the Company's auditor.

3. Auditors report

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

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4. Accounting policies

Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computations applied by the Group are consistent with those used in its audited financial statements for the financial year ended 31 December 2014, except for the adoption of accounting standards and interpretations applicable for the financial period beginning 1 January 2015.

5. Change in accounting policies

If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised FRSs and Interpretation of FRSs applicable for the financial period beginning 1 January 2015 did not result in a significant change to the Group's accounting policies and is assessed to have no material impact to the results of the Group and of the Company for the quarter and the half year ended 30 June 2015.

6. Earnings per share

Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Group		Group	
	2nd Quarter ended 30 June 2015	2014	Half year ended 30 June 2015	2014
Earning Per Share				
Undiluted EPS (in USD cents)	0.16	(1.10)	0.66	(1.91)
Fully diluted EPS (in USD cents)	0.15	(1.06)	0.64	(1.84)

7. Net asset value per share

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) Current financial period reported on; and

(b) Immediately preceding financial year.

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	Audited		Audited	
Net Asset Value per Share				
Net Asset value att. to shareholder in USD '000	46,919	42,254	243,539	244,621
- Undiluted number of shares in '000	632,076	632,076	632,076	632,076
Undiluted NAV per share (in USD cents)	7.42	6.68	38.53	38.70

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8. Performance review

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

2nd Quarter 2015 (2Q 2015) vs. 2nd Quarter 2014 (2Q 2014)**Profit & Loss Statement**

The Group's revenue for 2Q 2015 was USD8.0 million. This represents a USD3.9 million (95%) increase over the corresponding period in 2014. The increase mainly relates to the phased recognition of the sale of franchise licenses in Central and Eastern Europe amounting to USD4.6 million in return for equity holdings in the franchisee companies.

In accordance with the Group's revenue recognition policy, revenue from such sales is booked at an amount equivalent to the value of the consideration (shares) received as determined by 3rd party valuation method. This revenue is recognized in phases as the franchisee commences operations relating to its e-commerce platform.

From a shareholder perspective, receiving payment in shares means that each YuuZoo shareholder becomes an owner of social e-commerce businesses in Central and Eastern Europe, which shares at the right time can be converted into cash by selling them.

The aforementioned increase was partially offset by a reduction in payment revenue from 2Q 2014's USD4.1 million to 2Q 2015's USD3.4 million due to the discontinuation of certain credit card payment agreements in late 2014. The year to date impact was largely felt in the first quarter (USD3.5 million). Growth in payment revenues from first quarter 2015 to second quarter 2015 of 42% helped to reduce this unfavorable impact to just USD0.7 million in the second quarter 2015.

The Group's cost of services for 2Q 2015 decreased from USD4.0 million to USD3.6 million, mainly due to drop in payment revenue and the subsequent drop in revenue share paid to partners by YuuZoo.

Increase in amortisation of intangible assets from USD0.9 million in 2Q 2014 to USD1.9 million in 2Q 2015 relates mainly due to celebrity endorsement rights acquired in late 2014. This increase is consistent with the increase experienced in 1Q 2015.

The Group's 2Q 2015 employee related costs was USD1.3 million as compared to HY 2014's USD0.4 million, due to increase in staff numbers in Singapore, China and Nigeria.

"Other expenses" amounted to USD0.3 million representing advertising, administrative, legal and professional fees offset in part by exchange gains arising from the movement of the US Dollar applied to Singapore Dollar denominated assets and liabilities.

The Group is debt free and thus has no finance expenses.

The Group registered a net profit of USD1.0 million in 2Q 2015, compared to a loss of USD1.5 million in 2Q 2014. Year to date the business turned a loss of USD2.6 million in 2014 to a \$4.2 million profit in 2015. These improvements are mainly driven by the high margins on the licenses sold to franchisees in Central and Eastern Europe, South Korea and Turkey.

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Balance Sheet**Non-current assets**

The increase in non-current asset was largely due to the increase in assets available for sale amounting to USD10.2 million as a result of receiving payments for exclusive licenses for YuuZoo's business in Central and Eastern Europe, South Korea and Turkey in the form of shares in the companies running the operations in these countries. This was partially offset by a USD1.9 million amortization charge against the Group's intangible asset base during the half year to June 2015.

The value of this class of asset will be assessed annually and adjusted as necessary to reflect any variations (up or down) in the value of the asset as the franchisees' businesses mature.

Current assets

The Group's current assets decreased by USD4.8 million from USD34.2 million as at 31 December 2014 to USD29.4 million as at 30 June 2015. The decrease was mainly due to lower trade and other receivables and bank balance. The USD1.2 million decrease in trade and other receivables for the half year to June 2015 was primarily due to the drop in merchant transactions during the quarter.

The Group's cash and cash balances as at 30 June 2015 were USD5.9 million, representing decrease of USD3.5 million from FY2014's USD9.4 million. The amount was primarily used in operating activities as detailed in the cash flow statement included in this announcement.

Current liabilities

The Group's current liabilities decreased by USD0.9 million from USD2.5 million as at 31 December 2014 to USD1.6 million as at 30 June 2015 due to the decrease in trade and other payables generated by lower merchant transactions during the period. This was also reflected in the current asset movement above.

Cash flows

Net change in cash and cash equivalents showed a reduction of USD1.7 million in 2Q 2015 compared to an increase of USD0.6 million in 2Q 2014.

The profit before tax of USD1.0 million in the current quarter (2Q 2014 loss of USD1.5 million) included USD4.6 million in revenue received in the form of shares (2Q 2014 – nil) and non-cash based expenses of USD2.2 million (2Q 2014 – USD0.7 million). In 2Q 2015 the Company's small increases in receivables and payables generated a small amount of cash. This represents a significant improvement over 2Q 2014 where increased receivables and reduced payables used cash of USD3.4 million.

The total improvement (reduction) in cash used by operating activities between 2Q 2014 and 2Q 2015 was USD2.9 million.

2Q 2014 cash flow benefitted from the proceeds from issue of shares of USD4.9 million. There was no equivalent contribution required from shareholders in the current quarter.

9. Variance with formerly disclosed forecasted figures

Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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10. Competitive landscape and trends of the industry

*A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and **any known factors or events that may affect the group in the next reporting period and the next 12 months.***

The current annual global market size of e-commerce, social media, games and payments is already estimated to be well over USD2 trillion. B2B e-commerce alone is expected to grow to over USD6 billion by 2020. While competition is increasing, YuuZoo is, through its unique partnership and franchise model, strongly positioned in the social e-commerce space. YuuZoo's virtual shopping mall and social e-commerce model offers consumers something that the Company believes to be unique in the market; the possibility to shop, play games, meet new friends and be entertained through one single registration through all devices.

11. Dividend

If a decision regarding dividend has been made:

- (a) *Whether an interim (final) ordinary dividend has been declared (recommended); and*
- (b)
 - (i) *Amount per share cents*
 - (ii) *Previous corresponding period cents*
- (c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).*
- (d) *The date the dividend is payable.*
- (e) *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.*
 - (a) Nil
 - (b) Not applicable
 - (c) Not applicable
 - (d) Not applicable
 - (e) Not applicable

12. Dividend declaration / recommendation

If no dividend has been declared (recommended), a statement to that effect

No dividend for the 3 months ended 30 June 2015 is declared or recommended.

The Group is not declaring any dividend as a large part of the increase in revenue and profits is non-cash. The Group however wants to underline that the new method of receiving payment for the exclusive franchise licenses in shares in the companies that run the franchise operations, is designed to enable the Group to sell shares and distribute the proceeds as dividends once the franchisees operations achieve sufficient volume and value.

13. IPT

If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under [Rule 920\(1\)\(a\)\(ii\)](#). If no IPT mandate has been obtained, a statement to that effect.

Pursuant to the Special General Meeting held on 23th July 2014, the Group was granted an IPT Mandate for the period ended 29 May 2015. No IPT transactions were performed over the current period reported on. The Company did not seek a renewal of the IPT mandate at the AGM held on 29 May 2015.

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14. Use of proceeds

The use of the IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the prospectus or the announcement of the issuer. Where there is any material deviation from the stated use of proceeds, the issuer must announce the reasons for such deviation.

	Opening Balance		Use of proceeds		Closing balance	
	in SGD m	In %	in SGD m	In %	in SGD m	In %
<i>Intended Use and expenses in m SGD</i>						
Development of partnerships	9.7	53%	(0.6)	6%	9.1	119%
Investment in growth opportunities	4.8	26%	(0.9)	8%	3.9	52%
General corporate expenses and working capital purposes	3.9	21%	(9.3)	86%	(5.4)	-71%
Total	18.4	100%	(10.8)	100%	7.6	100%

General corporate expenses and working capital purposes include a payment of S\$6.5 million to Infocomm Asia Holdings Pt. Ltd to finance the purchase and sale of games on behalf of the Group. On repayment these funds will be allocated to “general corporate expenses and working capital purposes”. During the quarter ended 30 June 2015 the Company utilized S\$0.9 million for growth opportunities and S\$0.6 million for general corporate expenses mainly for employee costs, office expenses and professional fees.

15. Confirmation pursuant to Rule 705(5) of listing manual

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the 2nd quarter and half year period ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

THOMAS ZILLIACUS
EXECUTIVE CHAIRMAN

MICHAEL PARKER
CHIEF FINANCIAL OFFICER

12 Aug 2015

Macquarie Capital (Singapore) Pte. Limited (“Macquarie”) was the financial adviser to W Corporation Limited (now known as YuuZoo Corporation Limited) in relation to the acquisition of the entire issued and paid-up share capital of YuuZoo Corporation and its subsidiaries. Macquarie assumes no responsibility for the contents of this announcement.