

YUUZOO CORPORATION LIMITED

(Incorporated in Bermuda)

(Company registration number: 36658)

FIRST 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		Change in %
	Quarter ended 31 MAR		
	2015 ("1Q2015")	2014 ("1Q2014")	
	Unaudited USD'000	Unaudited USD'000	
Revenue	9,632	6,107	58%
Other income	11	77	-86%
Total income	9,643	6,184	56%
Cost of services	(2,493)	(5,743)	-57%
Amortisation of intangibles assets	(1,875)	(820)	129%
Depreciation	(9)	(7)	29%
Employee benefit expenses	(777)	(358)	117%
Other expenses	(1,245)	(342)	264%
Finance costs	-	-	na
Profit/(Loss) before tax	3,244	(1,086)	na
Taxation	-	-	na
Profit/(Loss) after tax	3,244	(1,086)	na
Other comprehensive income	47	-	na
Total comprehensive income/(expenses)	3,291	(1,086)	na
Profit/(Loss) attributable to:			
Equity holders of the Company	3,173	(1,086)	na
Non controlling interests	71	-	na
Total comprehensive income/(expenses) attributable to:			
Equity holders of the Company	3,220	(1,086)	na
Non controlling interests	71	-	na
EBITDA	5,128	(259)	na
EBIT	3,244	(1,086)	na

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(Company registration number: 36658)

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

	Group	
	Quarter ended 31 MAR	
	2015	2014
	("1Q2015")	("1Q2014")
	Unaudited	Unaudited
	USD'000	USD'000
<i>Unrealised exchange loss</i>	983	20

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		
	31 Mar	31 Dec	Change in %	31 Mar	31 Dec	Change in %
	2015	2014		2015	2014	
	Unaudited	Audited		Unaudited	Audited	
	USD'000	USD'000	USD'000	USD'000		
Non-current assets						
Plant and equipment	137	74	85%	-	-	na
Investments in subsidiaries	-	-	na	229,051	229,051	0%
Intangible assets	10,869	10,971	-1%	-	-	na
Assets available for sale	5,600	-	na	-	-	na
Total non-current assets	16,606	11,045	50%	229,051	229,051	0%
Current assets						
Trade and other receivables	23,401	24,689	-5%	8,941	7,049	27%
Prepayments	77	44	75%	11	-	na
Cash and cash equivalents	7,567	9,447	-20%	5,858	8,692	-33%
Total current assets	31,045	34,180	-9%	14,810	15,741	-6%
Total assets	47,651	45,225	5%	243,861	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	286	117	144%	187	65	188%
Accumulated losses	(36,063)	(39,236)	-8%	(24,373)	(23,235)	5%
Total equity attributable to owners of the Company	45,596	42,254	8%	243,605	244,621	0%
Non-controlling interests	578	507	14%	-	-	na
Total equity	46,174	42,761	8%	243,605	244,621	0%
Current liabilities						
Trade and other payables	1,157	2,144	-46%	256	171	50%
Deferred revenue	320	320	0%	-	-	na
Loans and borrowings	-	-	na	-	-	na
Total current liabilities	1,477	2,464	-40%	256	171	50%
Total liabilities	1,477	2,464	-40%	256	171	50%
Total liabilities and equity	47,651	45,225	5%	243,861	244,792	0%

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(Company registration number: 36658)

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 31 March 2015 and 31 December 2014.

	Group			Change in %	Group		
	As at 31	As at 31			As at 31	As at 31	Change in %
	Mar 2015	Dec 2014			Mar 2015	Dec 2014	
	Unaudited	Audited	Unaudited		Audited		
USD'000	USD'000	USD'000	USD'000				
	Due in less than one year			Due after one year			
Loans and borrowing							
Secured	-	-	na	-	-	na	
Unsecured	-	-	na	-	-	na	

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(Company registration number: 36658)

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	
	3M 2015	3M 2014
	Unaudited	Unaudited
	USD'000	USD'000
Cash flows from operating activities		
Profit before income tax	3,244	(1,086)
Adjustments for:		
Amortisation of intangible assets	1,875	820
Intangible assets acquired	(1,600)	-
Depreciation of plant and equipment	9	7
Share based compensation	122	-
Asset available for sale acquired	(5,600)	-
Operating cash flows before working capital changes	(1,950)	(259)
Change in trade and other receivables	1,288	213
Change in prepayments	(33)	35
Change in trade and other payables	(987)	823
Cash generated from/(used in) operations	(1,682)	812
Interest received	-	-
Net cash generated from / (used in) operating activities	(1,682)	812
Cash flows from investing activities		
Purchase of plant and equipment	(74)	(6)
Development costs incurred/ Purchase of intangible asset	(173)	(185)
Net cash generated from/ (used in) investing activities	(247)	(191)
Cash flows from financing activities		
Proceeds from issuance of shares	-	3
Net cash (used in)/generated from financing activities	-	3
Net change in cash and cash equivalents	(1,929)	624
Cash and cash equivalents at beginning of period	9,447	2,479
Net effect of exchange differences	49	7
Cash and cash equivalents at end of period	7,567	3,110

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(Incorporated in Bermuda)

(Company registration number: 36658)

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 for the financial year	-	-	-	-	3,173	3,173	71	3,244
Exchange differences on translation of foreign operations	-	-	47	-	-	47	-	47
Total comprehensive income for the financial year	-	-	47	-	3,173	3,220	71	3,291
Employee share option scheme				122	-	122	-	122
Total transactions with owners of the parent	-	-	-	122	-	122	-	122
Balance at 31 March 2015	63,207	18,166	99	187	(36,063)	45,596	578	46,174
Balance at 1 January 2014	120	15,337	(12)	84	6,491	22,020	(624)	21,396
Loss for the financial year	-	-	-	-	(1,086)	(1,086)	-	(1,086)
Loss/total comprehensive income for the financial year	-	-	-	-	(1,086)	(1,086)	-	(1,086)
Balance at 31 March 2014	120	15,337	(12)	84	5,405	20,934	(624)	20,310

YUUZOO CORPORATION LIMITED

(Incorporated in Bermuda)

(Company registration number: 36658)

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	-	-	-	(1,138)	(1,138)
Share option scheme			122		122
Balance at 31 March 2015	63,207	204,584	187	(24,373)	243,605
Balance at 1 January 2014	23,803	35,449	-	(59,624)	(372)
Loss/total comprehensive income	-	-	-	(116)	(116)
Conversion of convertible notes	789	-	-	-	789
Balance at 31 March 2014	23,803	35,449	-	(59,740)	301

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(Incorporated in Bermuda)

(Company registration number: 36658)

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 in 1Q2015.

The Company had on 14 Nov 2014, granted a total of 25,065,845 share options under the Company's Employee Share Option Scheme ("Options"), out of which 6,320,759 Options were granted to the Executive Director and CEO (which are subject to shareholders' approval) and 5,809,192 Options were not accepted by employees. No new Options were granted in 1Q2015, and no Option was exercised or cancelled in 1Q2015. As such, the total number of Options outstanding as at 31 March 2015 is 12,935,894 which are exercisable into 12,935,894 ordinary shares in the Company.

Save for the aforementioned Options, the Company did not have any other outstanding convertibles or treasury shares as at 31 March 2015.

The Company did not have any outstanding convertibles or treasury shares as at 31 March 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	
	31-Mar-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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(Incorporated in Bermuda)

(Company registration number: 36658)

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 ended 31 March 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	
	Quarter ended	
	31/3/2015	31/3/2014
Earning Per Share		
Undiluted EPS (in USD cents)	0.50	(0.91)
Fully diluted EPS (in USD cents)	0.50	(0.91)

The undiluted and fully diluted EPS for the quarter ended 31 March 2014 are the same as there were no potential dilutive ordinary shares in issue as at 31 March 2014.

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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Net Asset Value per Share				
Net Asset value att. to shareholder in USD '000	45,596	42,254	243,605	244,621
- Undiluted number of shares in '000	632,076	632,076	632,076	632,076
Undiluted NAV per share (in USD cents)	7.21	6.68	38.54	38.70

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.

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(Company registration number: 36658)

1st Quarter 2015 (1Q 2015) vs. 1st Quarter 2014 (1Q 2014)**Profit & Loss Statement**

The Group's revenue in 1Q 2015 was USD9.6 million. This represents a USD3.5 million (58%) increase over the corresponding period in 2014. The increase mainly relates to the phased recognition of the sale of franchise licenses in Turkey and South Korea amounting to USD5.6 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.

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.

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

The aforementioned increase was offset by the decrease in payment revenue from 1Q 2014's USD5.9 million to 1Q 2015's USD2.4 million due to the discontinuation of the American Express master merchant agreement.

The Group's cost of services decreased from USD5.7 million in 1Q 2014 to 1Q 2015's USD2.5 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 USD0.8 million in 1Q 2014 to USD1.9 million in 1Q 2015 was mainly due to celebrity endorsement right acquired in 4Q 2014.

The Group's 1Q 2015 employee related costs was USD0.8 million as compared to 1Q 2014's USD0.4 million, due to increase in staff strength in Singapore as well as in overseas employees.

"Other expenses" amounted to USD1.2 million mainly due to unrealized exchange loss arising from the weakening of the US Dollar against Singapore Dollar.

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

The Group registered a net profit of USD3.2 million in 1Q 2015, compared to a loss of USD1.1 million in 1Q 2014. The increase was mainly due to the high margins on the licenses sold to franchisees in South Korea and Turkey.

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(Company registration number: 36658)

Balance Sheet**Non-current assets**

The increase in non-current asset was mainly due to the increase in assets available for sale amounting to USD5.6 million as a result of receiving payments for exclusive licenses for YuuZoo's business in South Korea and Turkey in the form of shares in the companies running the operations in both countries.

Current assets

The Group's current assets decreased by USD3.1 million from USD34.1 million as at 31 December 2014 to USD31.0 million as at 31 March 2015. The decrease was mainly due to lower trade and other receivables and bank balance. The decrease in trade and other receivables for the quarter ended 31 March 2015 was mainly due to the drop in merchant transactions during the quarter.

The Group's cash and cash balances as at 31 March 2015 were USD7.6 million, representing decrease of USD1.9 million from FY2014's USD9.4 million. The amount was mainly used in operating activities.

Current liabilities

The Group's current liabilities decreased by USD1.0 million from USD2.5 million as at 31 March 2014 to USD1.5 million as at 31 March 2015 due to the decrease in trade and other payables which was in tandem with the decrease in trade and other receivables due to lower merchant transactions during the 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.

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.*

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(Incorporated in Bermuda)

(Company registration number: 36658)

(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 31 March 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. No IPT transactions were performed over the current period reported on.

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	
	<i>in SGD m</i>	<i>ln %</i>	<i>in SGD m</i>	<i>ln %</i>	<i>in SGD m</i>	<i>ln %</i>
<i>Intended Use and expenses in m SGD</i>						
Development of partnerships	9.7	53%	(0.6)	7%	9.1	97%
Investment in growth opportunities	4.8	26%	-	0%	4.8	52%
General corporate expenses and working capital purposes	3.9	21%	(8.5)	93%	(4.6)	-49%
Total	18.4	100%	(9.1)	100%	9.3	100%

General corporate expenses and working capital purposes include a payment of S\$6.5m to Infocomm Asia Holdings Pte Ltd (IAH) to finance the purchase and sale of games on behalf of the Group. On repayment, these funds will be will be reallocated to “general corporate expenses and working capital purposes”. During the quarter ended 31 March 2015, the group utilized approximately S\$2.0 million from the proceeds allocated for general corporate expenses and working capital purposes mainly for employee costs, office expenses and professional fees.

YUUZOO CORPORATION LIMITED

(Incorporated in Bermuda)

(Company registration number: 36658)

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 three months ended 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**THOMAS ZILLIACUS
EXECUTIVE CHAIRMAN**

15 May 2015