



**YUUZOO CORPORATION LIMITED**

**FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
PERIOD ENDED 31 MARCH 2017**

**1(a)(i) 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.**

	<b>Group</b>		Incr/(Decr)
	1st quarter ended 31 March		
	2017	2016	
	Unaudited SGD'000	Unaudited SGD'000	
Revenue	18,912	45,011	-58%
Other income	17	506	-97%
<b>Total income</b>	<b>18,929</b>	<b>45,517</b>	
Cost of services	(4,470)	(28,456)	-84%
Amortisation of intangible assets	(1,995)	(1,425)	40%
Depreciation	(37)	(30)	23%
Employee benefit expenses	(248)	(1,812)	-86%
Other expenses	(1,004)	(951)	6%
<b>Profit / (Loss) before income tax</b>	<b>11,175</b>	<b>12,843</b>	
Taxation	-	-	nm
<b>Profit / (Loss) after income tax</b>	<b>11,175</b>	<b>12,843</b>	-13%
Other comprehensive income :			
Exchange differences on translation	(4,742)	(4,605)	3%
<b>Total comprehensive income / (expenses) for the period</b>	<b>6,433</b>	<b>8,238</b>	-22%
<b>Profit / (Loss) attributable to:</b>			
Equity holders of the Company	11,175	12,843	-13%
Non controlling interests	-	-	nm
	11,175	12,843	-13%
<b>Total comprehensive income / (expenses) attributable to:</b>			
Equity holders of the Company	<b>6,433</b>	<b>8,238</b>	-22%
Non controlling interests	-	-	nm
	<b>6,433</b>	<b>8,238</b>	-22%
<b>EBITDA</b>	<b>13,207</b>	<b>14,298</b>	-8%
<b>EBIT</b>	<b>11,175</b>	<b>12,843</b>	-13%

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

	<b>Group</b>		Change in %
	1st Quarter ended 31 March		
	2017	2016	
	SGD'000	SGD'000	
<i>Unrealised exchange loss/(gain)</i>	478	(396)	NM

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement of the immediately preceding financial year.**

	Group			Company		
	31 Mar 2017	31 Dec 2016	Incr / (Decr)	31 Mar 2017	31 Dec 2016	Incr / (Decr)
	Unaudited SGD'000	Unaudited SGD'000		Unaudited SGD'000	Unaudited SGD'000	
<b>Non-current assets</b>						
Plant and equipment	299	340	-12%	-	-	nm
Investments in subsidiaries	-	-	nm	320,156	332,152	-4%
Investment in associates	2,997	3,108	-4%	2,997	3,108	-4%
Intangible assets	33,324	32,796	2%	640	766	-16%
Trade and other receivables	1,404	1,005	40%	-	-	nm
Assets available for sale	93,310	85,678	9%	-	-	nm
<b>Total non-current assets</b>	<b>131,334</b>	<b>122,927</b>	<b>7%</b>	<b>323,793</b>	<b>336,026</b>	<b>-4%</b>
<b>Current assets</b>						
Trade and other receivables	18,047	10,858	66%	41,662	34,746	20%
Prepayments	500	174	187%	93	-	nm
Cash and cash equivalents	9,814	3,813	157%	506	88	475%
<b>Total current assets</b>	<b>28,361</b>	<b>14,845</b>	<b>91%</b>	<b>42,261</b>	<b>34,834</b>	<b>21%</b>
<b>Total assets</b>	<b>159,695</b>	<b>137,772</b>		<b>366,054</b>	<b>370,860</b>	
<b>Equity</b>						
Share capital	99,446	91,908	8%	99,446	91,908	8%
Share premium	24,946	25,433	-2%	254,929	255,416	0%
Other reserves	8,925	13,814	-35%	41,309	54,520	-24%
(Accumulated losses) / Retained earnings	12,129	955	1170%	(36,006)	(36,849)	-2%
<b>Total equity attributable to owners of the Company</b>	<b>145,446</b>	<b>132,110</b>	<b>10%</b>	<b>359,678</b>	<b>364,995</b>	<b>-1%</b>
Non-controlling interests	-	-	nm	-	-	nm
<b>Total equity</b>	<b>145,446</b>	<b>132,110</b>	<b>10%</b>	<b>359,678</b>	<b>364,995</b>	<b>-1%</b>
<b>Current liabilities</b>						
Trade and other payables	14,249	5,662	152%	6,376	5,865	9%
<b>Total current liabilities</b>	<b>14,249</b>	<b>5,662</b>	<b>152%</b>	<b>6,376</b>	<b>5,865</b>	<b>9%</b>
<b>Total liabilities</b>	<b>14,249</b>	<b>5,662</b>	<b>152%</b>	<b>6,376</b>	<b>5,865</b>	<b>9%</b>

**1(b)(ii) In relation to the aggregate amount of 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**

The Group does not have any outstanding borrowings as at 31 March 2017 and 31 December 2016.

	Amount repayable in one year or less		Amount repayable after one year	
	<u>Group</u>		<u>Group</u>	
	As at 31 Mar 2017	As at 31 Dec 2016	As at 31 Mar 2017	As at 31 Dec 2016
	Unaudited	Unaudited	Unaudited	Unaudited
	SGD'000	SGD'000	SGD'000	SGD'000
Loans and borrowings				
Secured	-	-	-	-
Unsecured	-	-	-	-

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

	<b>Group</b>	
	1st Quarter ended 31 March	
	2017	2016
	Unaudited	Unaudited
	SGD'000	SGD'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	11,175	12,843
Adjustments for:		
Amortisation of intangible assets	1,995	1,425
Non-cash revenue generated	(14,386)	(16,408)
Depreciation of plant and equipment	37	30
Write off of trade receivables	-	-
Share based compensation	(147)	421
Deferred revenue realised	-	-
<b>Operating cash flows before working capital changes</b>	<b>(1,326)</b>	<b>(1,689)</b>
Working capital changes:		
Change in trade and other receivables	(7,588)	4,751
Change in prepayments	(326)	31
Change in trade and other payables	8,586	(4,168)
<b>Cash generated from/(used in) operating activities</b>	<b>(654)</b>	<b>(1,075)</b>
Interest received	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>(654)</b>	<b>(1,075)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	-	(14)
Development costs incurred/purchase of intangible asset	-	(241)
Asset available for sale acquired	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>-</b>	<b>(255)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	7,051	-
Share issue expenses	-	-
<b>Net cash (used in)/ generated from financing activities</b>	<b>7,051</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>6,397</b>	<b>(1,330)</b>
Cash and cash equivalents at beginning of period	3,813	3,748
Net effect of exchange differences	(396)	(201)
<b>Cash and cash equivalents at end of period</b>	<b>9,814</b>	<b>2,217</b>

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

Group

	Share capital SGD'000	Share premium SGD'000	Foreign currency translation account SGD'000	Share option reserve SGD'000	(Accumulated losses) / Retained earnings SGD'000	Total equity attributable to the owners of the Company SGD'000	Non-controlling Interests SGD'000	Total equity SGD'000
Balance at 1 January 2017	91,908	25,433	12,297	1,517	955	132,110	-	132,110
Profit/(Loss) for the financial period	-	-	-	-	11,175	11,175	-	11,175
Exchange differences on translation	-	-	(4,742)	-	-	(4,742)	-	(4,742)
<b>Total comprehensive income for the financial period</b>	-	-	<b>(4,742)</b>	-	<b>11,175</b>	<b>6,433</b>	-	<b>6,433</b>
Reclassification of NCI and shareholders equity	-	-	-	-	-	-	-	-
UNKNOWN-BALANCING	-	-	-	-	-	-	-	-
Employee share option scheme	-	-	-	(147)	-	(147)	-	(147)
Issuance of shares during the period	7,538	(487)	-	-	-	7,051	-	7,051
<b>Total transactions with owners of the parent</b>	<b>7,538</b>	<b>(487)</b>	-	<b>(147)</b>	-	<b>6,904</b>	-	<b>6,904</b>
Balance at 31 March 2017	99,446	24,946	7,555	1,370	12,130	145,447	-	145,447
Balance at 1 January 2016	80,172	23,182	8,128	1,481	(16,809)	96,154	-	96,154
Profit/(Loss) for the financial period	-	-	-	-	12,843	12,843	-	12,843
Exchange differences on translation	-	-	(4,605)	-	-	(4,605)	-	(4,605)
<b>Total comprehensive income for the financial period</b>	-	-	<b>(4,605)</b>	-	<b>12,843</b>	<b>8,238</b>	-	<b>8,238</b>
Reclassification of NCI and shareholders equity	-	-	-	-	-	-	-	-
Employee share option scheme	-	-	-	421	-	421	-	421
Issuance of shares during the year	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the parent</b>	-	-	-	<b>421</b>	-	<b>421</b>	-	<b>421</b>
Balance at 31 March 2016	80,172	23,182	3,523	1,902	(3,966)	104,813	-	104,813

**Company**

	Share capital	Share premium	Other reserve	(Accumulated losses) / Retained earnings	Total equity attributable to the owners of the Company
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance at 1 January 2017	91,908	255,416	54,520	(36,849)	364,995
Profit/(Loss) for the financial year	-	-	-	843	843
Employee share option scheme	-	-	(124)	-	(124)
Issuance of shares during the year	7,538	(487)	-	-	7,051
Exchange differences on translation of foreign operations	-	-	(13,087)	-	(13,087)
Balance at 31 March 2017	99,446	254,929	41,309	(36,006)	359,678
Balance at 1 January 2016	80,172	253,165	45,546	(33,914)	344,969
Profit/(Loss) for the financial year	-	-	-	329	329
Employee share option scheme	-	-	421	-	421
Issuance of shares during the year	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	(15,085)	-	(15,085)
Balance at 31 March 2016	80,172	253,165	30,882	(33,585)	330,634

**1(d)(ii) 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 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.**

Shares

<u>Share Capital Account</u>	<u>Ordinary shares</u>
As at 1 January 2017	719,298,755
Issuance of shares <sup>(1)</sup>	<u>53,452,000</u>
Balance as at 31 March 2017	<u>772,750,755</u>

*(1) On 4 January 2017, 53,452,000 new ordinary shares were issued to the subscriber as the 4<sup>th</sup> tranche of drawdown shares upon the drawdown of funds in accordance with the terms and conditions of the funding facility Agreement.*

Please refer to our announcements made to SGX for further details.

As at 31 March 2017, the number of ordinary shares of the Company was 772,750,755 (31 March 2016: 634,383,682).

No new options were granted and exercised in 1Q2017. 995,526 share options were cancelled in 1Q2017. Total number of Options outstanding as at 31 March 2017 is 10,215,211 which are exercisable into 10,215,211 ordinary shares in the Company.

The Company did not have any other outstanding convertibles or treasury shares as at 31 March 2017 and 31 March 2016.

Total number of warrants outstanding as at 31 March 2017 is 55 million (31 March 2016: Nil) which are exercisable into 55 million (31 March 2016: Nil) ordinary shares in the Company.

**1 (d)(iii) 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**

	<u>As at</u>	
	<u>31-Mar-17</u>	<u>31-Dec-16</u>
Total number of outstanding shares	772,750,755	719,298,755
Treasury shares	-	-
<b>Total number of shares ex. treasury shares</b>	<u>772,750,755</u>	<u>719,298,755</u>

**1 (d)(iv) A statement showing all sales, transfers, disposals, cancellations and/or use of treasure shares at the end of the current financial period reported on.**

Not applicable.

**2. 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 auditors.

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

Not applicable.



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

In 2016, YuuZoo's accounting policy on the sale of franchises was based on the advice of a "Big Four" accounting firm, which fulfilled all accounting requirements under FRS, YuuZoo has decided, after discussions with various parties including SGX-ST and its auditors, to discontinue the "Big Four"-advised accounting policy of booking as revenue the value of the shares it receives as payment for the franchises it sells. Booking the full value of the shares as revenue has been replaced by booking as revenue a one-time franchise fee based not on valuation but on YuuZoo's cost of developing the franchise packages YuuZoo sells. Compared to the previous DCF-based valuation method, the new policy completely delinks the price of the franchise from expected future earnings.

**5. 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 2017 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 2017.

The Company, in its response to SGX queries on 9 May 2017 has stated that it has adopted significantly more conservative accounting policies than in 2015 in terms of revenue recognition. This has been consistently applied in this announcement.

**6. 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.**

	Group	
	1st Quarter ended 31 March 2017	2016
<b>Earning Per Share</b>		
Undiluted EPS (in SGD cents)	1.45	2.02
Fully diluted EPS (in SGD cents)	1.43	1.94

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

*(a) current financial period reported on; and  
(b) immediately preceding financial year*

	Group		Company	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
<b>Net Asset Value per Share</b>				
Net Asset value att. to shareholder in SGD '000	145,446	132,110	359,678	364,995
-Undiluted number of share in '000	772,751	719,299	772,751	719,299
<b>Undiluted NAV per share (in SGD cents)</b>	<b>18.82</b>	<b>18.37</b>	<b>46.55</b>	<b>50.74</b>

8. **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.***

***1<sup>st</sup> Quarter 2017 (1Q 2017) vs. 1<sup>st</sup> Quarter 2016 (1Q 2016)***

***Notes to the statement of comprehensive income***

*Revenue:* The decrease in revenue is due to the decline of e-commerce and payment revenue primarily as the result of the earlier reported loss of one major client of YuuZoo's fully owned subsidiary YuuPay, as well as the move to a significantly more conservative accounting policy of the Group as reported under items 4 and 5 above.

*Cost of services:* This is predominantly made up of the costs, revenue share and commissions on e-commerce and payments transactions. The decline in 1Q 2017 is in line with the corresponding decrease in the level of e-commerce and payments revenue.

*Employee benefit expenses:* Lower employee-related cost was incurred in 1Q 2017 S\$248,000 as compared to S\$1.81 million in Q1/2016 due to reduction of headcounts in Singapore and China.

*Other expenses:* This expense is slightly higher at S\$1,004,000 in 1Q 2017 as compared to S\$951,000 in 1Q 2016. Other expenses comprises of advertising, administrative, legal and professional fees and loss on foreign exchange difference.

*Finance expenses:* The Group is debt-free and accordingly, has no finance expenses.

***Notes to statements of financial position***

***Group***

**(i) Non-Current assets**

The increase in non-current assets was mainly due to the increase in intangible assets and assets available for sale.

**(ii) Current assets**

The increase in current assets is mainly due to increase in cash and cash equivalent and trade and other receivables. The increase in cash and cash equivalent is the result an issuance of shares.

**(iii) Current liabilities**

The increase in current liabilities is due to timing difference.

**(iv) Cash flows**

The outflow from operating activities is lower as result of lower staff related expenses and the Group's cost cutting measure. The inflow from financing activities is mainly due to the funding facilities from the GEM Investment American LLC

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

Not applicable.

**10. 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.**

Growth is expected to continue to be strong in all key areas YuuZoo operates in; tribal social networking, e-commerce, online and mobile payments, mobile games and streaming video services. The growth is expected to increase the number of new competitors entering the market. YuuZoo believes its unique concept of growing internationally through a network of franchisees and partners, and its focus on developing unique disruptive new business models that can be patented will continue to give the Company a competitive edge over the next 12 months.

**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 dividends are determined.

- (a) Nil

- (b) Not applicable

- (c) Not applicable

- (d) Not applicable

- (e) Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared (recommended) for the quarter ended 31 March 2017.

**13. 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 27 May 2016, the Group was granted an IPT Mandate. No IPT transactions were performed over the current period reported on.

**14. Use of proceeds**

	Opening Balance <i>in SGD m</i>	Use of Proceeds <i>in SGD m</i>	Closing Balance <i>in SGD m</i>
<i>Intended Use and expenses (in SGD million)</i>			
General corporate expenses and business development	16,26	7,05	9,21
<b>Total</b>	<b>16,26</b>	<b>7,05</b>	<b>9,21</b>

**15. Confirmation by the Board pursuant to Rule 720(1) of the listing manual**

On behalf of the Board of Directors of the Company, we hereby confirm that we procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

**16. Confirmation pursuant to Rule 705 (5) of the 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 2017 to be false or misleading in any material aspect. However, it should be noted that the unaudited financial year 2016 comparison numbers will later on be affected by adjustments to the financial years 2015 and 2016, once the Company's audit has been completed.

**BY ORDER OF THE BOARD**

**THOMAS ZILLIACUS  
EXECUTIVE CHAIRMAN**

**15<sup>th</sup> MAY 2017**