

YUUZOO NETWORKS GROUP CORPORATION
(Formerly Known as YUUZOO CORPORATION LIMITED)

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

YUUZOO NETWORKS GROUP CORPORATION

(Incorporated in British Virgin Island)
(Company registration number: 1988576)

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.

	Group			Group		
	3rd quarter ended 30 September			9 months ended 30 September		
	2018 (Unaudited)	2017 (Unaudited)	Incr/(Decr)	2018 (Unaudited)	2017 (Unaudited)	Incr/(Decr)
	SGD'000	SGD'000 (Restated)		SGD'000	SGD'000 (Restated)	
Revenue	4,205	533	689%	14,993	6,705	124%
Other income	10	-	nm	70	39	79%
Total income	**4,215**	**533**		**15,063**	**6,744**	
Cost of services	(1,441)	(75)	1821%	(5,810)	(5,786)	nm
Amortisation of intangible assets	-	(6,105)	-100%	-	(17,630)	-100%
Depreciation	(9)	(23)	-61%	(67)	(66)	2%
Impairment of investment in associate	-	-	nm	(26)	-	nm
Employee Benefits expenses	(2,935)	(601)	388%	(10,365)	(2,238)	363%
Other expenses	(3,006)	(972)	209%	(5,621)	(3,001)	87%
Loss before income tax	**(3,176)**	**(7,243)**		**(6,826)**	**(21,977)**	
Income tax credit / (expense)	7,441	-	744000%	7,441	(44)	-17011%
Profit / (Loss) after income tax	**4,265**	**(7,243)**		**615**	**(22,021)**	
Other comprehensive loss:						
Exchange differences on translation	(235)	(2,750)	-91%	(210)	(6,870)	-97%
Total comprehensive income / (loss) for the period	**4,030**	**(9,993)**		**405**	**(28,891)**	
Profit / (Loss) attributable to:						
Equity holders of the Company	4,568	(7,243)	-163%	1,115	(22,021)	-105%
Non-controlling interests	(303)	-	nm	(500)	-	nm
	4,265	**(7,243)**	**-159%**	**615**	**(22,021)**	-103%
Total comprehensive income / (expenses) attributable to:						
Equity holders of the Company	4,310	(9,993)	-143%	887	(28,891)	-103%
Non-controlling interests	(280)	-	nm	(482)	-	nm
	4,030	**(9,993)**	-140%	**405**	**(28,891)**	-101%
EBITDA	**(3,167)**	**(1,115)**	184%	**(6,759)**	**(4,281)**	58%
EBIT	**(3,176)**	**(7,243)**	-56%	**(6,826)**	**(21,977)**	-69%

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

	Group			Group		
	3rd quarter ended 30 September			9 months ended 30 September		
	2018	2017	Incr/(Decr)	2018	2017	Incr/(Decr)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	SGD'000	SGD'000		SGD'000	SGD'000	
Unrealised exchange loss / (gain)	279	(201)	-239%	558	314	78%

YUUZOO NETWORKS GROUP CORPORATION

(Incorporated in British Virgin Island)
(Company registration number: 1988576)

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		
	As at 30 Sept 2018 Unaudited	As at 31 Dec 2017 (Audited)		As at 30 Sept 2018 Unaudited	As at 31 Dec 2017 (Audited)	
	SGD'000	SGD'000		SGD'000	SGD'000	
Non-current assets						
Property, plant and equipments	6,292	6,186	2%	-	-	nm
Investent in subsidiaries	-	-	nm	7	7	0%
Investment in associates	186	212	-12%	-	-	nm
Total non-current assets	**6,478**	**6,398**	**1%**	**7**	**7**	**0%**
Current assets						
Trade and other receviables	2,293	4,677	-51%	-	-	nm
Prepayments	217	169	28%	89	58	nm
Cash and cash equivalents	1,409	3,234	-56%	-	-	nm
Total current assets	**3,919**	**8,080**	**-51%**	**89**	**58**	**53%**
Total assets	**10,397**	**14,478**		**96**	**65**	
Equity						
Share capital	77,445	77,445	0%	100,665	100,665	0%
Share premium	47,599	47,599	0%	254,362	254,362	0%
Other reserves	9,612	9,840	-2%	48,760	48,723	0%
Acumulated losses	(140,231)	(141,346)	-1%	(405,208)	(404,108)	0%
Total equity attributable to owner of the Company	**(5,575)**	**(6,462)**	**-14%**	**(1,421)**	**(358)**	**297%**
Non-controlling interest	(166)	316	-153%		-	nm
Total equity	**(5,741)**	**(6,146)**		**(1,421)**	**(358)**	
Non-current liabilities						
Deferred tax liabilities	9	9	**0%**	-	-	**nm**
Current liabilities						
Trade and other payables	16,090	13,620	18%	1,517	423	259%
Deferred revenue	-	-	nm	-	-	nm
Income tax payable	39	6,995	-99%	-	-	nm
Total current liabilities	**16,129**	**20,615**	**-22%**	**1,517**	**423**	**259%**
Total liabilities	**16,138**	**20,624**	**-22%**	**1,517**	**423**	**259%**
Total liabilities and equity	**10,397**	**14,478**		**96**	**65**	

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 30 September 2018 and 31 December 2017.

	Amount payable after one year or less Group		Amount payable after one year Group	
	As at 30 Sept 2018 (Unaudited)	As at 31 Dec 2017 (Audited)	As at 30 Sept 2018 (Unaudited)	As at 31 Dec 2017 (Audited)
	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.

	Group 3rd quarter ended 30 September		Group 9 months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
	SGD'000	SGD'000 (Restated)	SGD'000	SGD'000 (Restated)
Cash flows from operating activities				
Loss before tax	(3,176)	(7,243)	(6,826)	(21,977)
Adjustment for:				
Depreciation of property plant and equipment	9	23	67	43
Amortisation of intangible assets	-	6,105	-	11,525
Impairment loss on associate	-	-	26	-
Share-based compensation	-	-	-	(122)
Other	-	(11)	-	(44)
Operating cash flows before working capital changes	(3,167)	(1,126)	(6,733)	(10,575)
Working capital changes:				
Change in trade and other receivables	204	(755)	2,384	(1,511)
Change in prepayments	14	34	(48)	35
Change in trade and other payables	1,805	(601)	2,470	2,001
Cash generated from / (used in) operating activities	(1,144)	(2,448)	(1,927)	(10,050)
Income tax paid	-	-	-	-
Net cash generated from / (used in) operating activities	(1,144)	(2,448)	(1,927)	(10,050)
Cash flows from investing activities				
Development cost incurred/purchase of intangible assets	-	(3)	-	(302)
Purchase of property, plant and equipment	-	(1)	(23)	-
Net cash generated used in investing activities	-	(4)	(23)	(302)
Cash flows from financing activities				
Proceed from issuance of shares	-	652	-	7,051
Net cash generated from financing activities	-	652	-	7,051
Net change in cash and cash equivalents	(1,144)	(1,800)	(1,950)	(3,301)
Cash and cash equivalents at beginning of period	2,380	7,134	3,234	3,813
Net effect of exchange differences	173	36	125	(621)
Cash and cash equivalents at end of period	1,409	5,370	1,409	(109)

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	Share premium	Foreign currency translation account	Share option reserve	Accumulated Losses	Total equity attributable to the owner of the Company	Non-controlling interest	Total equity
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance at 1 January 2018	77,445	47,599	8,424	1,416	(141,346)	(6,462)	316	(6,146)
Loss for the financial period	-	-	-	-	1,115	1,115	(500)	615
Exchange differences on translation of foreign operations	-	-	(228)	-	-	(228)	18	(210)
Total comprehensive income for the financial period	**-**	**-**	**(228)**	**-**	**1,115**	**887**	**(482)**	**405**
As at 30 September 2018	77,445	47,599	8,196	1,416	(140,231)	(5,575)	(166)	(5,741)
Balance at 1 January 2017	68,688	48,653	10,206	1,517	(40,495)	88,569	-	88,569
Profit for the financial period	-	-	-	-	(22,021)	(22,021)	-	(22,021)
Exchange differences on translation of foreign operations	-	-	(6,870)	-	-	(6,870)	-	(6,870)
Total comprehensive income for the financial period	**-**	**-**	**(6,870)**	**-**	**(22,021)**	**(28,891)**	**-**	**(28,891)**
Contributions by owners of the parent								
Employee share option scheme	-	-	-	(122)	-	(122)	-	(122)
Issurance of the shares during the period	7,538	(487)	-	-	-	7,051	-	7,051
Total transactions with owners of the parent	**7,538**	**(487)**	**-**	**(122)**	**-**	**6,929**	**-**	**6,929**
As at 30 September 2017	76,226	48,166	3,336	1,395	(62,516)	66,607	-	66,607

Company

	Share capital	Share premium	Other reserve	Accumulated Losses	Total equity
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance at 1 January 2018	100,665	254,362	48,723	(404,108)	(358)
Loss for the financial period	-	-	-	(1,100)	(1,100)
Exchange differences on translation of foreign operations	-	-	37	-	37
As at 30 September 2018	100,665	254,362	48,760	(405,208)	(1,421)
Balance at 1 January 2017	91,908	255,416	54,670	(285,211)	116,783
Loss for the financial year	-	-	-	210	210
Employee share option scheme	-	-	(147)	-	(147)
Issurance of the shares during the year	8,757	(1,054)	-	-	7,703
Exchange differences on translation of foreign operations	-	-	(7,640)	-	(7,640)
As at 30 September 2018	100,665	254,362	46,883	(285,001)	116,909

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

Share Capital Account	Ordinary shares
As at 1 January 2018	790,250,755
Issuance of share	-
Balance as at 30 September 2018	790,250,755

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

As at 30 September 2018, the number of ordinary shares of the Company was 790,250,755 (30 September 2017: 772,750,755).

No new options were granted and no new options were exercised in 3Q2018. 10,497,413 share options were cancelled in 3Q2018. Total number of Options outstanding as at 30 June 2018 is 6,967,798 which are exercisable into 6,967,798 ordinary shares in the Company.

The Company did not have any other outstanding convertibles or treasury shares as at 30 September 2018 and 30 September 2017.

Total number of warrants outstanding as at 30 September 2018 is 55 million (31 September 2017: 55 million) which are exercisable into 55 million (30 September 2017: 55 million) 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

	As at	
	30 Sept 2018	31 Dec 2017
Total number of outstanding shares	790,250,755	790,250,755
Treasury shares	-	-
Total number of share ex. Treasury Shares	790,250,755	790,250,755

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

Not applicable.

1 (d)(v) A statement showing all sales, transfers, cancellations and/or use of subsidiary holdings as 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.

The same accounting policies and methods as in the most recently audited annual financial statements have been applied.

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 2018 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 30 June 2018.

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		Group	
	3rd quarter ended 30 Sept		9 months ended 30 Sept	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Earnings Per Share (in SGD cents)				
Undiluted EPS	0.54	-0.92	-0.01	-0.03
Fully diluted EPS	0.55	-0.94	-0.01	-0.03

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	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
Net Assets Value per share				
Net Assets value att. to shareholder in SGD'000	(5,741)	(6,146)	(1,421)	(358)
Undiluted number share in '000	777,051	772,311	784,019	790,026
Undiluted NAV per share (in SGD cents)	(0.74)	(0.80)	(0.18)	(0.05)

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business.

(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.

(A) Financial Performance Review

9-month period ended 30 September 2018 *("9M2018") vs* 9-month period ended 30 September 2017 *("9M2017")*

Revenue:

The Group recorded an increase in revenue for 9M2018. Revenue increased to approximately S$ 15 million compared with S$ 6.7 million in 9M2017 mainly due to the logistic services revenue generated by YuuLogistic France which was acquired on 1 September 2017 and the platform sales generated by the subsidiary incorporated in Thailand. The Group had entered into 2 platform sales agreements for a total cash consideration of US$ 4.8 million

Amortisation of intangible assets:

There were no celebrity branded network sales generated in 9M2018 and intangible assets were fully written off in FY2017. Hence, there was no amortization of intangible assets in 9M2018.

The intangible assets were fully written off in FY2017 as a result of a restructuring and strategic alignment undergone by the Group. Management was of the view that no future economic benefits would be generated from the existing intangible assets due to the current changes in technological and industry landscape.

Employee benefit expenses:

The increase in employee-related cost in 9M2018 was due to the inclusion of YuuLogistic France in the Group from 1 September 2017. YuuLogistic France has more than 200 employees.

Finance expenses:

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

EBITDA:

The Group reported a higher negative EBITDA in 9M2018 compared with the corresponding period in FY2017. This is mainly because the Group is still undergoing restructuring and strategic alignment of its business.

3rd Quarter 2018 ("3Q2018") vs. 3rd Quarter 2017 ("3Q2017")

Revenue:

The Group's 3Q2018 revenue was mainly contributed by the logistic service revenue generated by YuuLogistic France and the platform sales generated by the subsidiary incorporated in Thailand. The business and assets of YuuLogistics France was acquired on 1 September 2017.

Cost of services:

The cost of services includes the commissions on e-commerce, revenue share and direct logistic cost, logistic services and cost incurred for the creation of platforms. The increase in cost in 3Q2018 is in line with the corresponding increase in the revenue generated.

Amortisation of intangible assets:

There was no amortisation in 3Q2018 as all the intangible assets were fully written off in FY2017.

As a result of restructuring and strategic alignment undergone by the Group, management was of the view that no future economic benefits would be generated from the existing intangible assets due to the current changes in technological and industry landscape. Hence, all the intangible assets were fully written off in FY2017.

Employee benefit expenses:

The increase in employee-related cost in 3Q2018 is due to the inclusion of YuuLogistic France in YuuZoo Group. YuuLogistic France has more than 200 employees.

Other expenses

The increase in other expenses in 3Q2018 is due to additional advertising, administrative, legal and professional fees incurred during the period. Increment in total expenses incurred in the 9-months period ended 30 September 2018 also due to contributed by the YuuLogistic France, the business acquired since 4Q2017. The increase in expenses was mitigated by the favarouble forex movement during the period.

Income tax credit / (expense)

The income tax credit in 3Q2018 is due to write-back of income tax assessment raised by IRAS in 2018 which relates to the profits generated by the Group for YA2013 to YA2015. The Company received a letter on 25 September 2018 from IRAS informing the Company that the tax payable on the assessments for YA 2013 to YA 2015 are not subject to income tax in Singapore.

Finance expenses:

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

EBITDA:

The Group reported a higher negative EBITDA in 3Q2018 compared with the corresponding period in FY2017. This is mainly because the Group is still undergoing restructuring and strategic alignment of its business.

(B) Financial Position Review

(i) Current assets

Trade and other receivables:

The decrease in trade and other receivables from S$ 4.7 million as at 31 December 2017 to S$ 2.3 million as at 30 September 2018 was mainly due to the collection of debts after the end of FY2017.

Cash and cash equivalents:

The decrease in the Group's cash and cash equivalents was mainly due to cash used in operations during the period.

(ii) Current liabilities

The Group's trade and other payables increased from S$ 13.6 million as at 31 December 2017 to S$ 16.3 million as at 30 September 2018 mainly as a result of the receipt of S$ 1.3 million from an investor in the Group's operations. The Company has yet to issue equity in its subsidiary to that investor.

In addition, there was a VAT payable by Yuulog France of S$ 1.4 million.

(C) Cashflow Statement

3Q2018 vs 3Q2017

The Group recorded negative operating cash flows before working capital changes of approximately S$3.2 million, an improvement over 3Q2017 of S$ 7.2 million. This resulted in a decrease in the Group's cash balance to S$ 1.4 million.

9M2018 vs 9M2017

The Group recorded negative operating cash flows before working capital changes of approximately S$ 6.7 million. Cash generated from operating activities decreased from S$ 10.1 million in 9M2017 to S$ 1.1 million in 9M2018 due to the improvement in collection of debts during the period.

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.

Industry growth is expected to continue to be strong in all key areas that the Group operates in, being social commerce, online and mobile payments sector, online games and mobile games sectors.

Social commerce is expected to see good growth in 2018, according to Global WebIndex. As of 2017, online users now spend around 2hours 15minutes per day on social media and 28% of internet users use social media to research and find products to buy. The mobile payments sector is expected to see phenomenal growth in 2018. This will be based around infrastructure development, with fast-growth markets most likely gravitating towards turnkey solutions like YuuPay, and mature markets easing into the idea of contactless mobile payments. YuuPay has launched its mobile wallet solution in Nigeria and is preparing to launch it in Indonesia by Q4 2018.

11. Dividend

(a) Current Financial Year Reported On
Any dividend declared for the current financial year reported on?

No

(b) Corresponding Year of the Immediately Preceding Financial Year
Any dividend declared for the corresponding year of the immediately preceding financial year?

No

(c) Date payable.

Not applicable

(d) Books Closure Date

Not applicable

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

No dividend has been recommended.

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.

At the annual general meeting of the Company held on 26 October 2018, approval of the shareholders of the Company was obtained for a general mandate for IPTs. IPT transactions were performed over the current period reported on 3Q2018 as per table below:

Service fee

	Name of interested person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
		(S$'000)	(S$'000)
First quarter ended 31 March 2018	SANDBOX GLOBAL CO., LTD	-	76
First quarter ended 31 March 2018	MOBILE FUTUREWORKS .INC,	-	83
Second quarter ended 30 June 2018	SANDBOX GLOBAL CO., LTD	-	76
Second quarter ended 30 June 2018	MOBILE FUTUREWORKS .INC,	-	83
Third quarter ended 30 September 2018	SANDBOX GLOBAL CO., LTD	-	90
Third quarter ended 30 September 2018	MOBILE FUTUREWORKS .INC,	-	83

14. Use of proceeds

Capital Commitment from GEM Investments America LLC (GEMIA)

Share Capital Account	Opening Balance in SGD m	Use of Proceeds in SGD m	Closing Balance in SGD m
Intended used and expenses (in SGD million)			
General corporate expenses and business development	-	-	-

The Group has fully utilised all the capital at the end of FY2017.

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 the Company has 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 3rd quarter ended 30 September 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
MOHANDAS
CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR
14th November 2018