



Interim Report First Quarter 2014

Berlin, May 28th, 2014

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Letter to the Shareholders

Dear Shareholders,

After an improved Q4/2013, YOC AG ran into new bumps in the road at the beginning of the 2014 financial year. The first quarter of 2014 shows an unsatisfying revenue development. One key reason for this development is an unexpected slump in Spain. After our Spanish subsidiary developed according to plan in 2013, revenue dropped drastically following the sudden departure of management and key employees. The company reacted immediately, setting up a completely new team in Spain. We were able to recruit Ignacio Azcoitia, an experienced expert in digital marketing, to take over management of the Spanish subsidiary at short notice.

In the first quarter of the current FY 2014, revenue amounted to EUR 3.7 million, an unsatisfactory development compared to the previous year (Q1/2013: EUR 4.8 million). EBITDA as of 31 March 2014 amounted to EUR -0.2 million, which included restructuring revenue of EUR 0.9 million. These figures demonstrate the positive effect of our continuing restructuring activities that were launched in Q4/2013.

The restructuring result contains a negotiated debt purchase, which could be completed under favourable conditions. The agreement has led to a positive effect on YOC AG equity amounting to EUR 0.75 million, allowing all loan liabilities to banks to be paid in full.

YOC AG received shareholder loans of EUR 1.0 million in Q1/2014. Along with the other restructuring measures, which are primarily intended to improve the revenue situation and optimise the product development process, these shareholder loans are intended to represent the first building block in a long-term company financing concept.

Other positive developments in Q1/2014 included the opening of a second German site in Düsseldorf, and the expansion of partnerships with high-traffic publishers such as GIGA and Eurosport. Furthermore, several key positions were filled with high profile experts, including Jan Gräwen as Country Manager Germany and Evgenij Tovba as Director of Technology for the YOC Group. Additionally, the Chair of the YOC AG Supervisory Board Dr. Nikolaus Breuel received additional support from two competent new Board members, Sacha Berlik and Konstantin Graf Lambsdorff.

Dear shareholders, despite the weak revenue development at the start of this financial year, YOC AG is on the right path. The restructuring process has not yet been completed. In the current second quarter of 2014, we have already made considerable improvements and at the moment foresee improved revenue year-on-year, despite the difficulties faced in Spain. At the same time, the quarterly results will improve significantly in comparison to the previous year.

Our goals for a long-term market position are clearly defined. They include the move towards adopting a platform-based Mobile Advertising business model, both for premium and performance advertising inventory.

In coming months, we will gradually launch new products and platforms:

- Audience targeting for a target group specific approach to mobile Internet users
- Programmatic selling
- DSP-based purchasing of mobile advertising inventory to expand our offerings
- A publisher frontend providing detailed reporting for our publishers.

We look forward to continuing to work together in the future.

Kind regards,

A handwritten signature in black ink, appearing to read 'Dirk Kraus', written in a cursive style.

Dirk Kraus
Management Board YOC AG

YOC at a Glance

(in kEUR)	Q1/2014	Q1/2013	Change	Change in %
Revenue and earnings				
Total revenue	3,706	4,780	-1,074	-22
Germany	1,975	1,953	22	1
Other countries	1,731	2,827	-1,096	-39
Total output	5,190	5,030	160	3
EBITDA	-247	-1,565	1,318	84
EBITDA margin (in%)	-5	-31	n/a	n/a
Earnings after tax	-395	-1,740	1,345	77
Earnings per share (diluted in EUR)	-0.14	-0.70	0.56	80
Earnings per share (basic in EUR)	-0.14	-0.70	0.56	80
Employees				
Average number of employees ^{*1}	87	103	-16	-16
Number of employees at end of March	85	102	-17	-17
Total output per employee (in kEUR)	60	49	11	22
Financial position and liquidity				
Total assets	6,723	7,729 ^{*2}	-1,006	-13
Cash flow from operative activities	-1,374	-942	-432	-46

^{*1} Based on permanent employees

^{*2} at 31/12/2013

Where rounded figures are used, differences may occur due to commercial rounding

Interim Consolidated Management Report

(unaudited)

Business development of the YOC Group as of Q1 2014

Total revenue of the YOC Group dropped by 22 % year-on-year to EUR 3.7 million (Q1/2013: EUR 4.8 million).

The YOC Group's operating earnings before interest, tax, depreciation and amortisation (EBITDA) came to EUR -0.2 million in the first three months of 2014 (Q1/2013: EUR -1.6 million), and received a positive effect from restructuring income of EUR 0.9 million.

The cash flow from operating activities stood at EUR -1.4 million.

Mobile Advertising

Within YOC Group, the Mobile Advertising product segment comprises the marketing of mobile Internet pages and applications of media companies, publishing groups and independent portal operators, along with applications for Internet-enabled devices, and with these it generates advertising revenue. In pursuing its mobile marketing goals, YOC works in particular with media agencies and creative agencies, but also works directly with advertising companies in all sectors.

The charges are billed on a CPM (cost per mille) or performance basis (cost per click, CPC). Thus YOC provides its clients with a comprehensive range of mobile marketing solutions. With several hundred international publishers in its portfolio, the YOC Media Network possesses the largest premium media network in the European region. Premium titles that are marketed include The Sun, Metro, krone.at, Eurosport and N24.

Premium-based campaigns focus primarily on advertisers' goals regarding branding, image and awareness. To fulfil these goals and achieve a maximum reach, media agencies today are using high-profile interactive advertising formats such as the YOC Interactive Video Ad and the YOC Interactive Cube Ad. Also in great demand because of its creative approach is the YOC Mystery Ad. The YOC Mystery Ad was awarded a Gold Lion at the Cannes Lions 2012. Along with its creativity and execution, the jury evaluated the promotional effectiveness and consumer retention power of the submitted rich media campaign, which had been conceived to promote the new Nokia Lumia 800 smartphone. The YOC Mobile Advertising Format Mystery Ad was further honoured with an Effective Mobile Marketing Award. These awards have enhanced the company's reputation.

Affiliate Marketing

Via its subsidiary belboon GmbH, YOC Group operates its affiliate network belboon, which is one of the three leading affiliate networks in the German-speaking market. In the international market, the expansion of its business operations is concentrated in Europe, especially in France, Great Britain, and, increasingly, Spain.

An affiliate network is an Internet-based independent platform which functions as a marketplace between advertisers and distributors. In the network marketplace, advertisers present their offers for the publishers in “partner programmes”. The end clients’ desired outcomes (sale or registration) and the associated commissions for the publisher are defined in these partner programmes. The available advertising material is likewise stored in the partner programme. Once they have entered into a contract, publishers earn their revenue and commissions through a partner programme by using the provided advertising material on their digital advertising space, such as Internet pages or newsletters, or through search engine marketing.

The belboon affiliate network is responsible for handling financial matters between the business partners and for the administrative technology. This includes recording and allocating the earned commissions through tracking technologies and providing a highly developed management and financial controlling platform for advertisers and publishers. As is customary in the industry, belboon’s services are billed according to a purely outcome-based pricing model that is primarily based on the sales or registration commissions realised.

Development of net assets, financial position and results of operations

Revenue trend and overall performance

In the first three months of the 2014 financial year, the YOC Group's revenue declined by 22 % to EUR 3.7 million (Q1/2013: EUR 4.8 million).

Total output in the Group increased slightly in the reporting period, reaching EUR 5.2 million (Q1/2013: EUR 5.0 million). The achieved sale of receivables completed by the company in Q1 led to restructuring gains of EUR 0.75 million. Furthermore, by relocating the offices of the Berlin corporate headquarters and the sale of operating and office equipment, the company received cash inflows of EUR 0.15 million.

Revenue by region

In Germany, revenue remained at EUR 2.0 million, the same level as the previous year. In Austria, an excellent revenue growth of 61 % year-on-year was achieved. By contrast, the subsidiaries in Spain, France and the United Kingdom were unable to meet their market potential, in part registering considerable declines in revenue. Overall, foreign revenue dropped from EUR 2.8 million in the previous financial year to EUR 1.7 million in the reporting period.

Gross income

The gross margin dropped in the first three months of 2014 from 25 % in the previous year to 21 % in the reporting period. This decline is a result of the slightly disproportionate rise in material costs compared to revenue. Expenses for goods and services fell by 18% to EUR 2.9 million (Q1/2013: EUR 3.6 million).

Personnel expenses and personnel development

In the first three months of 2014, the average number of staff stands at 87 employees (Q1/2013: 103 employees).

Personnel expenses were considerably lower than the previous year's level at EUR 1.4 million (Q1/2013: EUR 2.1 million). Savings here can be traced back to adjustments in the organisational structure and to one-off expenditures in Q1/2013 for severance pay, higher bonuses and commissions.

Other operating expenses

Other operating expenses increased by EUR 0.1 million to EUR 1.1 million (Q1/2013: EUR 1.0 million).

This increase results especially from the engagement of external consultants in the areas of product development and finance.

Altogether, the ratio to total output is 21 % (2013: 19 %).

EBITDA

Operating earnings before interest, tax, depreciation and amortisation amounted to EUR -0.2 million in the reporting period (Q1/2013: EUR -1.6 million). Despite declining revenue, operating earnings improved year-on-year as a result of non-recurring effects amounting to EUR 0.9 million associated with the debt waiver and the sale of operating and office equipment.

Post-tax profit or loss

The Group's net income comes to EUR -0.4 million in the reporting period (Q1/2013: EUR -1.5 million).

Depreciation and amortisation remained nearly unchanged from the previous year at EUR 0.1 million.

The effects from the deconsolidation of Moustik SPRL had a marginal effect on Group net income. In the previous year, the Mobile Technology division which was sold contributed EUR 0.2 million to Group net income.

Financial position and net assets

On the reporting date, YOC Group's cash and cash equivalents amounted to EUR 0.6 million, showing an increase in liquidity of EUR 0.1 million compared to 31 December 2013.

Cash flow from operating activities stood at EUR -1.4 million in the first three months of 2014 (2013: EUR -0.9 million), thus basically reflecting the business performance in the current financial year.

Cash flow from investments in the first three months of the current financial year amounted to EUR 0.2 million, largely the result of inflows after company headquarters were moved to new offices in Berlin, and non-essential operating and office equipment was sold to the new tenant in January 2014.

Cash flow from investing activities amounted to EUR 0.1 million and relate to payments for investments in property, plant and equipment and intangible assets as well as internal development costs in connection with the further development of technological platforms and new products.

The company is concentrating its product development resources on the automated sale of mobile advertising spaces in the area of programmatic selling, boosting revenue in performance advertising and on the product YOC Audience, involving the optimisation of ad delivery based on target group criteria to improve ad effectiveness. Technological competitiveness is crucial for the YOC Group's ability to continue growing and improving its market position, which is why we are pressing ahead with improving and developing our products and platforms internally.

Cash flow from financing transactions in FY 2014 amounts to EUR 1.2 million. To ensure its liquidity, the company received further shareholder loans amounting to EUR 1.0 million in the reporting period in addition to EUR 0.5 million from working capital at banks.

At the same time, the company has arranged for a structured sale of receivables, leading to a restructuring gain of EUR 0.75 million. The remaining amount of EUR 0.25 million was repaid - all liabilities to banks are settled as of the reporting date.

The YOC Group's total assets amounted to EUR 6.7 million on 31 March 2014, down 13% since 31 December 2013. The primary causes of the drop include the repayment of all remaining liabilities to banks and the slightly negative Group net income.

Risks and outlook

Risk report

The YOC Group is an internationally oriented service provider operating in a dynamic market, which naturally involves company and sector-specific risks as well as financial risks. These primarily include risks in connection with the market and the competitive environment, technological risks, liability risks, personnel risks, planning risks, organisational risks as well as financial and treasury risks. Such risks may arise from the Group's own business actions or from external factors. The YOC Group has taken measures to identify and reduce potential risks early on. For this purpose, a corresponding risk management system was set up. Within this system, risks are regularly recorded, evaluated and, if necessary, continually monitored through a Group-wide risk inventory.

The YOC Group's risk policy, which was established by the Management Board, remains unchanged and is a fixed component of the company policy seeking to achieve sustainable growth, increase the value of the company and guarantee the Group's continued existence in the long term. In this context, the company consciously takes necessary risks under consideration of the risk/return ratio in order to make use of market opportunities and to be able to exploit the generated potential for success.

Due to the anticipatory risk controlling measures within the internal control system, risks and opportunities can be identified and evaluated early on, meaning that the company can promptly react to such risks and opportunities in an appropriate manner, thereby guaranteeing efficient control in the interest of the company's success. Measures to be taken in the scope of risk control are implemented by the operating units.

To safeguard liquidity, YOC shareholders issued company loans amounting to EUR 1.0 million in the first quarter of 2014.

The constricted liquidity is a risk to the future of the company as a going concern. The future of the company as a going concern depends, firstly, on the success of additional financing measures and, secondly, on the feasibility of the future business performance. At this time various external and internal financing options are being considered to meet the company's short and medium-term financing requirements.

Outlook

The short and medium-term company strategy focuses on the further expansion and constant optimisation of services for publishers as they are the most important pillar of the company due to their reach.

At the same time, the YOC Group is concentrating more closely on the development of innovative and tailor-made products that meet the high standards of the advertising industry. From the company's perspective however, it is essential to create a range of products tailored to the market, and to continue to improve the repositioning of YOC on the market. For this reason, YOC has made the move towards platform-based mobile advertising, and is now concentrating on

- selling mobile ad spaces (programmatic selling)
- purchasing mobile advertising spaces to broaden its offerings
- developing products for the specific targeting of mobile Internet user groups (audience targeting)
- creating platforms to provide a more detailed performance overview for improved communication with our publishers (publisher frontend)
- cementing and expanding business relationships with high traffic and high quality publishers.

The current performance anticipates an increase in revenue such that we foresee Q2 revenue being at the level of the previous year. In combination with lower personnel and administrative costs, the company expects the income situation in Q2/2014 to be an improvement over Q2/2013.

Altogether, YOC Group expects a considerably reduced operating loss in 2014 as compared to the previous year.

Interim Consolidated Financial Statements

(unaudited)

Consolidated Statement of Comprehensive Income

Consolidated Income Statement (in EUR)	Q1/2014	Q1/2013
Revenue	3,706,473	4,780,444
Own work capitalised	96,154	31,126
Other operating income	1,387,451	218,861
Total output	5,190,078	5,030,431
Expenses for goods and services	2,933,303	3,584,833
Personnel expenses	1,416,087	2,060,259
Other operating expenses	1,087,214	950,772
EBITDA	-246,526	-1,565,433
Depreciation and amortisation expenses	106,299	147,076
EBIT	-352,825	-1,712,509
Financial income	1,320	247
Financial expenses	33,331	26,286
Financial result	-32,011	-26,039
EBT	-384,836	-1,738,548
Income taxes	4,177	1,495
Net income continuing operations	-389,013	-1,740,043
Net income discontinued operations	-5,567	216,063
Net income	-394,580	-1,523,979
Earnings per share		
Earnings per share basic	-0.14	-0.61
Earnings per share diluted	-0.14	-0.61
Earnings per share continuing operations		
Earnings per share basic	-0.14	-0.70
Earnings per share diluted	-0.14	-0.70

Consolidated statement of comprehensive income (in EUR)	Q1/2014	Q1/2013
Net income	-394,580	-1,523,979
Net other comprehensive income to be reclassified through profit or loss in subsequent periods		
Unrealised gains/losses from foreign currency translation	-84,556	-1,209
Total other comprehensive income	-84,556	-1,209
Total comprehensive income	-479,136	-1,525,188

› The figures are not subject to an auditor's review.

Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Consolidated Statement of Financial Position

in EUR	31/03/2014	31/12/2013 (unaudited)
ASSETS		
Non-current assets	2,049,680	2,228,934
Property, plant and equipment	280,065	498,211
Goodwill	1,187,866	1,187,866
Intangible assets	580,996	541,280
Deferred tax assets	753	1,576
Current assets	4,673,518	5,500,335
Trade receivables	2,876,417	3,960,233
Other receivables	1,168,232	971,544
Tax assets	41,314	37,470
Cash and cash equivalents	587,555	531,087
Total assets	6,723,198	7,729,269
EQUITY AND LIABILITIES		
Equity	-5,142,954	-4,678,394
Subscribed capital	2,858,500	2,858,500
Additional paid in capital	20,240,744	20,226,168
Retained earnings	-28,176,408	-27,781,828
Other comprehensive income from currency translation differences	-15,471	69,085
Own shares	-50,319	-50,319
Non-current liabilities	675,332	684,414
Provisions	64,312	64,312
Other liabilities	11,020	17,545
Other financial liabilities	600,000	602,557
Current liabilities	11,190,821	11,723,249
Prepayments received	1,662,666	1,685,746
Trade payables	3,505,210	3,008,062
Loans and borrowings	0	525,296
Other liabilities	785,341	1,318,705
Other financial liabilities	5,117,389	5,145,530
Tax liabilities	1,588	388
Provisions	118,627	39,522
Total equity and liabilities	6,723,198	7,729,269

› The figures are not subject to an auditor's review.

Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Consolidated Statement of Cash Flows

in EUR	Q1/2014	Q1/2013
Net income continuing operations	-389,013	-1,740,043
Net income discontinued operations	-5,567	216,063
Depreciation and Amortisation	106,299	147,076
Taxes recognised in the income statement	4,177	203,197
Interest recognised in the income statement	32,011	-26,039
Other non-cash income and expenses	-1,288,389	21,801
Cash-Earnings	-1,540,482	-1,177,945
Result from disposal of assets	-171,291	-852
Changes in receivables and other receivables	883,285	1,813,869
Changes in liabilities, prepayments and other liabilities	-620,615	-1,444,588
Changes in provisions	79,105	-65,077
Interest received	1,320	247
Interest paid	-5,304	-25,288
Income taxes paid	0	-42,018
Cashflow from operating activities	-1,373,982	-941,653
Purchase of property, plant and equipment	-13,340	-63,124
Purchase of intangible assets	0	-3,912
Outflow from development costs	-96,154	-122,106
Disposal of assets	318,337	0
Cashflow from investing activities	208,843	-189,142
Inflows from capital increases	0	1,870,000
Transaction costs related to issuance of new shares	0	-50,000
Repayment of liabilities under finance lease	-3,098	0
Repayment of bank loans	-250,000	-62,500
Issuance of loans	1,474,704	0
Cashflow from financing activities	1,221,606	1,757,500
Net increase / decrease	56,468	626,705
Cash and cash equivalents at the beginning of the period	531,087	259,809
Cash and cash equivalents at the end of the period	587,555	886,514

› The figures are not subject to an auditor's review.

Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Consolidated Statement of Changes in Equity

in EUR	Subscribed capital	Additional paid in capital	Retained earnings	Other comprehensive income from currency translation differences	Own shares	Total
as of 01/01/2014	2,858,500	20,226,168	-27,781,828	69,085	-50,319	-4,678,394
Net income			-394,580			-394,580
Currency translation differences				-84,556		-84,556
Comprehensive income	0	0	-394,580	-84,556	0	-479,136
Stock option programme		14,576				14,576
as of 31/03/2014	2,858,500	20,240,744	-28,176,408	-15,471	-50,319	-5,142,594
as of 01/01/2013	2,380,000	17,585,298	-17,298,913	86,501	-50,319	2,702,568
Net income			-1,523,979			-1,523,979
Currency translation differences				-1,209		-1,209
Comprehensive income	0	0	-1,523,979	-1,209	0	-1,525,188
Issuance of subscribed capital	220,000	1,650,000				1,870,000
Stock option programme		16,480				16,480
Transaction costs including tax benefits		-43,470				-43,470
as of 31/03/2013	2,600,000	19,208,307	-18,822,892	85,292	-50,319	3,020,389

No shares are held by non-controlling shareholders

› The figures are not subject to an auditor's review.

Minor calculation differences may occur due to commercial rounding of individual items and percentage values.

Notes to the financial statements

1. General information

YOC AG, headquartered at Rosenstr. 17, Berlin, Germany, is an international service provider in the fields of Media (marketing of media packages and advertising formats).

YOC AG is listed in the Prime Standard of the Frankfurt Stock Exchange under the identification number WKN 593273 / ISIN DE 0005932735.

2. Principles for the preparation of the financial statements, accounting and valuation methods

Principles for the preparation of the financial statements

YOC AG's interim financial statements as of 31 March 2014 were prepared in compliance with the German Securities Trading Act (WpHG). The interim consolidated financial statements were prepared as condensed financial statements pursuant to IAS 34 and comply with Section 315a of the German Commercial Code (HGB) and are in accordance with the rules of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union and valid on the reporting date as well as the interpretations of the IFRS Interpretations Committee (IFRS IC).

The condensed and unaudited interim consolidated financial statements of YOC AG do not contain all the information and disclosures required for the preparation of complete financial statements at the end of the financial year.

Accounting and valuation methods

In the first three months of 2014, all the Standards that have been mandatory since 01 January 2014 were applied.

IFRS 10 (Consolidated Financial Statements), which has been in effect since 1 January 2014, replaces IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation—Special Purpose Entities). In the process, IAS 27 was renamed "Separate Financial Statements". IFRS 10 changes the definition of "control" such that the same criteria are applied to all companies to determine a relationship of control. It provides an extensive list of guidelines as to how they are to be applied to determine whether control exists. The introduction of IFRS 10 has no effect on YOC AG.

IFRS 11 (Joint Arrangements) and IFRS 12 (Disclosures of Interests in Other Entities) also do not apply to YOC AG.

The company also has nothing to report with regards to changes to IAS 32 (Financial Instruments: Presentation), the change to IAS 39 (Financial Instruments: Recognition and Measurement), and the introduction of IFRIC 21 (Levies). These guidelines also came into effect on 1 January 2014.

In summary, no accounting standards that are to be applied for the first time in the 2014 financial year have any effect on the presentation of net assets, the financial position or results of operations in the consolidated interim financial statements.

Consolidated companies

In March 2014, the subsidiary Moustik SPRL, Brussels, Belgium was deconsolidated. Results from deconsolidation amounted to kEUR -6, and have been assigned to net income from discontinued operations.

3. Notes to key developments in the Statement of Financial Position and the Statement of Comprehensive Income

Loans

In February 2014, a bank overdraft amounting to EUR 1.0 million from the company's commercial bank was settled. As of 31 March 2014, there are no liabilities to financial institutions.

In the first quarter of 2014, additional shareholder loans amounting to EUR 1.0 million were issued to YOC AG. Total shareholder loans as of 31 March 2014 were valued at EUR 1.6 million and are subject of up to 8.50% annual interest.

Other disclosures regarding financial instruments

The following table shows the carrying amounts and fair values of the financial assets and liabilities as recognised in the interim consolidated financial statements as well as their classification in accordance with IAS 39 and the level of the fair value hierarchy. Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, other current assets, bank overdrafts, and other short-term financial liabilities nearly match their fair value due to their short maturities. In accordance with the principle of materiality, the fair value of these current items is equated with their book value in the statement of financial position.

31/03/2014 (in kEUR)	Carrying amount	Fair Value	Measurement category IAS 39 ¹⁾	Fair value hierarchy
Financial assets				
Cash and cash equivalents	588	588	LaR	n/a
Trade receivables	2,876	2,876	LaR	n/a
Other assets	1,168	1,168	LaR	n/a
Financial liabilities				
Fixed rate borrowing (from shareholders)	1,600	1,520	FLAC	Level 2
Trade payables	3,505	3,505	FLAC	n/a
Other financial liabilities	4,117	4,117	FLAC	n/a
thereof finance lease obligations	25	25	FLAC	Level 2

31/12/2013 (in kEUR)	Carrying amount	Fair Value	Measurement category IAS 39 ¹⁾	Fair value hierarchy
Financial assets				
Cash and cash equivalents	531	531	LaR	n/a
Trade receivables	3,960	3,960	LaR	n/a
Other assets	972	972	LaR	n/a
Financial liabilities				
Fixed rate borrowing (from shareholders)	600	510	FLAC	Level 2
Bank overdrafts	525	525	FLAC	n/a
Trade payables	3,008	3,008	FLAC	n/a
Other financial liabilities	5,148	5,148	FLAC	n/a
thereof finance lease obligations	35	35	FLAC	Level 2

- 1) AFS: available for sale financial assets
 LaR: loans and receivables
 FLAC: other financial liabilities measured at amortized cost.

The fair value of the loans measured at amortised cost is determined by means of discounting using the agreed upon interest rate.

Sales revenue

In the first quarter of 2014, the business in Spain was restructured. This resulted in a considerable drop in revenue in comparison with the previous year.

4. Segment reporting

Segment reporting is based on the internal management structure. The internal reporting was reorganised at the beginning of 2014. The previous year's figures were adjusted for better comparability. Accordingly, the Group is made up of the following reportable business segments:

1. Region D-A-CH (Germany, Austria and Switzerland)
2. Region rest of Europe

The following table shows the earnings of the individual segments. In accordance with the internal reporting structure, EBITDA is used as the measure of earnings:

Segment reporting (in kEUR)	D-A-CH	Rest of Europe	Overhead	Consolidation	YOC Group
Q1 2014					
External revenue	2,759	947			3,706
Internal revenue	122	0		-122	0
Total revenue	2,881	947		-122	3,706
Own work capitalised	96	0			96
Other operating income	453	108	827		1,388
Total output	3,308	1,055	827		5,190
Costs of goods sold	2,216	717			2,933
Personnel expenses	790	388	238		1,416
Other operating expenses	277	365	446		1,088
EBITDA	25	-415	143		-247
Q1 2013					
External revenue	2,793	1,987			4,780
Internal revenue	80			-80	
Total revenue	2,873	1,987		-80	4,780
Own work capitalised	31				31
Other operating income	174	45			219
Total output	2,998	2,032			5,030
Costs of goods sold	2,059	1,525			3,584
Personnel expenses	988	519	553		2,060
Other operating expenses	287	266	398		951
EBITDA	-336	-278	-951		-1,565

EBITDA is reconciled to net income as follows:

Reconciliation (in kEUR)	Q1/2014
EBITDA	-247
Depreciation and amortisation	-106
Financial result	-32
Net income before taxes	-385
Taxes	-4
Net income from discontinued operations	-6
Net income	-395

5. Cash flow statement

On the reporting date, YOC Group's cash and cash equivalents amounted to EUR 0.6 million, showing an increase in liquidity of EUR 0.1 million compared to 31 December 2013.

Cash flow from operating activities stood at EUR -1.4 million in the first three months of 2014 (2013: EUR -0.9 million), thus basically reflecting the business performance in the current financial year.

Cash flow from investments in the first three months of the current financial year amounted to EUR 0.2 million, largely the result of inflows after company headquarters were moved to new offices in Berlin, and non-essential operating and office equipment was sold to the new tenant in January 2014.

Cash flow from investing activities amounted to EUR 0.1 million and relate to payments for investments in property, plant and equipment and intangible assets as well as internal development costs in connection with the further development of technological platforms and new products.

The company is concentrating its product development resources on the automated sale of mobile advertising spaces in the area of programmatic selling, boosting revenue in performance advertising and on the product YOC Audience, involving the optimisation of ad delivery based on target group criteria to improve ad effectiveness. Technological competitiveness is crucial for the YOC Group's ability to continue growing and improving its market position, which is why we are pressing ahead with improving and developing our products and platforms internally.

Cash flow from financing transactions in FY 2014 amounts to EUR 1.2 million. To ensure its liquidity, the company received further shareholder loans amounting to EUR 1.0 million in the reporting period in addition to EUR 0.5 million from working capital at banks.

At the same time, the company has arranged for a structured sale of receivables, leading to a restructuring gain of EUR 0.75 million. The remaining amount of EUR 0.25 million was repaid - all liabilities to banks are settled as of the reporting date.

The YOC Group's total assets amounted to EUR 6.7 million on 31 March 2014, down 13% since 31 December 2013. The primary causes of the drop include the repayment of all remaining liabilities to banks and the slightly negative Group net income.

6. Guarantees, contingent liabilities and similar obligations

As security for the loans extended by shareholders, YOC AG pledged its share in belboon GmbH, Berlin, to the lenders.

7. Related party disclosures

No significant business transactions were performed with related companies or persons in the period under review.

8. Events after the interim reporting period

The following significant events took place after 31 March 2014 until publication of the interim financial statements:

In April 2014, YOC opened a second German office in Düsseldorf, in addition to headquarters in Berlin. The new site is intended to optimise work processes and focus them more closely on clients, and serve as foundation for further expansion of the premium portfolio.

YOC Contact

Berlin (Headquarters)

YOC AG
YOC Mobile Advertising GmbH
belboon GmbH

Karl-Liebknecht-Str. 1
10178 Berlin
Deutschland
T +49 (0) 30 726 162 - 0
F +49 (0) 30 726 162 - 222

London

YOC Mobile Advertising Ltd.

Holden House
51-57 Rathbone Place
London, W1T 1JU, UK
T +44 (0) 20 719 901 - 22

Paris

YOC France SAS

96 avenue du Général Leclerc
92100 Boulogne Billancourt
Frankreich
T +33 (1) 43 06 33 34

Madrid

YOC Spain S.L.

Avda. Manoteras 10 Portal B, Oficina 402
28050 Madrid,
Spanien
T +34 (0) 913 924 - 188
T +34 (0) 913 924 - 187

Österreich

Wien

YOC Central Eastern Europe
GmbH

Kaiserstr. 113-115
1070 Wien
T +43 (0) 1 522 5006
T +43 (0) 1 522 5006 - 116

Financial Calendar

31/07/2014

Annual general meeting of Shareholders

28/08/2014

Report First Half of 2014

27/11/2014

Interim Report Third Quarter 2014

» **Provisional dates. An updated version can be found at <http://ir.yoc.com>**

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Publisher

YOC AG
Rosenstr.17
10178 Berlin
T +49 (0) 30 726 162 - 0
F +49 (0) 30 726 162 - 222
info@yoc.com

Investor relations

T +49 (0) 30 726 162 - 0
ir@yoc.com

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YOC AG