Quarterly Report

Period Ending 31 August 2012

YIPPY, Inc.
(a Nevada Corporation)

Current Trading Symbol: **YIPI.PK**

CUSIP Number: **98584Y202**   Tax ID Number: **98-0585450**

WE PREVIOSLY WERE A SHELL COMPANY AND ARE NOT CURRENTLY A REPORTING COMPANY AS THAT TERM IS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND THEREFORE, THE EXEMPTION OFFERED PURSUANT TO RULE 144 IS NOT CURRENTLY AVAILABLE. ANYONE WHO PURCHASED SECURITIES DIRECTLY OR INDIRECTLY FROM US OR ANY OF OUR AFFILIATES IN A TRANSACTION OR CHAIN OF TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING CANNOT SELL SUCH SECURITIES IN AN OPEN MARKET TRANSACTION.

ITEM I: The Exact Name of the Issuer and its Predecessors.

- Yippy, Inc., a Nevada corporation (hereinafter referred to as the "Company" or "Yippy").

- Formerly Cinnabar Ventures, Inc. until April 2010 (Certificate of Amendment to the Company's Articles of Incorporation filed with the Nevada Secretary of State on April 15, 2010, as filed with the United States Securities and Exchange Commission (the "SEC") as Exhibit 3.1 to the Company's Current Report on Form 8-K on May 10, 2010).

The Address of the Issuer's Principal Executive Offices.

Yippy, Inc.
17595 S. Tamiami Trl. #300
Fort Myers, FL 33908
Phone Number: 877-947-7901
Fax Number: 239-432-9870
Email: info@yippyinc.com
Website: www.yippy.com

The Jurisdiction and Date of the Issuer's Incorporation or Organization.

The Company was originally organized under the corporate laws of the State of Nevada on May 24, 2006.

SHARE STRUCTURE

The Exact Title and Class of Securities Outstanding.

Class of Securities: Common

CUSIP Number: 98584Y202

Trading Symbol: YIPI.PK

Par or Stated Value and Description of the Security.

A. Par or Stated Value

Common Stock, par value $0.001 per share

B. Description of Common Stock

The holders of shares of common stock have no subscription, redemption, subscription, sinking fund or conversion rights. In addition, the holders of shares of common stock have no preemptive rights to maintain their percentage of ownership in future offerings or sales of our stock. The holders of shares of common stock have one vote per share in all elections of directors and on all other matters submitted to a vote of our stockholders. The holders of common stock are entitled to ratably receive dividends, if any, as and when declared from time to time by our board of directors out of funds legally available therefore. Upon liquidation, dissolution or winding up of our affairs, the holders of common stock will be entitled to participate equally and ratably, in proportion to the number of shares held, in our net assets available for distribution to holders of common stock. The shares of common stock currently outstanding are fully paid and non-assessable. There is no provision in the Company's articles of incorporation or bylaws that would delay, defer, or prevent a change in control of the issuer.

ITEM II: The Number of Shares of Total Amount of the Securities Outstanding for Each Class of Securities Authorized

	PERIOD END DATE		
	August 31, 2012	**May 31, 2012**	**May 31, 2011**
(1) Number of Authorized Shares	75,000,000	75,000,000	75,000,000
(2) Number of Outstanding Shares	53,645,810	53,173,544	45,410,722
(3) Public Float	8,440,000	8,040,000	8,040,000
(4) No. of Beneficial Shareholders	1067	1067	1033
(5) Total No. of Shareholders of Record	187	187	15

Note: On December 5, 2011 the Company declared a 2 for 1 split and is reflected in ITEM II calculations.

ITEM III. Interim Financial Statements

Yippy, Inc
Consolidated Balance Sheets

	August 31, 2012 (Unaudited)	May 31, 2012 (Audited)
Assets		
Current assets:		
Cash	$ 118,440	$ 82,834
Accounts Receivable	34,732	4,613
Prepaid Expenses	1,594	-
Deposits	400,000	-
Total Current Assets	554,766	87,447
Property and equipment, net	99,478	-
Intangible Assets:		
Software license	3,605,000	3,605,000
Developed software	1,674,342	-
Tradenames, customer list, brands and domains	3,111,863	1,500,000
Total intangible assets before amortization	8,391,205	5,105,000
Less: Accumulated Amortization	(1,850,155)	(1,599,691)
Total Intangible Assets	6,541,050	3,505,309
Goodwill	1,786,211	-
Other assets	4,251	-
Total Assets	$ 8,985,756	$ 3,592,756
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable and accrued Liabilities	$ 94,997	$ 46,557
Accrued liabilities	225,029	15,000
Accrued interest payable	203,256	205,305
Advances from related party	226,353	232,245
Convertible notes payables, net of discounts	192,608	370,834
Convertible notes payable - related party	709,000	485,000
Derivative liabilities	-	986,504
Total Current Liabilities	1,651,243	2,341,445
Total Liabilities	1,651,243	2,341,445
Stockholders' Equity / (Deficit)		
Common Stock, ($0.001 par value, 75,000,000 shares authorized, 53,645,810 and 53,173,544 issued and outstanding as of August 31, 2012 and May 31, 2012, respectively)	53,645	53,174
Additional Paid in Capital	16,953,292	10,336,532
Accumulated Deficit	(9,672,424)	(9,138,395)
Total Stockholders' Equity / (Deficit)	7,334,513	1,251,311
Total Liabilities and Stockholders' Equity	$ 8,985,756	$ 3,592,756

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended August 31, 2012	
	2012	**2011**
Revenues	$ 75,345	$ 21,738
Operating Expenses		
General and Administrative Expense	290,487	153,937
Share based compensation	459,868	170,132
Depreciation and Amortization Expense	203,606	251,939
Total Operating Expense	953,961	576,008
Other (Income) Expense		
Interest expense	426,374	84,826
Gain on extinguishment of debt	(1,007,942)	-
Net Loss	$ (297,048)	$ (639,096)
Net Loss Per Common Share	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	53,252,914	46,845,725

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc
Consolidated Statement of Changes in Stockholders' Equity / (Deficit)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity / (Deficit)
Balances, May 31, 2011 (restated)	45,410,722	$ 45,411	$ 4,384,212	$ (5,316,941)	$ (887,318)
Stock dividend	2,481,154	2,481	782,060	(784,541)	-
Issuance of shares for services	281,668	281	412,242	-	412,523
Discount on issuance of convertible note payable	-	-	225,000	-	225,000
Conversion of notes payable	5,000,000	5,000	4,995,000	-	5,000,000
Net Income	-	-	-	(3,273,894)	(3,273,894)
Balances, May 31, 2012 (audited)	53,173,544	$ 53,173	$ 10,798,514	$ (9,375,376)	$ 1,476,311
Issuance of shares for services	25,000	25	20,250	-	20,275
Common stock issued for cash	447,266	447	249,553	-	250,000
Discount on issuance of convertible notes payable	-	-	725,000	-	725,000
Warrants issued for services	-	-	459,868	-	459,868
Acquistion of Macte! Labs	-	-	4,700,107	-	4,700,107
Net Income	-	-	-	(325,805)	(325,805)
Balances, August 31, 2012 (unaudited)	53,645,810	$ 53,645	$ 16,953,292	$ (9,701,181)	$ 7,305,756

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc
Consolidated Statements of Cash Flows

	For the three months ended August 31, 2012	August 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (297,048)	$ (639,096)
Adjustments to Reconcile Net Loss to		
Net Cash Used in Operating Activities		
Stock based compensation	480,143	10,300
Amortization of intangible assets	252,131	301,939
Amortization of debt discount	(311,226)	
Gain on extinguishment of debt	(986,504)	
Changes in Operating Assets and Liabilities		
Accounts receivable	(430,119)	(4,807)
Prepaid expenses	(1,594)	61,875
Accounts payable and accrued liabilities	256,420	(75,177)
Net Cash Used in Operating Activities	(1,037,797)	(344,966)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisition of software license	-	(50,000)
Acquistion of Macte! Labs, Inc.	(252,705)	
Net Cash Provided from Investing Activities	(252,705)	(50,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes payable - related party	231,000	377,500
Proceeds from convertible notes payable	950,000	-
Advances (repayments) of shareholder advances	(5,892)	(9,837)
Repayments of notes payable	(99,000)	-
Proceeds from issuance of common stock	250,000	-
Net Cash Provided from Financing Activities	1,326,108	367,663
Net Increase (Decrease) in Cash	35,606	(27,303)
Cash Beginning of Period	82,834	32,549
Cash - End of Period	$ 118,440	$ 5,246
SUPPLEMENTAL INFORMATION:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -
NON-CASH ACTIVITIES		
Issuance of convertible notes payable for software license, tradenames, brands and domains	$ -	$ -
Issuance of common stock for intangible assets	$ -	$ -
Conversion of convertible notes payable - related party to common stock	$ -	$ -
Conversion of convertible notes payable	$ -	$ -

The accompanying footnotes are an integral part of these consolidated financial statements.

Yippy, Inc.
Notes to Consolidated Financial Statements
August 31, 2012

Note 1. The Company and Summary of Significant Accounting Policies

The Company

Cinnabar Ventures, Inc. ("Cinnabar") was incorporated in the State of Nevada on May 24, 2006. Yippy, Inc. ("Yippy Delaware") was incorporated in the State of Delaware on October 6, 2009, and was renamed Yippy Soft, Inc. on April 23, 2010. On January 26, 2010, Cinnabar acquired Yippy Delaware for 4,680,000 common shares. The acquisition was accounted for as a combination of entities under common control. All historical financial information is presented as combined for all periods presented. Cinnabar has been renamed Yippy, Inc. ("Yippy" or the "Company") effective April 15, 2010. Yippy provides secure online web destinations and services such as search, toolbars, browsers, email, cloud applications and storage.

On December 5, 2011, the Company declared a 2-for-1 forward stock split. All per share and share amounts have been restated to reflect the forward stock split in the amounts presented.

On July 30, 2012, the Company formed a wholly owned subsidiary, Yippy Labs, Inc., ("Yippy Labs") a corporation incorporated in British Columbia, Canada. On August 1, 2012, Yippy Labs acquired 100% of the issued and outstanding common stock of Macte! Labs, Inc., ("Macte") a corporation incorporated in British Columbia, Canada.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term investments purchased with original maturities of three months or less at the date of purchase to be cash equivalents.

Intangible Assets

Intangible assets include a software license agreement acquired from an independent party. Intangible assets have a definite life and are amortized on a straight-line basis, with estimated useful lives of two to seven years. Intangible assets with a definite life are tested for impairment whenever events or circumstances indicate that the carrying amount of an asset (asset group) may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. No impairment was recognized for the three months ended August 31, 2012 or the year ended May 31, 2012.

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income taxes and liabilities are determined based on the difference between financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Note 1. The Company and Summary of Significant Accounting Policies – (continued)

Revenue Recognition

Revenue is recognized when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed, and collectability of the related fee is reasonably assured.

The Company recognizes revenue from search and display advertising on Yippy, Inc. and Macte Labs, Inc. Web Properties. Search revenue is recognized based on "click-throughs." A "click-through" occurs when a user clicks on an advertiser's search result listing. The Company has entered into a Search and Advertising Services and Sales Agreement (the "Search Agreement") with Infospace, Inc., which provides for Infospace to be the exclusive algorithmic paid search service provider on Yippy.com and non-exclusive on other Yippy, Inc. search properties. Display advertising revenue is achieved by publishing activities for various agencies. The Company reports as revenue the 69 percent of revenue is generated online through the Company's web properties. 31 percent is from development work for outside clients.

Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains allowances for bad debts. The allowance for doubtful accounts is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowances based on historical write-off experience by industry and regional economic data and historical sales returns. The Company reviews the allowance for doubtful accounts periodically. The Company does not have any significant off-balance-sheet credit exposure related to its customers.

Fair Value of Financial Instruments

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "*Fair Value Measurements and Disclosures"*, we are permitted to elect to measure financial instruments and certain other items at fair value, with the change in fair value recorded in earnings. We elected not to measure any eligible items using the fair value option. Consistent with the Fair Value Measurement Topic of the FASB ASC 820, we implemented guidelines relating to the disclosure of our methodology for periodic measurement of our assets and liabilities recorded at fair market value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;

- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

The carrying amounts of trade and other accounts receivable, trade accounts payable, accrued payroll, bonuses and team member benefits, and other accrued expenses approximate fair value because of the short maturity of those instruments.

Note 1. The Company and Summary of Significant Accounting Policies – (continued)

Derivative Instruments

In connection with the issuance of certain debt instruments, the Company may provide features allowing the debt to be convertible into shares of the Company's common stock. In these circumstances, these options may be classified as derivative liabilities, rather than as equity. Additionally, these instruments may contain embedded derivative instruments, such as embedded derivative features which in certain circumstances may be required to be bifurcated from the associated host instrument and accounting for separately as a derivative instrument liability.

The Company's derivative instrument liabilities are re-valued at the end of each reporting period, with the changes in the fair value of the liability recorded as charges or credits to income in the period in which the changes occur. For warrants and bifurcated embedded derivative features that are accounting for as derivative instrument liabilities, the Company estimates the fair value using either quoted market prices of financial instruments with similar characteristics or other valuation techniques. The valuation techniques require assumptions related to the remaining term of the instrument and risk-free rates of return, expected dividend yield, and the expected volatility of the Company's common stock over the life of the instrument. Because of the limited trading history of the Company's common stock, the Company estimates the future volatility of its common stock price based on not only the history of its stock price but also the experience of other entities considered to be comparable to the Company.

Earnings Per Share

In accordance with accounting guidance now codified as ASC Topic 260, *"Earnings per Share,"* basic earnings (loss) per share is computed by dividing net income (loss) by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected net losses for the three months ended August 31, 2012 and 2011, the effect of considering any common stock equivalents, if outstanding, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements. Such reclassifications had no effect on previously reported net loss.

New Accounting Pronouncements

Management does not expect adoption of recently issued but not yet effective pronouncements to have a material impact on the Company's financial statements.

Note 2. Restatements

In March 2012, the Company concluded that its previously issued unaudited financial statements as of and for the years ended May 31, 2011 contained errors regarding the capitalization of certain assets, year-end cut-off errors and classification of assets. The Company determined certain costs should not be capitalized and has restated intangible assets (including software license, tradenames, brands and domains, and related accumulated amortization) and additional paid in capital. Additionally, due to cut-off errors, the Company has restated accounts payable and accrued liabilities and accumulated deficit. Finally, due to classification errors, the Company has reclassified certain assets, such as prepaid maintenance costs, trade names, brands and domains.

The following tables summarize the effect of corrections on the consolidated financial statements as of the year ended May 31, 2011:

	As Reported (Unaudited)	Adjustments	As Restated
Assets			
Current assets:			
Cash and cash equivalents	$ 32,549	$ -	$ 32,549
Accounts receivable, net	4,846	-	4,846
Prepaid expenses	-	245,320	245,320
Deposits	9,916	(9,916)	-
Total current assets	47,311	235,404	282,715
Intangible assets:			
Internally developed application services environment and browser	1,749,300	(1,749,300)	-
Software license	5,550,000	(1,995,000)	3,555,000
Tradenames, brands and domains	-	1,500,000	1,500,000
	7,299,300	(2,244,300)	5,055,000
Less: accumulated amortization	(2,433,100)	1,641,166	(791,934)
Total intangible assets	4,866,200	(603,134)	4,263,066
Total assets	$ 4,913,511	$ (367,730)	$ 4,545,781
Liabilities:			
Accounts payable and accrued liabilities	$ 531,293	$ (187,389)	$ 343,904
Convertible notes payable	-	5,000,000	5,000,000
Convertible notes payable - related party	59,216	29,979	89,195
Total current liabilities	590,509	4,842,590	5,433,099
Convertible Notes Payable - Related Party	89,195	(89,195)	-
Convertible notes payable	5,000,000	(5,000,000)	-
Total long term liabilities	5,089,195	(5,089,195)	-
Total liabilities	5,679,704	(246,605)	5,433,099
Stockholders' deficit:			
Common stock	22,705	-	22,705
Additional paid in capital	3,391,663	1,015,254	4,406,917
Accumulated deficit	(4,180,562)	(1,136,378)	(5,316,940)
Total stockholders' deficit	(766,194)	(121,124)	(887,318)
Total liabilities and stockholders' deficit	$ 4,913,510	$ (367,729)	$ 4,545,781

Statement of Operations	As Reported (Unaudited)	Adjustments	As Restated
Revenue	$ 45,510	$ -	$ 45,510
Operating expenses			
General and administrative expense	420,753	155,833	576,586
Amortization expense	2,433,100	(1,672,843)	760,257
Total Operating Expense	2,853,853	(1,517,010)	1,336,843
Loss from operations	(2,808,343)	1,517,010	(1,291,333)
Other expense			
Interest expense	286,034	(85,864)	200,170
Total other expense	286,034	(85,864)	200,170
Net loss	$ (3,094,377)	$ 1,602,874	$ (1,491,503)
Net loss per common share	$ (0.14)	$ (0.04)	$ (0.03)

Note 3. Intangible Assets

On May 17, 2010, the Company entered into a license agreement (the "License Agreement") with Vivisimo, Inc. ("Vivisimo"), granting the Company a non-exclusive, unlimited, lifetime perpetual, world-wide right to the use of "Velocity," a software information optimization platform that unifies access to secure business repositories, presents relevant information and enables knowledge sharing across an enterprise, for use in connection with computer applications currently being developed by the Company. In connection with the License Agreement, the Company acquired the domain Clusty.com, a metasearch engine, and all domains and scripts related thereto, pursuant to a related purchase agreement (the "Purchase Agreement"). Vivisimo agreed not to compete with the Company in the consumer search area for a period of two years. Total consideration paid to Vivisimo under the Purchase Agreement and License Agreement was approximately $5,550,000 (the "Acquisition Price").

On August 1, 2012, the Company acquired 100% of the issued and outstanding common stock of Macte in exchange for cash and equity compensation consisting of the following:

- Cash of $50,000, of which $10,000 was paid at closing
- 3,687,500 shares of Yippy Labs common stock
- Warrants to purchase 600,000 shares of Yippy common stock at a exercise price of $0.40 per share with a term of three years
- Put warrants to purchase 3,687,500 shares of Yippy common stock with a term of 10 years. The put warrants can be exchanged for on a 1 for 1 basis at the option of the holder into the Company's common stock.
- Ninety day consulting contracts to the four former shareholders of Macte.

The fair market value of the assets acquired were as follows:

Description	
Cash	$ 9,572
Accounts receivable	29,554
Prepaid assets	1,572
Computer equipment	101,159
Unamortized organizational costs	4,193
Developed software	1,611,862
Customer lists, brands and domains	1,611,863
Total	3,369,745
Goodwill	1,786,211
Total purchase price	$ 5,155,956

The intangible assets included in the table below:

Description	August 31, 2012	May 31, 2012	Estimated Useful Life
Software license	$ 3,605,000	$ 3,605,000	7 years
Developed software	1,611,862	-	10 years
Trademarks, customer lists, brands and domains	1,500,000	1,500,000	5 - 7 years
Total	8,391,205	5,105,000	
Less: accumulated amortization	(1,850,155)	(1,599,691)	
Intangible assets, net	$ 6,541,050	$ 3,505,309	

On an annual basis the Company will evaluate the carrying value of intangible assets and determine if impairment has occurred and if so, record a charge for impairment. Management has concluded no impairment exists as of August 31, 2012 and May 31, 2012, respectively.

The Company recorded amortization expense of $201,939 and $251,939 for the three months ended August 31, 2012 and 2011, respectively, related to the intangible assets.

4. Property and equipment

Property and equipment consists of computer equipment acquired in conjunction with the acquisition of Macte. Fair market value of the equipment acquired was $101,145. The equipment is depreciated over five years using the straight line method of depreciation. The Company recognized depreciation expense of $1,667 during the three months ended August 31, 2012.

Note 5. Convertible Notes Payable

Notes payable consists of the following at August 31, 2012 and May 31, 2012, respectively:

		August 31, 2012		May 31, 2012
Convertible Notes Payable- Related Party				
Loan payable to a shareholder bearing interest at 18% due on July 20, 2012, convertible to common stock at $1.00 per share	$	300,000	$	300,000
Loan payable to a shareholder bearing interest at 18% due on February 17, 2013, convertible to common stock at $1.00 per share		409,000		185,000
Total Convertible Notes Payable – Related Party	$	709,000	$	485,000
Convertible Notes Payable				
Loan payable bearing interest at 15% due on May 29, 2012, convertible to common stock at 55% of the lowest closing price during the ten days immediately preceding conversion. Subsequent to May 31, 2012, the lender has agreed to convert this note payable to shares of the Company's common stock. As of the date of the report, the common stock has not been issued.	$	-	$	150,000
Loan payable bearing interest at 15% due on June 28, 2012, convertible to common stock at 55% of the lowest closing price during the ten days immediately preceding conversion. Subsequent to May 31, 2012, this loan payable was refinanced with the maturity date extended to June 11, 2013.		-		150,000
Loan payable bearing interest at 15% due on August 13, 2012, convertible to common stock at 55% of the lowest closing price during the ten days immediately preceding conversion. On June 12, 2012, this loan payable was refinanced with the maturity date extended to June 11, 2013 with a fixed conversion of $0.65 per share. In addition, notes with a remaining balance of $215,000 were rolled into the refinancing.		465,000		250,000
Loan payable bearing interest at 5% due on June 11, 2013, convertible to common stock at $0.65 per share.		250,000		-
Less: Discounts		(700,000)		(550,000)
Plus: Amortization of Discounts		177,608		370,834
Total Convertible Notes Payable	$	192,608	$	370,834

Accrued interest on the convertible notes payable was $203,256 and $205,305 at August 31, 2012 and May 31, 2012, respectively.

Note 6. Going Concern

As reflected in the accompanying financial statements, the Company has accumulated net losses of $9,672,424 since inception and net cash used in operations of $1,037,797 for the three months ended August 31, 2012.

The Company may seek additional funds to finance its immediate and long-term operations through debt and/or equity financing. The successful outcome of future financing activities cannot be determined at this time and there is no assurance that if achieved, the Company will have sufficient funds to execute its intended business plan or generate positive operating results.

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

Note 7. Related Party Transactions

A director and officer of the Company and a shareholder advance funds to and from the Company from time to time. The balance due the sole director and officer and the shareholder was $226,353 and $232,245 at August 31, 2012 and May 31, 2012, respectively.

Note 8. Stockholders' Equity (Deficit)

Fiscal year ended 2012:

On June 2, 2011, the Company declared a 5% stock dividend for holders of record on June 27, 2011, payable on or about June 30, 2011 representing 2,481,154 shares of common stock.

In July 2011, the Company issued 20,000 shares of common stock to a former consultant as settlement of a dispute. The common stock had a fair market value of $10,300.

In October 2011, the Company issued 5,000,000 shares of common stock upon the conversion of $5,000,000 in notes payable. The common stock had a fair market value of $975,000 on the date of conversion.

In November 2011, the Company issued 70,000 shares of common stock as compensation to two consultants. The fair market value of the common stock was $30,000.

In December 2011, the Company issued 83,334 shares of common stock as compensation for fees to execute a Note Payable Contract. The fair market value of the common stock was $16,668.

On December 5, 2011, the Company declared a 2-for-1 forward stock split. All share and per share amounts have been retroactively restated.

In March 2012, the Company issued 83,334 shares of common stock as compensation for fees to place notes payable. The fair market value of the common stock was $19,167.

In May 2012, the Company issued 25,000 shares of common stock as compensation for fees to place notes payable. The fair market value of the common stock was $20,225.

Fiscal year ended 2013:

In July 2012, the Company issued 25,000 shares of common stock as compensation for fees to place notes payable. The fair market value of the common stock was $20,275.

In August 2012, the Company completed the private placement of 200,000 shares of common stock for gross proceeds of $100,000.

In August 2012, the Company completed the private placement of 247,266 shares of common stock for gross proceeds of $150,000.

Warrants

The Company issued 400,000 warrants in connection with the convertible notes payable. The warrants have an exercise price of $0.55 per share, subject to adjustment, and have a term of two years. The warrants contain a reset provision whereby if the Company issues common stock or options at a price below $0.55 per share then the exercise price will be adjusted. The exercise price adjustment provision does not apply to an initial public offering.

The conversion features are accounted for as derivative liabilities at the date of issuance and adjusted to fair value through earnings at each reporting date due to anti-dilution reset features. The fair value was estimated on the date of grant using a Black-Scholes option-pricing model using the following weighted-average assumptions: expected dividend yield of 0%; expected volatility of 19%; risk-free interest rate of 0.07% and an expected holding period of 24 months for the warrants. The resulting values, at the date of issuance, were allocated to the proceeds received and applied as a discount to the face value of the convertible notes payable and warrants. The Company recorded a derivative expense on the warrants of $47,391 at inception based on the guidance in ASC 815-10 and ASC 815-40-15.

In regards to the convertible notes payable, the Company also recognized a derivative liability of $1,000,462 at inception and a change in fair value of $221,366 for the year ended May 31, 2012, resulting in a derivative liability of $779,096 at May 31, 2012. During June 2012, the convertible notes payable were refinanced and the derivative liability was extinguished and recorded as a gain on the extinguishment of debt.

In regards to the warrants, the Company also recognized a derivative liability of $47,391 at inception and a change in fair value of $160,017 for the year ended May 31, 2012, resulting in a derivative liability of $207,408 at May 31, 2012. During June 2012, the terms of the warrants were modified to eliminate the derivative liability and accordingly, the derivative liability related to the warrants was extinguished and recorded as a gain on the extinguishment of debt.

In May 2012, the Company issued warrants to two members of the board of directors to purchase 100,000 shares of the Company's common stock at an exercise price of $0.20 per share with a term of 3 years. The fair market value of the warrants at the time of issuance was $61,260. In July 2012, the warrants were modified to allow for the purchase of 250,000 shares of the Company's common stock at a purchase price of $0.30 per share. The term of the warrants remained the same. As a result of the amendment, the Company recognized additional compensation expense of $286,159 during the three months ended August 31, 2012.

In July 2012, the CEO was granted a warrant to purchase 250,000 shares on the Company's common stock at an exercise price of $0.30 per share with a term of 3 years. The Company recognized compensation expense totaling $173,709 during the three months ended August 31, 2012.

On August 1, 2012, the Company acquired Macte! Labs, Inc. pursuant to a share exchange agreement. In conjunction with the share exchange agreement, the Company issued 3,687,500 put warrants. The put warrants can be exchanged for on a 1 for 1 basis at the option of the holder into the Company's common stock and have a ten year term. The fair market value of the put warrants was $4,449,199 on the date of issuance. In addition, the Company issued warrants to purchase 800,000 shares of common stock at an exercise price of $0.40 per share with a term of 3 years. The fair market value of the warrants was $475,908 on the date of issuance.

9. Deposits

In June 2012, the Company entered into a letter of intent to acquire 100% of the issued and outstanding shares of MuseGlobal, Inc. As of August 31, 2012, the Company has made payments totaling $400,000 towards the purchase price, which are included in deposits as of August 31, 2012.

10. Subsequent event

In October 2012, the Company entered into a letter of intent with The Gale Group, Inc. to acquire HighBeam and HighBeam Business, Content databases, websites, software licenses and other related tangible hardware assets.

ITEM IV: Management's Discussion and Analysis or Plan of Operations

Forward-Looking Information

You should read the following discussion and analysis of our financial condition and plan of operations together with our financial statements and related notes appearing elsewhere in this Company Information Report. Various statements have been made in this Report that may constitute "forward-looking statements." Forward-looking statements may also be made in Yippy's other reports filed with or furnished to the United States Securities and Exchange Commission (the "Commission") and in other documents. In addition, from time to time, Yippy, through its management, may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely" and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Yippy undertakes no obligation to update or revise any forward-looking statements.

Plan of Operation

Yippy, Inc. provides secure online web destinations and services such as search, browser, email, cloud applications and storage to family PCs, learning institutions and libraries primarily. Yippy.com is one of the more robust, visually appealing, family friendly properties on the internet. The company provides an unparalleled approach to child safe web browsing and application aggregation. Yippy creates environments around conservative family values and provides all the tools necessary for all aspects of online activities. Our business encompasses multiple activities culminating in the design, development and deployment of internet properties and cloud computing applications and solutions enabled through the applications services environments (ASE). The applications services environment (ASE) includes software applications, vertical search products, content aggregation, advertising, cloud infrastructure, and client support for our businesses.

During the next fiscal year the Company will continue branding Yippy through tradeshows, websites and other forms of media. There will be network expansions and major updates to operational programs including the YippyHub, web browser, search engine and email systems.

The Company has several partnership opportunities that are in different stages of development. Each represents a role in the future business of Yippy via a vertical information cloud under development. Management does expect significant revenue growth for the current fiscal year.

Results of Operations: August 31, 2012 – First Quarter -FY 2013

Three months ended August 31, 2012 compared to three months ended August 31, 2011

Revenues
Revenues in the first quarter of FY 2013 were $75,345 compared to $21,737 in revenues during the same period in the prior year. This increase of $53,607 was due to revenues earned by our recent acquisition, Macte! Labs, Inc. (Macte) on 8/1/2012.

General and Administrative Expenses
General and Administrative expenses were $241,962 for the first quarter of FY 2013, compared to $153,937 for the same period in FY 2011. The increase of $88,025 is mainly attributed to the continued development of the Company's search engine infrastructure. Advertising and marketing programs were also factors.

Share based compensation
Share based compensation was $459,868 for the first quarter of FY 2013, compared to $170,132 for the same period in FY 2011. The increase of $289,726 was due to the issuance of a warrant to our CEO and the restructuring of warrants issued to our directors in the prior year.

Amortization expense
Amortization expense relates primarily to the amortization of intangible assets. Amortization expense was $252,131 in the first quarter of FY 2013, compared to $251,939 for the same period of FY 2011.

Gain on extinguishment of debt
The Company recorded a gain upon the extinguishment of convertible notes payable during the first quarter of FY 2013 as a result of the refinancing of certain debt agreements. When originally issued, the convertible notes payable contained a reset conversion feature that gave rise to a derivative liability being recorded during the fiscal year ended May 31, 2012. In addition, the warrants issued in conjunction with the convertible notes payable also contained a reset feature. In conjunction with the refinancing, the reset conversion feature in the convertible notes payable and the warrants was eliminated and the interest rate on the convertible notes payable was modified. The resulting changes to the convertible notes payable and the warrants resulted in the recognition of a gain on the extinguishment of debt equal to $1,007,942 during the current quarter.

Net Loss
The Company experienced a net loss of approximately $297,048 for the first quarter, compared to $639,096 for the same period in 2011. The loss was lower primarily due to the aforementioned gain on extinguishment of debt.

Liquidity and Capital Resources
As of August 31, 2012, we had cash on hand of $118,440, $34,732 in accounts receivables, prepaid expenses of $1,594 and deposits of $400,000. The Company had total liabilities of $1,651,243. We believe that we have sufficient cash on hand through access to credit lines to meet our operating expense requirements for the next quarter.

Capital Requirements
Yippy's capital requirement strategy for its planned business is as follows:
Obtain additional operating capital from joint venture partnerships, debt financing or equity financing to fund

our acquisition strategy, our ongoing operations and the continued development of our applications services environment and branding strategies in North America. The Company has access to additional funds as needed through a third party credit line set up for use by the Company, and to be repaid as new funds are acquired. The Company is in negotiations with multiple potential funding partners and does have access to sufficient third party funding sources to maintain operations throughout the fiscal 2013.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

ITEM V. Legal Proceedings

NA

ITEM VI. Defaults Upon Senior Securities

NA

ITEM VII. Other Information

NA

ITEM VIII. Exhibits

NA

ITEM IX. Issuer's Certifications.

I, Edward Noel, certify that:

1 I have reviewed this disclosure statement of Yippy, Inc.;
2 Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3 Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: October 21, 2012

/s/ Edward Noel
Edward Noel
Chief Executive Officer