



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND
CASH FLOWS FOR THE FIRST QUARTER ENDED
31 MARCH 2014**

First Quarter Financial Statement And Dividend Announcement

**PART I – INFORMATIONS REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF YEAR AND FULL YEAR ANNOUNCEMENTS**

1(a) (i) A Consolidated Income Statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

The Board of Directors of Fu Yu Corporation Ltd wishes to announce the unaudited results of the Group for the first quarter ended 31 March 2014.

GROUP	Quarter Ended 31-Mar		Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
Revenue	59,468	67,451	(11.8)
Cost of sales	(54,201)	(60,865)	(10.9)
Gross profit	5,267	6,586	(20.0)
Other income	1,463	2,206	(33.7)
Selling and administrative expenses	(6,870)	(7,232)	(5.0)
Other operating expenses	(895)	(31)	NM
Finance costs	(52)	(4)	NM
Share of profit of associate (net of tax)	15	28	(46.4)
(Loss)/profit before income tax	(1,072)	1,553	NM
Tax expense	(271)	(743)	(63.5)
(Loss)/profit for the period	(1,343)	810	NM
Attributable to:			
Owners of the Company	(1,421)	1,059	NM
Non-controlling interests	78	(249)	NM
(Loss)/profit for the period	(1,343)	810	NM
(Loss)/earnings per share			
- basic (loss)/earnings per share (cents)	(0.19)	0.14	NM
- diluted (loss)/earnings per share (cents)	(0.19)	0.14	NM
N.M denotes Not Meaningful			

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 31-Mar		Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
(Loss)/profit for the period	(1,343)	810	NM
Other comprehensive income			
Items there are or may be reclassified			
subsequently to profit and loss:			
Foreign currency translation differences for foreign operations	(798)	909	NM
Total comprehensive income for the period	(2,141)	1,719	NM
Total comprehensive income attributable to:			
Owners of the Company	(2,254)	1,918	NM
Non-controlling interests	113	(199)	NM
Total comprehensive income for the period	(2,141)	1,719	NM

N.M denotes Not Meaningful

1(a) (ii) Notes to Consolidated Income Statement

GROUP	Quarter Ended 31-Mar		Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
(Loss)/profit before income tax is arrived at after charging/(crediting) the following:			
Interest and investment income	(257)	(112)	NM
Loss/(gain) on disposal of property, plant and equipment	91	(4)	NM
Foreign exchange loss/(gain), net	827	(1,131)	NM
Property, plant and equipment written off	60	31	93.5
Allowance made for/(write-back) of doubtful trade and other receivables	8	(1)	NM
Write-back of impairment on property, plant and equipment	(65)	(23)	NM
Depreciation and amortisation	4,305	3,658	17.7
Write-back of allowance for inventory obsolescence and inventories written off	(1)	(60)	(98.3)
Adjustments for underprovision for tax in respects of the prior years			
- Income tax	-	122	NM

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 31 Mar 14 S\$'000 (unaudited)	As at 31 Dec 13 S\$'000 (audited)	As at 31 Mar 14 S\$'000 (unaudited)	As at 31 Dec 13 S\$'000 (audited)
Non-current assets				
Property, plant and equipment	63,289	67,508	12,724	13,013
Investment property	8,991	9,025	-	-
Subsidiaries	-	-	43,893	43,979
Associate	4,086	4,064	-	-
Deferred tax assets	2,177	2,216	-	-
	78,543	82,813	56,617	56,992
Current assets				
Inventories	17,421	18,567	2,067	2,344
Trade and other receivables	74,884	78,195	11,712	10,502
Tax recoverable	142	148	-	-
Amount due from subsidiary companies	-	-	36,498	36,480
Cash and cash equivalents	78,979	77,070	11,030	11,472
	171,426	173,980	61,307	60,798
Total assets	249,969	256,793	117,924	117,790
Equity attributable to equity holders of the Company				
Share capital	119,362	119,362	119,362	119,362
Reserves	41,517	43,771	(13,225)	(13,470)
	160,879	163,133	106,137	105,892
Non-controlling interests	19,481	19,368	-	-
Total equity	180,360	182,501	106,137	105,892
Non-current liabilities				
Trade and other payables	563	563	563	563
Financial liabilities	83	85	66	68
Deferred tax liabilities	1,102	1,115	809	809
	1,748	1,763	1,438	1,440
Current liabilities				
Trade and other payables	63,954	68,152	7,709	8,053
Financial liabilities	2,579	3,240	34	38
Amounts due to subsidiary companies	-	-	2,606	2,367
Tax payable	1,328	1,137	-	-
	67,861	72,529	10,349	10,458
Total liabilities	69,609	74,292	11,787	11,898
Total equity and liabilities	249,969	256,793	117,924	117,790

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

GROUP	31 Mar 2014 S\$'000 (unaudited)	31 Dec 2013 S\$'000 (audited)
Secured bank loans	2,534	3,188
Finance lease liabilities-secured	45	52
	<u>2,579</u>	<u>3,240</u>

Amount repayable after one year

GROUP	31 Mar 2014 S\$'000 (unaudited)	31 Dec 2013 S\$'000 (audited)
Finance lease liabilities - secured	83	85

Details of any collateral

The secured bank loans are secured by the Company's subsidiary, Fu Yu Moulding & Tooling (Chongqing) Co., Ltd's trade receivables.

The finance lease liabilities are secured by the leased assets.

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

GROUP	Quarter Ended 31-Mar	
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)
Cash flows from operating activities		
(Loss)/profit before income tax	(1,072)	1,553
Adjustments for:		
Depreciation and amortisation of property, plant and equipment and investment property	4,305	3,658
Write-back of impairment of property, plant and equipment	(65)	(23)
Loss/(gain) on disposal of property, plant and equipment	91	(4)
Property, plant and equipment written off	60	31
Interest income	(257)	(112)
Finance costs	52	4
Share of results of associate (net of tax)	(15)	(28)
Unrealised exchange loss/(gain)	1,384	(1,021)
	5,555	2,505
	4,483	4,058
Changes in working capital:		
Inventories	848	2,852
Trade and other receivables	1,837	(1,489)
Trade and other payables	(2,567)	(2,558)
Cash from operating activities	4,601	2,863
Income tax (paid)/refunded	(62)	1,028
Net cash from operating activities	4,539	3,891
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,095)	(1,275)
Proceeds from disposal of property, plant and equipment	556	28
Dividend from associate	-	486
Interest income received	257	112
Net cash used in investing activities	(1,282)	(649)
Cash flows from financing activities		
Proceeds from short term borrowings and financial lease liabilities	3,301	-
Repayment of short term borrowings and financial lease liabilities	(3,973)	(1,012)
Finance costs paid	(52)	(4)
Deposits pledged	(449)	(152)
Net cash used in financing activities	(1,173)	(1,168)
Net increase in cash and cash equivalents	2,084	2,074
Cash and cash equivalents at beginning of financial period	72,996	46,067
Effects of exchange rate fluctuations on cash held	(593)	473
Cash and cash equivalents at end of financial period	74,487	48,614

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of:

Group	As at 31 Mar	
	2014 S\$'000	2013 S\$'000
Cash at bank and in hand	36,152	35,429
Deposits with banks	38,916	12,806
Short-term investments	3,911	3,552
Cash and cash equivalents	78,979	51,787
Deposits pledged	(4,492)	(3,173)
Cash and cash equivalents in the consolidated statement of cash flows	74,487	48,614

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

For the Quarter Ended 31 Mar (Group)

	Attributable to equity holders of the Company								Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total attributable to equity S\$'000		
Group - 2014										
At 1 Jan 14	119,362	140	9,891	789	(6,534)	1,627	37,858	163,133	19,368	182,501
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	(833)	-	-	(833)	35	(798)
(Loss)/profit for the quarter	-	-	-	-	-	-	(1,421)	(1,421)	78	(1,343)
Total comprehensive income for the quarter	-	-	-	-	(833)	-	(1,421)	(2,254)	113	(2,141)
At 31 March 2014	119,362	140	9,891	789	(7,367)	1,627	36,437	160,879	19,481	180,360
	Attributable to equity holders of the Company								Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total attributable to equity S\$'000		
Group - 2013										
At 1 Jan 13	119,272	140	9,772	789	(7,088)	1,627	31,337	155,849	17,960	173,809
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	859	-	-	859	50	909
Profit/(loss) for the quarter	-	-	-	-	-	-	1,059	1,059	(249)	810
Total comprehensive income for the quarter	-	-	-	-	859	-	1,059	1,918	(199)	1,719
At 31 March 2013	119,272	140	9,772	789	(6,229)	1,627	32,396	157,767	17,761	175,528

For the Quarter Ended 31 Mar (Company)

Company - 2014	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 Jan 14	119,362	789	1,153	(15,412)	105,892
Profit for the quarter	-	-	-	245	245
Total comprehensive income for the quarter	-	-	-	245	245
At 31 Mar 14	119,362	789	1,153	(15,167)	106,137

Company - 2013	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 Jan 13	119,272	789	1,153	(16,078)	105,136
Profit for the quarter	-	-	-	612	612
Total comprehensive income for the quarter	-	-	-	612	612
At 31 Mar 13	119,272	789	1,153	(15,466)	105,748

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuers, 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

Group	Share Options		Ordinary Shares	
	Period Ended 31 Mar/ 2014 (unaudited)	31 Dec 2013 (unaudited)	Period Ended 31 Mar/ 2014 (unaudited)	31 Dec 2013 (unaudited)
As at 1 Jan	34,060	53,040	732,835	731,835
Exercised during the financial period (\$0.09)	-	(1,000)	-	1,000
Forfeited during the financial period (\$0.09)	-	(17,980)	-	-
As at 31 Mar / 31 Dec	34,060	34,060	732,835	732,835

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 immediate preceding year.

The total number of issued ordinary shares excluding treasury shares as at 31 March 2014 was 732,834,775 (31 December 2013: 732,834,775).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares 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.

These figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2013.

However, the Group adopted the new and revised Financial Reporting Standards and interpretations that are mandatory and relevant to the Group for the financial year beginning on or after 1 January 2014. These are assessed to have no material impact to the Group's financial statements.

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

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Group	Quarter Ended 31-Mar	
	2014 (unaudited)	2013 (unaudited)
<i>(Loss)/earnings per share</i>		
- basic (cents)	(0.19)	0.14
- diluted (cents)	(0.19)	0.14

(Loss)/earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 732,834,775 (2013: 731,834,775).

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 March 2014 and 31 March 2013.

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 period reported on and (b) immediately preceding financial year

	Group As at		Company As at	
	31 Mar 14 (unaudited)	31 Dec 13 (audited)	31 Mar 14 (unaudited)	31 Dec 13 (audited)
Net asset value (S\$'000)	160,879	163,133	106,137	105,892
Issued capital at the end of the period ('000)	732,835	732,835	732,835	732,835
Net asset value per Ordinary Share (cents)	21.95	22.26	14.48	14.45

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Overview

The Group is in the business of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies and investment holding. The Group has integrated manufacturing facilities in Singapore, Malaysia and China.

Revenue

The Group's revenue decreased by S\$8.0 million or 11.8% from S\$67.5 million in Q1 2013 to S\$59.5 million in the current quarter under review. The decrease in revenue was mainly due to the decrease in revenue in Malaysia segment as a result of reduction in orders.

Profitability

Cost of sales and gross profit

Cost of sales decreased by S\$6.7 million or 10.9% from S\$60.9 million in Q1 2013 to S\$54.2 million in the current quarter under review. The decrease in cost of sales was a result of the decrease in revenue.

Gross profit decreased by S\$1.3 million or 20.0% from gross profit of S\$6.6 million in Q1 2013 to S\$5.3 million in the current quarter under review. Gross profit margin was 8.9% for current quarter under review as compared to 9.8% in Q1 2013. The deterioration of gross profit margin was mainly due to decrease in profit margin in China segment and increase in depreciation charge as a result of the reversal of impairment loss on property, plant and equipment of S\$5.6 million at end of year 2013.

Other income

Other income decreased by S\$0.7 million or 33.7% from other income of S\$2.2 million in Q1 2013 to S\$1.5 million in the current quarter under review. The decrease in other income was mainly due to foreign exchange loss of S\$0.8 million in current quarter under review (classified under other operating expenses) as compared to a foreign exchange gain of S\$1.1 million classified under other income in the last corresponding period.

Other operating expenses

Other operating expenses increased by S\$0.9 million in current quarter under review mainly due to the foreign exchange loss of S\$0.8 million classified under other operating expenses as opposed to foreign exchange gain of S\$1.1 million in Q1 2013 which was recorded under other income.

The foreign exchange loss was resulted from the translation of receivables, cash, payables and borrowings denominated in foreign currencies to the functional currencies of the respective companies in the Group. The foreign exchange loss mainly arose from China and Singapore segments. As China companies are at net SGD liabilities position, the strengthening of SGD against the RMB (from RMB: SGD = 1: 0.2090 in Dec 2013 to 0.2030 in Mar 2014) had resulted in the China companies recording an exchange loss in Q1 2014. The foreign exchange loss was partly resulted from Singapore segment which is mainly affected by its USD assets position. The weakening of USD against the Singapore Dollar (from USD: SGD = 1: 1.2649 in Dec 2013 to 1.2605 in Mar 2014) had resulted in the Singapore companies suffered foreign exchange loss.

(Loss)/profit before income tax

The Group recorded a loss before income tax of S\$1.1 million in the current quarter under review as opposed to profit before income tax of S\$1.6 million in the last corresponding quarter. This was mainly due to decrease in gross profit and the foreign exchange loss of S\$0.8 million recorded in Q1 2014.

Income tax expense

Income tax expense of S\$0.3 million in the current quarter mainly arose from the profitable China and Malaysian subsidiaries.

Cash Flow

The Group's cash and cash equivalents (excluding cash deposits pledged) stood at S\$74.5 million, an increase of S\$2.1 million from cash and cash equivalents as at 31 December 2013. The increase in cash and cash equivalents mainly arose from net cash inflows from operating activities of S\$4.5 million. The net cash inflow from operating activities was partly offset by net cash used in investing activities which mainly arose from payment for purchase of property, plant and equipment.

Balance Sheet

Financial liabilities

Financial liabilities decreased by S\$0.6 million or 18.2% from S\$3.3 million as at 31 December 2013 to S\$2.7 million as at 31 March 2014. The decrease in financial liabilities was mainly due to repayment of bank borrowing.

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**

The industry in which the Group operates in has become more competitive with excess capacity in the industry. Price pressure from customers, rising operating costs, and the movement in USD remain the key challenges that the Group faces. The Group will continue to improve operation efficiency and maximize resources to reduce the impact of rising operating costs. In addition, the Group will actively review the pricing of the products.

11. **Dividend**

- (a) ***Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on?

No dividends have been recommended or declared in the first quarter ended 31 March 2014.

- (b) ***Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividends were recommended or declared for the same quarter of last year.

- (c) **Date payable**

Not applicable.

- (d) **Books closure date**

Not applicable.

12. **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.**

There is no general mandate obtained from shareholders for IPTs.

There were no IPTs for the period ended 31 March 2014.

13. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

We, Ho Kang Peng and Ching Heng Yang, being two directors of Fu Yu Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to attention of the Board of Directors of the Company which may render the Q1 2014 financial statement to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ho Kang Peng
Executive Director
Chief Executive Officer

Ching Heng Yang
Vice Chairman
Executive Director

BY ORDER OF THE BOARD

Low Siew Tian
Company Secretary
Singapore, 14 May 2014