



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND
CASH FLOWS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2015**

Third 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 third quarter ended 30 September 2015.

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2015 S\$'000 (unaudited)	2014 S\$'000 (unaudited)		2015 S\$'000 (unaudited)	2014 S\$'000 (unaudited)	
Revenue	55,647	64,573	(13.8)	172,188	186,976	(7.9)
Cost of sales	(46,918)	(55,672)	(15.7)	(146,608)	(164,264)	(10.7)
Gross profit	8,729	8,901	(1.9)	25,580	22,712	12.6
Other income	2,523	2,790	(9.6)	7,040	7,242	(2.8)
Selling and administrative expenses	(8,844)	(7,783)	13.6	(23,447)	(22,982)	2.0
Other operating income/(expenses)	3,353	1,245	NM	4,322	(271)	NM
Results from operating activities	5,761	5,153	11.8	13,495	6,701	
Finance costs	-	(44)	(100.0)	(11)	(125)	(91.2)
Share of profit/(loss) of equity accounted investee (net of tax)	207	(25)	NM	604	(27)	NM
Profit before income tax	5,968	5,084	17.4	14,088	6,549	NM
Income tax expense	(480)	(601)	(20.1)	(2,219)	(1,371)	61.9
Profit for the period	5,488	4,483	22.4	11,869	5,178	NM
Attributable to:						
Owners of the Company	4,734	4,246	11.5	10,201	4,545	NM
Non-controlling interests	754	237	NM	1,668	633	NM
Profit for the period	5,488	4,483	22.4	11,869	5,178	NM
Earnings per share						
- basic earnings per share (cents)	0.63	0.58	8.6	1.35	0.62	NM
- diluted earnings per share (cents)	0.63	0.58	8.6	1.35	0.62	NM
N.M denotes Not Meaningful						

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2015 S\$'000 (unaudited)	2014 S\$'000 (unaudited)		2015 S\$'000 (unaudited)	2014 S\$'000 (unaudited)	
Profit for the period	5,488	4,483	22.4	11,869	5,178	NM
Other comprehensive income						
Items that are or may be reclassified						
subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	<u>(4,795)</u>	<u>1,066</u>	NM	<u>(7,303)</u>	<u>406</u>	NM
Total other comprehensive income for the period (net of tax)	<u>(4,795)</u>	<u>1,066</u>	NM	<u>(7,303)</u>	<u>406</u>	NM
Total comprehensive income for the period	<u>693</u>	<u>5,549</u>	(87.5)	<u>4,566</u>	<u>5,584</u>	(18.2)
Total comprehensive income						
attributable to:						
Owners of the Company	2,059	5,309	(61.2)	6,198	4,767	30.0
Non-controlling interests	(1,366)	240	NM	(1,632)	817	NM
Total comprehensive income for the period	<u>693</u>	<u>5,549</u>	(87.5)	<u>4,566</u>	<u>5,584</u>	(18.2)

N.M denotes Not Meaningful

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

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2015 S\$'000 (unaudited)	2014 S\$'000 (unaudited)		2015 S\$'000 (unaudited)	2014 S\$'000 (unaudited)	
Profit before income tax is arrived at after charging/(crediting) the following:						
Interest and investment income	(453)	(352)	28.6	(1,255)	(988)	27.0
Gain on disposal of property, plant and equipment	(20)	(473)	(95.7)	(307)	(803)	(61.7)
Foreign exchange (gain)/loss, net	(3,388)	(1,446)	NM	(4,390)	166	NM
Property, plant and equipment written off/ (back)	22	(16)	NM	51	48	6.3
Allowance made for doubtful trade and other receivables	14	217	(93.6)	17	276	(93.9)
Net reversal of impairment of property, plant and equipment	-	-	NM	-	(219)	NM
Depreciation and amortisation	3,387	3,873	(12.5)	10,556	12,285	(14.1)
Allowance made for/(write-back of) inventory obsolescence and inventories written off	130	6	NM	178	(61)	NM
Adjustments for overprovision for tax in respects of the prior years						
- Income tax	(64)	(14)	NM	(64)	(1)	NM
- Deferred tax	(312)	-	NM	(312)	-	NM
Gain on liquidation of subsidiary	(391)	-	NM	(391)	-	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 30 Sep 15 S\$'000 (unaudited)	As at 31 Dec 14 S\$'000 (audited)	As at 30 Sep 15 S\$'000 (unaudited)	As at 31 Dec 14 S\$'000 (audited)
Non-current assets				
Property, plant and equipment	54,848	61,394	12,317	12,684
Investment property	8,415	10,085	-	-
Subsidiaries	-	-	67,212	69,402
Joint venture	2,566	3,106	-	-
Deferred tax assets	602	1,280	-	-
	66,431	75,865	79,529	82,086
Current assets				
Inventories	15,377	17,120	2,423	2,242
Trade and other receivables	70,058	79,704	11,530	11,510
Tax recoverable	87	5	-	-
Amount due from subsidiary companies	-	-	11,752	5,351
Short term investments	3,660	6,052	-	-
Cash and cash equivalents	96,140	83,329	21,777	18,051
	185,322	186,210	47,482	37,154
Total assets	251,753	262,075	127,012	119,240
Equity attributable to equity holders of the Company				
Share capital	102,158	121,176	102,158	121,176
Reserves	73,309	53,740	13,149	(13,311)
	175,467	174,916	115,307	107,865
Non-controlling interests	18,443	20,244	-	-
Total equity	193,910	195,160	115,307	107,865
Non-current liabilities				
Trade and other payables	225	787	225	787
Financial liabilities	-	12	-	-
Deferred tax liabilities	332	370	82	82
	557	1,169	307	869
Current liabilities				
Trade and other payables	55,809	62,385	8,511	7,593
Amounts due to subsidiary companies	-	-	2,887	2,913
Financial liabilities	-	1,365	-	-
Tax payable	1,477	1,996	-	-
	57,286	65,746	11,398	10,506
Total liabilities	57,843	66,915	11,705	11,375
Total equity and liabilities	251,753	262,075	127,012	119,240

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

Amount repayable in one year or less, or on demand

GROUP	30 Sep 2015 S\$'000 (unaudited)	31 Dec 2014 S\$'000 (audited)
Secured bank loans	-	1,361
Finance lease liabilities-secured	-	4
	-	1,365

Amount repayable after one year

GROUP	30 Sep 2015 S\$'000 (unaudited)	31 Dec 2014 S\$'000 (audited)
Finance lease liabilities-secured	-	12

Details of any collateral

In 2014, 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 as at 31 December 2014 were 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 30-Sep		9 Months Ended 30-Sep	
	2015	2014	2015	2014
	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)
Cash flows from operating activities				
Profit before income tax	5,968	5,084	14,088	6,549
Adjustments for:				
Depreciation of property, plant and equipment and investment property	3,387	3,873	10,556	12,285
Net reversal impairment of property, plant and equipment	-	-	-	(219)
Gain on liquidation of subsidiary	(391)	-	(391)	-
Gain on disposal of property, plant and equipment	(20)	(473)	(307)	(803)
Property, plant and equipment written off/(back)	22	(16)	51	48
Interest and investment income	(453)	(352)	(1,255)	(988)
Finance costs	-	44	11	125
Share of (profit)/loss of equity-accounted investee (net of tax)	(207)	25	(604)	27
Unrealised exchange (gain)/loss	(149)	(1,241)	(277)	484
	2,189	1,860	7,784	10,959
	8,157	6,944	21,872	17,508
Changes in working capital:				
Inventories	515	253	1,705	465
Trade and other receivables	1,847	5,931	10,716	2,348
Trade and other payables	(517)	(1,090)	(7,190)	(5,169)
Cash from operating activities	10,002	12,038	27,103	15,152
Tax paid	(738)	(481)	(2,208)	(582)
Net cash from operating activities	9,264	11,557	24,895	14,570
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,452)	(3,616)	(5,355)	(9,186)
Proceeds from disposal of property, plant and equipment	25	716	341	1,805
Dividend from joint venture	(19)	-	682	497
(Placement)/ Withdrawal of short-term investments	(868)	(202)	1,651	(2,101)
Interest income received	453	352	1,255	988
Net cash used in investing activities	(1,861)	(2,750)	(1,426)	(7,997)
Cash flows from financing activities				
Proceeds from short term borrowings and financial lease liabilities	9	3,694	1,104	9,069
Repayment of short term borrowings and financial lease liabilities	(20)	(3,628)	(2,516)	(10,114)
Dividend paid to minority shareholders of a subsidiary company	(169)	-	(169)	-
Dividend paid to shareholders of the company	(1,882)	-	(1,882)	-
Capital reduction	(3,765)	-	(3,765)	-
Finance costs paid	-	(44)	(11)	(125)
Deposit (pledged)/discharged	(23)	1,021	(4)	297
Proceeds from issue of share	-	-	-	185
Net cash (used in)/from financing activities	(5,850)	1,043	(7,243)	(688)
Net increase in cash and cash equivalents	1,553	9,850	16,226	5,885
Cash and cash equivalents at beginning of financial period	93,492	64,654	79,921	69,115
Effects of exchange rate fluctuations on cash held	(1,806)	738	(2,908)	242
Cash and cash equivalents at end of financial period	93,239	75,242	93,239	75,242

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

Group	As at 30 Sep	
	2015 S\$'000	2014 S\$'000
Cash at bank and in hand	37,095	38,119
Deposits with banks	59,045	40,910
Cash and cash equivalents in the statements of financial position	96,140	79,029
Deposits pledged	(2,901)	(3,787)
Cash and cash equivalents in the consolidated statement of cash flows	93,239	75,242

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 30 Sep (Group)

Group - 2015	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 holders of the Company S\$'000		
At 1 July 2015	121,176	140	6,073	789	(7,844)	1,627	57,094	179,055	19,978	199,033
Other comprehensive income for the quarter - Foreign currency translation differences	-	-	-	-	(2,675)	-	-	(2,675)	(2,120)	(4,795)
Profit for the quarter	-	-	-	-	-	-	4,734	4,734	754	5,488
Total comprehensive income for the quarter	-	-	-	-	(2,675)	-	4,734	2,059	(1,366)	693
Dividend paid to shareholders of the company	-	-	-	-	-	-	(1,882)	(1,882)	-	(1,882)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(169)	(169)
Transfer of reserves	-	-	(319)	-	-	(1,627)	1,946	-	-	-
Capital reduction	(19,018)	-	-	-	-	-	15,253	(3,765)	-	(3,765)
At 30 September 2015	102,158	140	5,754	789	(10,519)	-	77,145	175,467	18,443	193,910

Group - 2014	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 holders of the Company S\$'000		
At 1 July 2014	119,547	140	9,891	789	(7,375)	1,627	38,157	162,776	19,945	182,721
Other comprehensive income for the quarter - Foreign currency translation differences	-	-	-	-	1,063	-	-	1,063	3	1,066
profit for the quarter	-	-	-	-	-	-	4,246	4,246	237	4,483
Total comprehensive income for the quarter	-	-	-	-	1,063	-	4,246	5,309	240	5,549
At 30 September 2014	119,547	140	9,891	789	(6,312)	1,627	42,403	168,085	20,185	188,270

For the Period Ended 30 Sep (Group)

Group - 2015	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 holders of the Company S\$'000		
At 1 January 2015	121,176	140	6,073	789	(6,516)	1,627	51,627	174,916	20,244	195,160
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	(4,003)	-	-	(4,003)	(3,300)	(7,303)
Profit for the period	-	-	-	-	-	-	10,201	10,201	1,668	11,869
Total comprehensive income for the period	-	-	-	-	(4,003)	-	10,201	6,198	(1,632)	4,566
Dividend paid to shareholders of the company	-	-	-	-	-	-	(1,882)	(1,882)	-	(1,882)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(169)	(169)
Transfer of reserves	-	-	(319)	-	-	(1,627)	1,946	-	-	-
Capital reduction	(19,018)	-	-	-	-	-	15,253	(3,765)	-	(3,765)
At 30 September 2015	102,158	140	5,754	789	(10,519)	-	77,145	175,467	18,443	193,910

Group - 2014	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 holders of the Company S\$'000		
At 1 January 2014	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	-	-	-	-	222	-	-	222	184	406
Profit for the period	-	-	-	-	-	-	4,545	4,545	633	5,178
Total comprehensive income for the period	-	-	-	-	222	-	4,545	4,767	817	5,584
- Share options exercised	185	-	-	-	-	-	-	185	-	185
At 30 September 2014	119,547	140	9,891	789	(6,312)	1,627	42,403	168,085	20,185	188,270

For the Quarter Ended 30 Sep (Company)

Company - 2015	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	(Accumulated losses)/ retained earnings S\$'000	Total equity S\$'000
At 1 July 2015	121,176	789	1,153	(11,074)	112,044
Profit for the quarter	-	-	-	8,910	8,910
Total comprehensive income for the quarter	-	-	-	8,910	8,910
Dividend paid to shareholders of the Company	-	-	-	(1,882)	(1,882)
Capital reduction	(19,018)	-	-	15,253	(3,765)
Transfer of reserve	-	-	(1,153)	1,153	-
At 30 September 2015	102,158	789	-	12,360	115,307

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 July 2014	119,547	789	1,153	(14,732)	106,757
Profit for the quarter	-	-	-	1,605	1,605
Total comprehensive income for the quarter	-	-	-	1,605	1,605
At 30 September 2014	119,547	789	1,153	(13,127)	108,362

For the Period Ended 30 Sep (Company)

Company - 2015	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	(Accumulated losses)/ retained earnings S\$'000	Total equity S\$'000
At 1 January 2015	121,176	789	1,153	(15,253)	107,865
Profit for the period	-	-	-	13,089	13,089
Total comprehensive income for the period	-	-	-	13,089	13,089
Dividend paid to shareholders of the Company	-	-	-	(1,882)	(1,882)
Capital reduction	(19,018)	-	-	15,253	(3,765)
Transfer of reserve	-	-	(1,153)	1,153	-
At 30 September 2015	102,158	789	-	12,360	115,307

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 January 2014	119,362	789	1,153	(15,412)	105,892
Profit for the period	-	-	-	2,285	2,285
Total comprehensive income for the period	-	-	-	2,285	2,285
Share options exercised	185	-	-	-	185
At 30 September 2014	119,547	789	1,153	(13,127)	108,362

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 30 Sep/ 2015 (unaudited)	31 Dec 2014 (unaudited)	Period Ended 30 Sep/ 2015 (unaudited)	31 Dec 2014 (unaudited)
As at 1 Jan	-	34,060	752,995	732,835
Exercised during the financial period (\$0.09)	-	(20,160)	-	20,160
Forfeited during the financial period (\$0.09)	-	(13,900)	-	-
As at 30 Sep/ 31 Dec	-	-	752,995	752,995

* Includes replacement options in respect of 3,000,000 shares granted to certain non-executive directors as detailed in the circular dated 1 October 2014.

The Fu Yu Employees Share Option Scheme expired on 31 December 2014.

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 30 September 2015 was 752,994,775 (31 December 2014: 752,994,775).

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 2014.

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 2015. These are assessed to have no material impact to the Group's financial statements.

Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Group. The Group does not plan to adopt these standards early.

- FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* will replace FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements.

The Group is currently assessing the impact upon adoption of this standard in financial year ending 31 December 2017.

- FRS 109: *Financial Instruments*

The standard replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group is currently assessing the impact on adoption of this standard in financial year ending 31 December 2018.

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 30-Sep		9 Months Ended 30-Sep	
	2015 (unaudited)	2014 (unaudited)	2015 (unaudited)	2014 (unaudited)
<u>Earnings per share</u>				
- basic (cents)	0.63	0.58	1.35	0.62
- diluted (cents)	0.63	0.58	1.35	0.62

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 752,994,775 (2014: 733,563,163).

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 30 September 2015.

In 2014, the diluted earnings per ordinary share on existing issued share capital was computed based on the diluted weighted average number of shares in issue during the period of 734,291,233, with the assumption that the resolutions for ratification of Employees Share Options and grant of new share options as replacement options were approved by the shareholders on 30 September 2014 and that the outstanding share options is 21,010,000 as at 30 September 2014.

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	
	30 Sep 15 (unaudited)	31 Dec 14 (audited)	30 Sep 15 (unaudited)	31 Dec 14 (audited)
Net asset value (S\$'000)	175,467	174,916	115,307	107,865
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	23.30	23.23	15.31	14.32

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\$9.0 million or 13.8% from S\$64.6 million in Q3 2014 to S\$55.6 million in the current quarter under review. For the nine months ended 30 September 2015, the Group's revenue decreased by S\$14.8 million or 7.9% from S\$187.0 million in the last corresponding period to S\$172.2 million in the current period under review.

The decrease in revenue for the quarter and period ended 30 September 2015 was due to the decrease in revenue in China and Malaysia segments as a result of falling orders and weak demand. The decrease in revenue in China and Malaysia segments was partially offset by the increase in revenue in Singapore segment.

Profitability

Cost of sales

Cost of sales decreased by S\$8.8 million or 15.7% from S\$55.7 million in Q3 2014 to S\$46.9 million in Q3 2015. For the nine months ended 30 September 2015, cost of sales decreased by S\$17.7 million or 10.7% from S\$164.3 million in the last corresponding period to S\$146.6 million in the current period under review. Other than the decrease in revenue, right-sizing exercises that were carried out in some of the Group's operations drove the cost of production down.

Gross profit

Gross profit decreased by S\$0.2 million or 1.9% from S\$8.9 million in Q3 2014 to S\$8.7 million in Q3 2015. Gross profit margin was 15.7% and 13.8% for Q3 2015 and Q3 2014 respectively. Gross profit for nine months period increased by S\$2.9 million or 12.6% from S\$22.7 million in the last corresponding period to S\$25.6 million in the current period under review. Gross profit margin was 14.9% for nine months ended 30 September 2015 as compared to 12.2% in the same period last year.

The Group's gross profit margin improved in current quarter and period ended 30 September 2015 despite the decrease in revenue was partly attributed to better cost management and better utilization of facilities by right-sizing some of its operations and carrying out lean manufacturing activities. The better gross profit margin was also contributed by the appreciation of US dollars against Singapore dollars, Ringgit Malaysia and Chinese Renminbi, which are the local currencies where the Group operates in. In addition, fixed costs such as depreciation decreased as certain property, plant and equipment were fully depreciated in the current quarter and current period under review.

Selling and administrative expenses

The Group's selling and administrative expenses increased by S\$1.1 million or 13.6% from S\$7.7 million in Q3 2014 to S\$8.8 million in Q3 2015. The increase in selling and administrative expenses was mainly due to increase in employees remuneration and withholding tax paid, partly offset by decrease in professional fee and relocation cost incurred by a Malaysian subsidiary for moving to its new buildings in September 2014.

Other operating income/(expenses)

Other operating income increased by S\$2.2 million from S\$1.2 million in Q3 2014 to S\$3.4 million in Q3 2015. This was mainly contributed by the increase in foreign exchange gain by S\$1.9 million from S\$1.5 million in Q3 2014 to S\$3.4 million in Q3 2015.

For the nine months ended 30 September 2015, other operating income increased by S\$4.6 million, from other operating expenses of S\$0.3 million in the last corresponding period to other operating income of S\$4.3 million in the current period under review. This was mainly

due to foreign exchange gain of S\$4.4 million in the current period, compared to a foreign exchange loss of S\$0.2 million in the last corresponding period.

The Group's foreign exchange gain in the current quarter and period under review 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 strengthening of USD against the Singapore Dollar, Malaysia Ringgit and Chinese Renminbi had contributed to the foreign exchange gain in the current quarter and period under review as the Group is at net USD assets position.

Finance costs

Finance costs decreased in the current quarter and current period under review as compared to the same period last year. This was due to full repayment of bank borrowings in Q1 2015.

Profit before income tax

The Group's profit before income tax increased by S\$0.9 million or 17.4% from S\$5.1 million in Q3 2014 to S\$6.0 million in Q3 2015. The increase was largely contributed by the increase in foreign exchange gain by S\$1.9 million.

For the nine months ended 30 September 2015, the Group's profit before income tax increased by S\$7.6 million from S\$6.5 million in the last corresponding period to S\$14.1 million in the current period under review. The increase in profit before income tax was mainly attributed to improvement in gross profit by S\$2.9 million as well as foreign exchange gain of S\$4.4 million in the current period as compared to foreign exchange loss of S\$0.2 million in the last corresponding period.

Income tax expense

The Group recorded income tax expenses of S\$0.5 million in Q3 2015 with effective tax rate of 8.0%. The low effective tax rate was due mainly to the utilization of deferred tax assets not recognised in prior years.

The income tax expense of S\$2.2 million in current period under review mainly arose from the profitable China and Malaysia subsidiaries.

Cash Flow

The Group's cash and cash equivalents (excluding cash deposits pledged) stood at S\$93.2 million as at 30 September 2015, an increase of S\$13.3 million (including effects of exchange rate fluctuation on cash held) from cash and cash equivalents as at 31 December 2014.

The increase in cash and cash equivalents was mainly attributed to net cash generated from operating activities of S\$24.9 million, offset by payments for purchase of property, plant and equipment of S\$5.4 million, cash distribution to shareholders through capital reduction of S\$3.8 million, dividends payment to shareholders of the Company of S\$1.9 million, and net repayment of short term borrowings and financial lease liabilities of S\$1.4 million.

Statement of financial position

Inventories

Inventories decreased by S\$1.7 million or 10.2% from S\$17.1 million as at 31 December 2014 to S\$15.4 million as at 30 September 2015. The decrease in inventories was in line with the decrease in revenue in Q3 2015.

Investment property

Investment property decreased by S\$1.7 million or 16.6% from S\$10.1 million as at 31 December 2014 to S\$8.4 million as at 30 September 2015. The decrease in investment property was mainly due to movement in foreign currency translation arising from depreciation of Malaysia Ringgit against Singapore dollar.

Trade and other receivables

Trade and other receivables decreased by S\$9.6 million or 12.0% from S\$79.7 million as at 31 December 2014 to S\$70.1 million as at 30 September 2015. The decrease in trade and other receivables was in line with the decrease in revenue in Q3 2015 as compared to Q4 2014's revenue.

Short-term investments

Short-term investments decreased by S\$2.4 million or 39.3% from S\$6.1 million as at 31 December 2014 to S\$3.7 million as at 30 September 2015. The decrease was mainly due to withdrawal of short-term investments for payment of purchase of property, plant and equipment.

Trade and other payables

Trade and other payables decreased by S\$7.2 million or 11.4% from S\$63.2 million as at 31 December 2014 to S\$56.0 million as at 30 September 2015. The decrease in trade and other payables was in line with the decrease in cost of sales in Q3 2015 as compared to Q4 2014. The decrease in other payables was partly due to the payment of accrued incentive bonus.

Financial liabilities

Financial liabilities decreased by S\$1.4 million. This was due to repayment of bank borrowings of S\$2.5 million, partially offset by proceeds from bank borrowings of S\$1.1 million.

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 Group has seen improvement in its operations from the efforts in right-sizing some of its operations, increasing productivity by maximizing resources and improving efficiency and containing costs. However, the Group does not expect the challenges that it has been facing such as excess capacity and intense price competition in the industry, price pressures from customers and rising operating costs will ease off in the near future. In addition to that, the slower economic growth in the region adds to the challenges going forward. The Group intends to continue to improve operations efficiency, increase productivity by maximizing resources as well as containing costs so as to stay competitive. The movement in US Dollar is also expected to have some impact on the Group's results.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Second Interim Dividend
Dividend Type	Cash
Dividend Rate	0.25 cent per ordinary share
Tax rate	One-tier tax exempt

(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

8 December 2015.

(d) Books closure date

30 November 2015.

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 30 September 2015.

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

We, Hew Lien Lee 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 Q3 2015 financial statement to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hew Lien Lee
Executive Director
Acting Chief Executive Officer

Ching Heng Yang
Vice Chairman
Executive Director

BY ORDER OF THE BOARD

Low Siew Tian
Company Secretary
Singapore, 12 November 2015