



**FU YU CORPORATION LIMITED**

**SGX APPENDIX 7.2 ANNOUNCEMENT  
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND  
CASH FLOWS FOR THE FIRST QUARTER ENDED  
31 MARCH 2015**

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 Limited wishes to announce the unaudited results of the Group for the first quarter ended 31 March 2015.

GROUP	Quarter Ended 31-Mar		Change %
	2015 S\$'000	2014 S\$'000	
Revenue	58,100	59,468	(2.3)
Cost of sales	(49,523)	(54,201)	(8.6)
<b>Gross profit</b>	<b>8,577</b>	<b>5,267</b>	<b>62.8</b>
Other income	2,161	2,066	4.6
Selling and administrative expenses	(7,260)	(7,538)	(3.7)
Other operating income/(expenses)	1,425	(830)	NM
Finance costs	(11)	(52)	(78.8)
Share of profit of equity-accounted investee (net of tax)	255	15	NM
<b>Profit/(Loss) before income tax</b>	<b>5,147</b>	<b>(1,072)</b>	<b>NM</b>
Tax expense	(667)	(271)	NM
<b>Profit/(Loss) for the period</b>	<b>4,480</b>	<b>(1,343)</b>	<b>NM</b>
<b>Attributable to:</b>			
Owners of the Company	4,039	(1,421)	NM
Non-controlling interests	441	78	NM
<b>Profit/(Loss) for the period</b>	<b>4,480</b>	<b>(1,343)</b>	<b>NM</b>
<b>Earning/(Loss) per share</b>			
- basic earnings/(loss) per share (cents)	<b>0.54</b>	<b>(0.19)</b>	<b>NM</b>
- diluted earnings/(loss) per share (cents)	<b>0.54</b>	<b>(0.19)</b>	<b>NM</b>
N.M denotes Not Meaningful			

**Consolidated Statement of Comprehensive Income**

GROUP	Quarter Ended 31-Mar		Change %
	2015 S\$'000	2014 S\$'000	
<b>Profit/(Loss) for the period</b>	<b>4,480</b>	<b>(1,343)</b>	<b>NM</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified</b>			
<b>subsequently to profit or loss:</b>			
Foreign currency translation differences for foreign operations	1,926	(798)	NM
<b>Total comprehensive income for the period</b>	<b>6,406</b>	<b>(2,141)</b>	<b>NM</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	6,382	(2,254)	NM
Non-controlling interests	24	113	(78.8)
<b>Total comprehensive income for the period</b>	<b>6,406</b>	<b>(2,141)</b>	<b>NM</b>

N.M denotes Not Meaningful

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

GROUP	Quarter Ended 31-Mar		Change %
	2015 S\$'000	2014 S\$'000	
Profit/(Loss) before income tax is arrived at after charging/(crediting) the following:			
Interest and investment income	(393)	(257)	52.9
(Gain)/Loss on disposal of property, plant and equipment	(13)	91	NM
Foreign exchange (gain)/loss, net	(1,456)	827	NM
Property, plant and equipment written off	27	60	(55.0)
Allowance for doubtful trade and other receivables	3	8	(62.5)
Reversal of impairment on property, plant and equipment	-	(65)	NM
Depreciation and amortisation	3,636	4,305	(15.5)
Allowance for/(Write-back of) inventory obsolescence and inventories written off	10	(1)	NM
Adjustments for underprovision for tax in respects of the prior years			
- Income tax	-	-	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 15 S\$'000	As at 31 Dec 14 S\$'000	As at 31 Mar 15 S\$'000	As at 31 Dec 14 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	60,987	61,394	12,455	12,684
Investment property	9,828	10,085	-	-
Subsidiaries	-	-	70,510	69,402
Joint venture	2,594	3,106	-	-
Deferred tax assets	1,121	1,280	-	-
	74,530	75,865	82,965	82,086
<b>Current assets</b>				
Inventories	17,976	17,120	2,882	2,242
Trade and other receivables	77,230	79,704	11,281	11,510
Tax recoverable	-	5	-	-
Amount due from subsidiary companies	-	-	5,351	5,351
Short term investments	5,085	6,052	-	-
Cash and cash equivalents	88,837	83,329	20,254	18,051
	189,128	186,210	39,768	37,154
<b>Total assets</b>	<b>263,658</b>	<b>262,075</b>	<b>122,733</b>	<b>119,240</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	121,176	121,176	121,176	121,176
Reserves	60,122	53,740	(9,982)	(13,311)
	181,298	174,916	111,194	107,865
Non-controlling interests	20,268	20,244	-	-
<b>Total equity</b>	<b>201,566</b>	<b>195,160</b>	<b>111,194</b>	<b>107,865</b>
<b>Non-current liabilities</b>				
Trade and other payables	787	787	787	787
Financial liabilities	12	12	-	-
Deferred tax liabilities	358	370	82	82
	1,157	1,169	869	869
<b>Current liabilities</b>				
Trade and other payables	59,244	62,385	6,956	7,593
Financial liabilities	2	1,365	-	-
Amounts due to subsidiary companies	-	-	3,714	2,913
Tax payable	1,689	1,996	-	-
	60,935	65,746	10,670	10,506
<b>Total liabilities</b>	<b>62,092</b>	<b>66,915</b>	<b>11,539</b>	<b>11,375</b>
<b>Total equity and liabilities</b>	<b>263,658</b>	<b>262,075</b>	<b>122,733</b>	<b>119,240</b>

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

**Amount repayable in one year or less, or on demand**

<b>GROUP</b>	<b>31 Mar 2015 S\$'000</b>	<b>31 Dec 2014 S\$'000</b>
Secured bank loans	-	1,361
Finance lease liabilities-secured	2	4
	<u>2</u>	<u>1,365</u>

**Amount repayable after one year**

<b>GROUP</b>	<b>31 Mar 2015 S\$'000</b>	<b>31 Dec 2014 S\$'000</b>
Finance lease liabilities - secured	12	12

**Details of any collateral**

In 2014, the secured bank loans are secured by pledges over 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	
	2015 S\$'000	2014 S\$'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before income tax	5,147	(1,072)
<b>Adjustments for:</b>		
Depreciation and amortisation of property, plant and equipment and investment property	3,636	4,305
Reversal of impairment of property, plant and equipment	-	(65)
(Gain)/Loss on disposal of property, plant and equipment	(13)	91
Property, plant and equipment written off	27	60
Interest and investment income	(393)	(257)
Finance costs	11	52
Share of profit of equity-accounted investee (net of tax)	(255)	(15)
Unrealised exchange (gain)/loss	(271)	1,384
	<u>2,742</u>	<u>5,555</u>
	7,889	4,483
<b>Changes in working capital:</b>		
Inventories	(542)	848
Trade and other receivables	5,191	1,837
Trade and other payables	(4,116)	(2,567)
Cash from operating activities	<u>8,422</u>	<u>4,601</u>
Income tax paid	(885)	(62)
<b>Net cash from operating activities</b>	<b><u>7,537</u></b>	<b><u>4,539</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,669)	(2,095)
Proceeds from disposal of property, plant and equipment	24	556
Interest and investment income received	393	257
Withdrawal/(Placement) of short-term investments	851	(23)
<b>Net cash used in investing activities</b>	<b><u>(1,401)</u></b>	<b><u>(1,305)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from short term borrowings and financial lease liabilities	1,101	3,301
Repayment of short term borrowings and financial lease liabilities	(2,496)	(3,973)
Finance costs paid	(11)	(52)
Deposits discharged/(pledged)	126	(449)
<b>Net cash used in financing activities</b>	<b><u>(1,280)</u></b>	<b><u>(1,173)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>4,856</b>	<b>2,061</b>
Cash and cash equivalents at beginning of financial period	79,921	69,115
Effects of exchange rate fluctuations on cash held	843	(600)
<b>Cash and cash equivalents at end of financial period</b>	<b><u>85,620</u></b>	<b><u>70,576</u></b>

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

Group	As at 31 Mar	
	2015 S\$'000	2014 S\$'000
Cash at bank and in hand	44,133	36,152
Deposits with banks	44,704	38,916
Cash and cash equivalents	88,837	75,068
Deposits pledged	(3,217)	(4,492)
Cash and cash equivalents in the consolidated statement of cash flows	<b>85,620</b>	<b>70,576</b>

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 March (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	-	-	-	-	2,343	-	-	2,343	(417)	1,926
Profit for the quarter	-	-	-	-	-	-	4,039	4,039	441	4,480
Total comprehensive income for the quarter	-	-	-	-	2,343	-	4,039	6,382	24	6,406
<b>At 31 March 2015</b>	<b>121,176</b>	<b>140</b>	<b>6,073</b>	<b>789</b>	<b>(4,173)</b>	<b>1,627</b>	<b>55,666</b>	<b>181,298</b>	<b>20,268</b>	<b>201,566</b>

  

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	-	-	-	-	(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)
<b>At 31 March 2014</b>	<b>119,362</b>	<b>140</b>	<b>9,891</b>	<b>789</b>	<b>(7,367)</b>	<b>1,627</b>	<b>36,437</b>	<b>160,879</b>	<b>19,481</b>	<b>180,360</b>



**For the Quarter Ended 31 March (Company)**

Company - 2015	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2015	121,176	789	1,153	(15,253)	107,865
Profit for the quarter	-	-	-	3,329	3,329
Total comprehensive income for the quarter	-	-	-	3,329	3,329
<b>At 31 March 2015</b>	<b>121,176</b>	<b>789</b>	<b>1,153</b>	<b>(11,924)</b>	<b>111,194</b>

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 quarter	-	-	-	245	245
Total comprehensive income for the quarter	-	-	-	245	245
<b>At 31 March 2014</b>	<b>119,362</b>	<b>789</b>	<b>1,153</b>	<b>(15,167)</b>	<b>106,137</b>

**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/31 Dec 2015 ('000)	2014 ('000)	Period Ended 31 Mar/31 Dec 2015 ('000)	2014 ('000)
As at 1 January 2015/2014	-	34,060	752,995	732,835
Exercised during the financial period	-	(20,160) *	-	20,160
Forfeited during the financial period	-	(13,900)	-	-
As at 31 March 2015 / 31 December 2014	-	-	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 31 March 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 31-Mar	
	2015	2014
<i>Earnings/(Loss) per share</i>		
- basic (cents)	0.54	(0.19)
- diluted (cents)	0.54	(0.19)

Earnings/(Loss) 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: 732,834,775).

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive securities as at 31 March 2015 and 31 March 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	
	31 Mar 15	31 Dec 14	31 Mar 15	31 Dec 14
Net asset value (S\$'000)	181,298	174,916	111,194	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)	24.08	23.23	14.77	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\$1.4 million or 2.3% from S\$59.5 million in Q1 2014 to S\$58.1 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 from contract manufacturing business. The decrease in revenue in Malaysia segment was partially offset by the marginal increase in revenue in China and Singapore segments.

#### **Profitability**

##### **Cost of sales and gross profit**

Cost of sales decreased by S\$4.7 million or 8.6% from S\$54.2 million in Q1 2014 to S\$49.5 million in the current quarter under review. Other than decrease in revenue, cost of sales decreased as manufacturing costs were better managed and controlled.

Gross profit increased by S\$3.3 million or 62.8% from gross profit of S\$5.3 million in Q1 2014 to S\$8.6 million in the current quarter under review. Gross profit margin was 14.8% for current quarter under review as compared to 8.9% in Q1 2014. The Group's gross profit margin improved in current quarter despite the decrease in revenue mainly attributed to the decrease in low margin projects in the Malaysia segment and increase in higher margin projects in China and Singapore segments. In addition to that, the Group has better managed and reduced its costs by right-sizing some of its operations. The better gross profit margin was partly contributed by the strengthening of US dollars and the decrease in depreciation as certain property, plant and equipment were fully depreciated during the current quarter under review.

##### **Other operating income/(expenses)**

Other operating income increased by S\$2.2 million, from other operating expenses of S\$0.8 million in Q1 2014 to other operating income of S\$1.4 million in the current quarter under review. The increase in other operating income was mainly attributed to the exchange gain recorded in Q1 2015 of S\$1.5 million as opposed to foreign exchange loss of S\$0.8 million in Q1 2014.

The Group's foreign exchange gain in the current quarter 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 foreign exchange gain was mainly contributed by Singapore segment which is mainly affected by its USD assets position. The strengthening of USD against the Singapore Dollar (from USD: SGD = 1: 1.3214 in Dec 2014 to 1.3767 in Mar 2015) had resulted in the Singapore companies recording foreign exchange gain in the current quarter under review.

### **Finance costs**

Finance costs decreased in the current quarter as compared to Q1 2014 was mainly due to repayment of bank borrowings during the period under review.

### **Profit/(loss) before income tax**

The Group's profit before income tax increased by S\$6.2 million from loss before tax of S\$1.1 million in Q1 2014 to profit of S\$5.1 million in Q1 2015. The profit before income tax in Q1 2015 was mainly attributed to significant improvement in gross profit as well as increase in foreign exchange gain by S\$2.3 million in Q1 2015 as compared to Q1 2014.

### **Income tax expense**

Income tax expense of S\$0.7 million in the current quarter under review mainly arose from the profit-making China and Malaysian subsidiaries.

### **Cash Flow**

The Group's cash and cash equivalents (excluding cash deposits pledged) stood at S\$85.6 million as at 31 March 2015, an increase of S\$5.6 million (including effects of exchange rates fluctuations on cash held) from cash and cash equivalents as at 31 December 2014. The increase in cash and cash equivalents was attributed to net cash generated from operating activities of S\$7.5 million, offset by the net cash used in investing activities which arose mainly from the purchase of property, plant and equipment of S\$2.7 million, and net repayment of short term borrowings and financial lease liabilities of S\$1.4 million.

### **Statement of financial position**

#### **Financial liabilities**

Financial liabilities decreased by S\$1.4 million. This was mainly due to repayment of bank borrowing.

#### **Short-term investments**

Short-term investments decreased by S\$1.0 million or 16.0% from S\$6.1 million as at 31 December 2014 to S\$5.1 million as at 31 March 2015. The decrease in short term investments was mainly due to more funds were placed as deposits with banks.

**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 remains competitive. The challenges faced by the Group such as excess capacity in the industry, price pressure from customers and rising operating costs still remain. The movement in USD is also expected to have some impact on the Group's results. The Group has to continue to improve operations efficiency, increase productivity by maximizing resources as well as containing costs to stay competitive.

**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 2015.

**(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 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 Q1 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, 13 May 2015