



**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 2014**

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 2014.

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)		2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
Revenue	64,573	80,501	(19.8)	186,976	217,636	(14.1)
Cost of sales	(55,672)	(76,087)	(26.8)	(164,264)	(202,268)	(18.8)
Gross profit	8,901	4,414	101.7	22,712	15,368	47.8
Other income	2,076	1,757	18.2	5,390	13,320	(59.5)
Selling and administrative expenses	(7,069)	(8,029)	(12.0)	(20,911)	(22,569)	(7.3)
Other operating income/(expenses)	1,245	361	NM	(490)	(251)	NM
Finance costs	(44)	(8)	NM	(125)	(17)	NM
Share of profit of associate (net of tax)	(25)	195	NM	(27)	283	NM
Profit/(loss) before income tax	5,084	(1,310)	NM	6,549	6,134	6.8
Income tax expense	(601)	(290)	NM	(1,371)	(1,791)	(23.5)
Profit/(loss) for the period	4,483	(1,600)	NM	5,178	4,343	19.2
Attributable to:						
Owners of the Company	4,246	(1,940)	NM	4,545	2,620	73.5
Non-controlling interests	237	340	NM	633	1,723	(63.3)
Profit/(loss) for the period	4,483	(1,600)	NM	5,178	4,343	19.2
Earnings/(loss) per share						
- basic earnings/(loss) per share (cents)	0.58	(0.27)	NM	0.62	0.36	72.2
- diluted earnings/(loss) per share (cents)	0.58	(0.27)	NM	0.62	0.36	72.2
N.M denotes Not Meaningful						

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)		2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
Profit/(loss) for the quarter/period	4,483	(1,600)	NM	5,178	4,343	19.2
Other comprehensive income						
Items that are or may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	1,066	(2,085)	NM	406	(809)	NM
Total comprehensive income for the quarter/period	5,549	(3,685)	NM	5,584	3,534	58.0
Total comprehensive income attributable to:						
Owners of the Company	5,309	(3,421)	NM	4,767	2,509	NM
Non-controlling interests	240	(264)	NM	817	1,025	(20.3)
Total comprehensive income for the period	5,549	(3,685)	NM	5,584	3,534	58.0

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 %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)		2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
Profit/(loss) before income tax is arrived at after charging/(crediting) the following:						
Interest and investment income	(352)	(146)	NM	(988)	(454)	NM
Gain on disposal of property, plant and equipment	(473)	(713)	(33.7)	(803)	(919)	(12.6)
Loss/(gain) on disposal of current asset held for sale	-	241	NM	-	(6,735)	NM
Foreign exchange (gain)/loss, net	(1,446)	247	NM	166	(1,955)	NM
Property, plant and equipment written (back)/off	(16)	24	NM	48	96	(50.0)
Allowance made for/(write-back of) doubtful trade and other receivables	217	(39)	NM	276	(12)	NM
Net (reversal) of/net allowance for impairment of property, plant and equipment	-	(358)	NM	(219)	155	NM
Depreciation and amortisation	3,873	3,223	20.2	12,285	10,191	20.5
Allowance made for/(write-back of) inventory obsolescence and inventories written off	6	26	(76.9)	(61)	529	NM
Adjustments for (over)/underprovision for tax in respects of the prior years						
- Income tax	(14)	(2)	NM	(1)	293	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 14 S\$'000 (unaudited)	As at 31 Dec 13 S\$'000 (audited)	As at 30 Sep 14 S\$'000 (unaudited)	As at 31 Dec 13 S\$'000 (audited)
Non-current assets				
Property, plant and equipment	64,282	67,508	12,695	13,014
Investment property	8,957	9,025	-	-
Subsidiaries	-	-	44,001	43,979
Associate	3,576	4,064	-	-
Deferred tax assets	1,955	2,216	-	-
	78,770	82,813	56,696	56,993
Current assets				
Inventories	18,020	18,567	2,634	2,344
Trade and other receivables	75,405	78,194	10,122	10,502
Tax recoverable	4	148	-	-
Amount due from subsidiary companies	-	-	34,337	36,480
Short-term investments	6,022	3,881	-	-
Cash and cash equivalents	79,029	73,189	16,329	11,472
	178,480	173,979	63,422	60,798
Total assets	257,250	256,792	120,118	117,791
Equity attributable to equity holders of the Company				
Share capital	119,547	119,362	119,547	119,362
Reserves	48,538	43,771	(11,185)	(13,470)
	168,085	163,133	108,362	105,892
Non-controlling interests	20,185	19,368	-	-
Total equity	188,270	182,501	108,362	105,892
Non-current liabilities				
Trade and other payables	1,350	563	1,350	563
Financial liabilities	16	85	-	69
Deferred tax liabilities	1,090	1,115	810	809
	2,456	1,763	2,160	1,441
Current liabilities				
Trade and other payables	62,648	68,151	7,145	8,053
Amounts due to subsidiary companies	-	-	2,446	2,367
Financial liabilities	2,311	3,240	5	38
Tax payable	1,565	1,137	-	-
	66,524	72,528	9,596	10,458
Total liabilities	68,980	74,291	11,756	11,899
Total equity and liabilities	257,250	256,792	120,118	117,791

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 2014 S\$'000 (unaudited)	31 Dec 2013 S\$'000 (audited)
Secured bank loans	2,304	3,188
Finance lease liabilities-secured	7	52
	<u>2,311</u>	<u>3,240</u>

Amount repayable after one year

GROUP	30 Sep 2014 S\$'000 (unaudited)	31 Dec 2013 S\$'000 (audited)
Finance lease liabilities - secured	<u>16</u>	<u>85</u>

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		9 Months Ended	
	30-Sep		30-Sep	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities				
Profit/(loss) before income tax	5,084	(1,310)	6,549	6,134
Adjustments for:				
Depreciation and amortisation of property, plant and equipment and investment property	3,873	3,223	12,285	10,191
Net (reversal) of/ allowance for impairment of property, plant and equipment	-	(358)	(219)	155
Gain on disposal of property, plant and equipment	(473)	(713)	(803)	(919)
Property, plant and equipment written (back)/off	(16)	24	48	96
Loss/(gain) on disposal of assets classified as held for sale	-	241	-	(6,735)
Interest and investment income	(352)	(146)	(988)	(454)
Finance costs	44	8	125	17
Share of results of associate (net of tax)	25	(195)	27	(283)
Unrealised exchange (gain)/loss	(1,241)	(149)	484	(2,329)
	1,860	1,935	10,959	(261)
	6,944	625	17,508	5,873
Changes in working capital:				
Inventories	253	3,551	465	2,897
Trade and other receivables	5,931	(5,029)	2,348	(7,019)
Trade and other payables	(1,090)	2,064	(5,169)	6,653
Cash from operating activities	12,038	1,211	15,152	8,404
Income tax paid	(481)	(506)	(582)	(434)
Net cash from operating activities	11,557	705	14,570	7,970
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,616)	(1,899)	(9,186)	(4,957)
Proceeds from disposal of assets classified as held for sale	-	-	-	10,148
Proceeds from disposal of property, plant and equipment	716	818	1,805	1,120
Dividend from associate	-	-	497	486
Placement of short-term investments	(202)	(22)	(2,101)	(64)
Interest and investment income received	352	146	988	454
Net cash (used in)/from investing activities	(2,750)	(957)	(7,997)	7,187
Cash flows from financing activities				
Proceeds from short term borrowings	3,694	3,970	9,069	3,970
Repayment of short term borrowings and financial lease liabilities	(3,628)	(213)	(10,114)	(1,238)
Finance costs paid	(44)	(8)	(125)	(17)
Deposit discharged/(pledged)	1,021	(992)	297	(1,144)
Proceeds from issue of share capital	-	-	185	-
Net cash from/(used in) financing activities	1,043	2,757	(688)	1,571
Net increase in cash and cash equivalents	9,850	2,505	5,885	16,728
Cash and cash equivalents at beginning of financial period	64,654	57,516	69,115	42,545
Effects of exchange rate fluctuations on cash held	738	(590)	242	158
Cash and cash equivalents at end of financial period	75,242	59,431	75,242	59,431

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

Group	As at 30 Sep	
	2014 S\$'000	2013 S\$'000
Cash at bank and in hand	38,119	42,537
Deposits with banks	40,910	20,951
Cash and cash equivalents in the statements of financial position	79,029	63,488
Deposits pledged	(3,787)	(4,057)
Cash and cash equivalents in the consolidated statement of cash flows	<u>75,242</u>	<u>59,431</u>

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 - 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	-	-	-	-	1,063	-	-	1,063	3	1,066
- Foreign currency translation differences	-	-	-	-	-	-	4,246	4,246	237	4,483
Profit for the quarter	-	-	-	-	1,063	-	4,246	5,309	240	5,549
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

Group - 2013	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 2013	119,272	140	9,772	789	(5,718)	1,627	35,897	161,779	19,249	181,028
Other comprehensive income for the quarter	-	-	-	-	(1,481)	-	-	(1,481)	(604)	(2,085)
- Foreign currency translation differences	-	-	-	-	-	-	(1,940)	(1,940)	340	(1,600)
(Loss)/profit for the quarter	-	-	-	-	(1,481)	-	(1,940)	(3,421)	(264)	(3,685)
Total comprehensive income for the quarter	-	-	-	-	(1,481)	-	(1,940)	(3,421)	(264)	(3,685)
At 30 September 2013	119,272	140	9,772	789	(7,199)	1,627	33,957	158,358	18,985	177,343

For the Period Ended 30 Sep (Group)

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

Group - 2013	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 2013	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	-	-	-	-	(111)	-	-	(111)	(698)	(809)
Profit for the period	-	-	-	-	-	-	2,620	2,620	1,723	4,343
Total comprehensive income for the period	-	-	-	-	(111)	-	2,620	2,509	1,025	3,534
At 30 September 2013	119,272	140	9,772	789	(7,199)	1,627	33,957	158,358	18,985	177,343

For the Quarter Ended 30 Sep (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 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

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 July 2013	119,272	789	1,153	(14,521)	106,693
Loss for the quarter	-	-	-	(183)	(183)
Total comprehensive income for the quarter	-	-	-	(183)	(183)
At 30 September 2013	119,272	789	1,153	(14,704)	106,510

For the Period Ended 30 Sep (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 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

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 January 2013	119,272	789	1,153	(16,078)	105,136
Profit for the period	-	-	-	1,374	1,374
Total comprehensive income for the period	-	-	-	1,374	1,374
At 30 September 2013	119,272	789	1,153	(14,704)	106,510

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/ 31 Dec 2014 (('000) (unaudited)	2013 (('000) (unaudited)	Period Ended 30 Sep/31 Dec 2014 (('000) (unaudited)	2013 (('000) (unaudited)
As at 1 Jan	34,060	53,040	732,835	731,835
Exercised during the financial period (\$0.09)	(2,050)	(1,000)	2,050	1,000
Forfeited during the financial period (\$0.09)	(11,000)	(17,980)	-	-
As at 30 Sep/ 31 Dec	21,010	34,060	734,885	732,835

* In the second quarter financial statements announcement, the Company disclosed that there were administrative lapses relating to the grant of these share options to be ratified by shareholders in an extraordinary general meeting in due course. The resolutions to ratify the grant of Employee Share Options and grant of new options as replacement options have been passed by the shareholders in an extraordinary general meeting held by the Company on 16 October 2014. Following the resolutions passed, the outstanding share options to be exercised as of the date of this report remains at 21,010,000.

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 2014 was 734,884,775 (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.

Short-term investments in money market fund and trust funds were classified to short-term investments to better reflect the nature of the investments. Accordingly, the previous period comparatives been reclassified from cash and cash equivalents to conform to this year's presentation.

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 As at 30 Sep		9 Months Ended As at 30 Sep	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
<u>Earnings/(loss) per share</u>				
- basic (cents)	0.58	(0.27)	0.62	0.36
- diluted (cents)	0.58	(0.27)	0.62	0.36

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 733,563,163 (2013: 731,834,775).

Diluted earnings per ordinary share on existing issued share capital is 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.

There was no difference between the basic and diluted earnings per share for the quarter and period ended 30 September 2013 as the Company had no potential dilutive securities as at 30 September 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	
	30 Sep 14 (unaudited)	31 Dec 13 (audited)	30 Sep 14 (unaudited)	31 Dec 13 (audited)
Net asset value (S\$'000)	168,085	163,133	108,362	105,892
Issued capital at the end of the period ('000)	734,885	732,835	734,885	732,835
Net asset value per Ordinary Share (cents)	22.87	22.26	14.75	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\$15.9 million or 19.8% from S\$80.5 million in Q3 2013 to S\$64.6 million in the current quarter under review. For the nine months ended 30 September 2014, the Group's revenue decreased by S\$30.6 million or 14.1% from S\$217.6 million in the last corresponding period to S\$187.0 million in the current period under review.

The decrease in revenue for the quarter and period ended 30 September 2014 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\$20.4 million or 26.8% from S\$76.1 million in Q3 2013 to S\$55.7 million in the current quarter under review. The decrease in cost of sales was a result of the decrease in revenue and better cost management.

Gross profit increased by S\$4.4 million or 101.7% from gross profit of S\$4.4 million in Q3 2013 to S\$8.9 million in the current quarter under review. Gross profit margin was 13.8% and 5.5% for Q3 2014 and Q3 2013 respectively.

For the nine months ended 30 September 2014, cost of sales decreased by S\$38.0 million or 18.8% from S\$202.3 million in the last corresponding period to S\$164.3 million in the current period under review. Gross profit increased by S\$7.3 million or 47.8% from S\$15.4 million in the last corresponding period to S\$22.7 million in the current period under review. Gross

profit margin was 12.1% for nine months ended 30 September 2014 as compared to 7.1% in the same period last year.

Gross profit margin improved in current quarter and period ended 30 September 2014 despite decrease in revenue mainly attributed to decrease in low margin projects in the Malaysia segment and the new Chongqing subsidiary that started production in Q2 2013 has improved its operational efficiency and become profitable. In addition to that, the Group has better managed its costs by right-sizing some of its operations. The improvement in gross profit margin was partly offset by the 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 increased by S\$0.3 million or 18.2% from S\$1.8 million in Q3 2013 to S\$2.1 million in Q3 2014. The increase in other income in Q3 2014 was mainly contributed from increase in interest and investment income, rental income and sale of scrap materials.

Other income decreased by S\$7.9 million or 59.5% from S\$13.3 million in nine months ended 30 September 2013 to S\$5.4 million in the current period under review. In nine months ended 30 September 2013, other income mainly consist of gain of S\$6.7 million from disposal of current assets held for sale by a Malaysian subsidiary and foreign exchange gain of S\$2.0 million. In current period under review, the Group recorded a loss on foreign exchange of S\$0.2 million which is classified under other operating expenses.

Selling and administrative expenses

The Group's selling and administrative expenses decreased by S\$1.0 million or 12.0% from S\$8.0 million in Q3 2013 to S\$7.0 million in Q3 2014. The decrease in selling and administrative expenses was largely due to decrease in outwards freight cost which is in line with the decrease in revenue during the quarter under review.

Other operating income/(expenses)

Other operating income increased by S\$0.9 million in current quarter under review mainly due to the foreign exchange gain of S\$1.4 million classified under other operating income as opposed to foreign exchange loss of S\$0.2 million in Q3 2013 which was recorded under other income. Other operating income in Q3 2013 consist mainly of reversal of impairment loss of S\$0.4 million, while there was not any reversal of impairment loss in Q3 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 from Singapore segment which is mainly affected by its USD assets position. The strengthening of USD against the Singapore Dollar (from USD: SGD = 1: 1.2490 in June 2014 to 1.2728 in September 2014) had resulted in the Singapore companies recording foreign exchange gain in the current quarter under review.

For the nine months ended 30 September 2014, other operating expenses increased by S\$0.3 million from S\$0.2 million in the last corresponding period to S\$0.5 million in the current period under review. The increase mainly arose from provision for doubtful debts and foreign exchange loss.

Finance costs

Finance costs increased in the current quarter and period under review as compared to the last corresponding quarter and period was mainly due to the utilisation of banking facility for funding of working capitals for Chongqing subsidiary.

Profit before income tax

The Group's profit before income tax increased by S\$6.4 million from loss before tax of S\$1.3 million in Q3 2013 to profit of S\$5.1 million in Q3 2014. The higher profit before income tax in Q3 2014 was mainly attributed to significant improvement in gross profit as well as foreign exchange gain.

The Group recorded a profit before income tax of S\$6.5 million for the nine months ended 30 September 2014 as compared to S\$6.1 million for the last corresponding period, an increase of S\$0.4 million or 6.8%. Included in nine months ended 30 September 2013 profit before income tax was a one-time gain of S\$6.7 million from disposal of current assets held for sale by a Malaysian subsidiary.

Income tax expense

Income tax expense of S\$0.6 million and S\$1.4 million in the current quarter and period under review mainly arose from the profitable China and Malaysian subsidiaries.

Balance Sheet

Short-term investments

Short-term investments increased by S\$2.1 million or 55.2% from S\$3.9 million as at 31 December 2013 to S\$6.0 million as at 30 September 2014. The short-term investments refer to funds deposited with trust fund and money market funds for higher return on deposits and tax-exemption benefit on the investment income.

Financial liabilities

Financial liabilities decreased by S\$1.0 million or 30.0% from S\$3.3 million as at 31 December 2013 to S\$2.3 million as at 30 September 2014. The decrease in financial liabilities was mainly due to repayment of banking facility.

Cash Flow

The Group's cash and cash equivalents (excluding cash deposits pledged) stood at S\$75.2 million as at 30 September 2014, an increase of S\$6.1 million (including effects of exchange rates fluctuations on cash held) from cash and cash equivalents as at 31 December 2013. The increase in cash and cash equivalents was attributed to net cash from operating activities of S\$14.6 million, offset by the net cash used in investing activities which arose mainly from the purchase of property, plant and equipment of S\$9.2 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 industry in which the Group operates in has remained competitive and challenging not only with excess capacity, but price pressure from customers and rising operating costs. The strengthening of USD in the recent months has some positive impact to the Group. For the nine months ended 30 September 2014, the Group has managed to improve profit margin by better cost management and productivity improvement. Going forward, the Group will continue to improve operation efficiency and maximize resources to reduce the impact of rising operating costs and price reduction by customers.

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 second quarter ended 30 September 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 30 September 2014.

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 2014 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, 14 November 2014