



**FU YU CORPORATION LIMITED  
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT  
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND  
CASH FLOWS FOR THE SECOND QUARTER ENDED  
30 JUNE 2014**

Second 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 second quarter ended 30 June 2014.

GROUP	Quarter Ended 30-Jun			Change %	Half Year 30-Jun			Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)			2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)		
Revenue	62,935	69,684		(9.7)	122,403	137,135		(10.7)
Cost of sales	(54,391)	(65,316)		(16.7)	(108,592)	(126,181)		(13.9)
<b>Gross profit</b>	<b>8,544</b>	<b>4,368</b>		<b>95.6</b>	<b>13,811</b>	<b>10,954</b>		<b>26.1</b>
Other income	1,851	9,357		(80.2)	3,314	11,563		(71.3)
Selling and administrative expenses	(6,972)	(7,308)		(4.6)	(13,842)	(14,540)		(4.8)
Other operating expenses	(840)	(581)		44.6	(1,735)	(612)		NM
Finance costs	(29)	(5)		NM	(81)	(9)		NM
Share of profit of associate (net of tax)	(17)	60		NM	(2)	88		NM
<b>Profit before income tax</b>	<b>2,537</b>	<b>5,891</b>		<b>(56.9)</b>	<b>1,465</b>	<b>7,444</b>		<b>(80.3)</b>
Income tax expense	(499)	(758)		(34.2)	(770)	(1,501)		(48.7)
<b>Profit for the period</b>	<b>2,038</b>	<b>5,133</b>		<b>(60.3)</b>	<b>695</b>	<b>5,943</b>		<b>(88.3)</b>
<b>Attributable to:</b>								
Owners of the Company	1,720	3,501		(50.9)	299	4,560		(93.4)
Non-controlling interests	318	1,632		(80.5)	396	1,383		(71.4)
<b>Profit for the period</b>	<b>2,038</b>	<b>5,133</b>		<b>(60.3)</b>	<b>695</b>	<b>5,943</b>		<b>(88.3)</b>
<b>Earnings per share</b>								
- basic earnings per share (cents)	<b>0.23</b>	<b>0.48</b>		(52.1)	<b>0.04</b>	<b>0.62</b>		(93.5)
- diluted earnings per share (cents)	<b>0.23</b>	<b>0.48</b>		(52.1)	<b>0.04</b>	<b>0.62</b>		(93.5)
N.M denotes Not Meaningful								

**Consolidated Statement of Comprehensive Income**

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)		2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
<b>Profit for the period</b>	<b>2,038</b>	<b>5,133</b>	<b>(60.3)</b>	<b>695</b>	<b>5,943</b>	<b>(88.3)</b>
<b>Other comprehensive income Items that are or may be reclassified subsequently to profit and loss:</b>						
Foreign currency translation differences for foreign operations	<b>138</b>	368	<b>(62.5)</b>	(660)	1,276	NM
<b>Total comprehensive income for the period</b>	<b>2,176</b>	<b>5,501</b>	<b>(60.4)</b>	<b>35</b>	<b>7,219</b>	<b>(99.5)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	1,712	4,013	(57.3)	(542)	5,930	NM
Non-controlling interests	464	1,488	(68.8)	577	1,289	(55.2)
<b>Total comprehensive income for the period</b>	<b>2,176</b>	<b>5,501</b>	<b>(60.4)</b>	<b>35</b>	<b>7,219</b>	<b>(99.5)</b>
N.M denotes Not Meaningful						

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

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)		2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	
Profit before income tax is arrived at after charging/(crediting) the following:						
Interest and investment income	(379)	(196)	93.4	(636)	(308)	NM
Gain on disposal of property, plant and equipment	(421)	(202)	NM	(330)	(206)	60.2
Gain on disposal of current asset held for sale	-	(6,976)	NM	-	(6,976)	NM
Foreign exchange loss/(gain), net	785	(1,071)	NM	1,612	(2,202)	NM
Property, plant and equipment written off	4	41	(90.2)	64	72	(11.1)
Allowance made for doubtful trade and other receivables	51	28	82.1	59	27	NM
Net (reversal) of/net allowance for impairment of property, plant and equipment	(154)	536	NM	(219)	513	NM
Depreciation and amortisation	4,107	3,310	24.1	8,412	6,968	20.7
(Write-back) of/allowance for inventory obsolescence and inventories written off	(66)	563	NM	(67)	503	NM
Adjustments for underprovision for tax in respects of the prior years						
- Income tax	13	173	(92.5)	13	295	(95.6)

**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 Jun 14 S\$'000 (unaudited)	As at 31 Dec 13 S\$'000 (audited)	As at 30 Jun 14 S\$'000 (unaudited)	As at 31 Dec 13 S\$'000 (audited)
<b>Non-current assets</b>				
Property, plant and equipment	62,743	67,508	12,845	13,014
Investment property	9,006	9,025	-	-
Subsidiaries	-	-	43,814	43,979
Associate	3,600	4,064	-	-
Deferred tax assets	2,068	2,216	-	-
	77,417	82,813	56,659	56,993
<b>Current assets</b>				
Inventories	17,998	18,567	2,041	2,344
Trade and other receivables	79,925	78,194	10,539	10,502
Tax recoverable	-	148	-	-
Amount due from subsidiary companies	-	-	36,354	36,480
Short-term investments	5,828	3,881	-	-
Cash and cash equivalents	69,439	73,189	13,183	11,472
	173,190	173,979	62,117	60,798
<b>Total assets</b>	<b>250,607</b>	<b>256,792</b>	<b>118,776</b>	<b>117,791</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	119,547	119,362	119,547	119,362
Reserves	43,229	43,771	(12,790)	(13,470)
	162,776	163,133	106,757	105,892
Non-controlling interests	19,945	19,368	-	-
<b>Total equity</b>	<b>182,721</b>	<b>182,501</b>	<b>106,757</b>	<b>105,892</b>
<b>Non-current liabilities</b>				
Trade and other payables	450	563	450	563
Financial liabilities	80	85	64	69
Deferred tax liabilities	1,091	1,115	809	809
	1,621	1,763	1,323	1,441
<b>Current liabilities</b>				
Trade and other payables	62,593	68,151	7,395	8,053
Amounts due to subsidiary companies	-	-	3,272	2,367
Financial liabilities	2,118	3,240	29	38
Tax payable	1,554	1,137	-	-
	66,265	72,528	10,696	10,458
<b>Total liabilities</b>	<b>67,886</b>	<b>74,291</b>	<b>12,019</b>	<b>11,899</b>
<b>Total equity and liabilities</b>	<b>250,607</b>	<b>256,792</b>	<b>118,776</b>	<b>117,791</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>30 Jun 2014 S\$'000 (unaudited)</b>	<b>31 Dec 2013 S\$'000 (audited)</b>
Secured bank loans	2,086	3,188
Finance lease liabilities-secured	32	52
	<u>2,118</u>	<u>3,240</u>

**Amount repayable after one year**

<b>GROUP</b>	<b>30 June 2014 S\$'000 (unaudited)</b>	<b>31 Dec 2013 S\$'000 (audited)</b>
Finance lease liabilities - secured	<u>80</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 30-Jun		Half Year 30-Jun	
	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)	2014 S\$'000 (unaudited)	2013 S\$'000 (unaudited)
<b>Cash flows from operating activities</b>				
Profit before income tax	2,537	5,891	1,465	7,444
<b>Adjustments for:</b>				
Depreciation and amortisation of property, plant and equipment and investment property	4,107	3,310	8,412	6,968
Net (reversal) of/ allowance for impairment of property, plant and equipment	(154)	536	(219)	513
Gain on disposal of property, plant and equipment	(421)	(202)	(330)	(206)
Property, plant and equipment written off	4	41	64	72
Gain on disposal of assets classified as held for sale	-	(6,976)	-	(6,976)
Interest income	(379)	(196)	(636)	(308)
Finance costs	29	5	81	9
Share of results of associate (net of tax)	17	(60)	2	(88)
Unrealised exchange loss/(gain)	344	(1,165)	1,728	(2,179)
	3,547	(4,707)	9,102	(2,195)
	6,084	1,184	10,567	5,249
<b>Changes in working capital:</b>				
Inventories	(636)	(3,506)	212	(654)
Trade and other receivables	(5,420)	(1,942)	(3,583)	(3,431)
Trade and other payables	(1,512)	7,147	(4,079)	4,589
<b>Cash (used in)/from operating activities</b>	(1,484)	2,883	3,117	5,753
Income tax (paid)/refunded	(39)	(956)	(101)	72
<b>Net cash (used in)/from operating activities</b>	<b>(1,523)</b>	<b>1,927</b>	<b>3,016</b>	<b>5,825</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(3,475)	(1,783)	(5,570)	(3,058)
Proceeds from disposal of assets classified as held for sale	-	11,589	-	11,589
Proceeds from disposal of property, plant and equipment	533	274	1,089	302
Dividend from associate	494	-	494	486
Placement of short-term investments	(1,876)	(22)	(1,899)	(43)
Interest income received	379	196	636	308
<b>Net cash (used in)/from investing activities</b>	<b>(3,945)</b>	<b>10,254</b>	<b>(5,250)</b>	<b>9,584</b>
<b>Cash flows from financing activities</b>				
Proceeds from short term borrowings	2,074	-	5,375	-
Repayment of short term borrowings and financial lease liabilities	(2,513)	(13)	(6,486)	(1,025)
Finance costs paid	(29)	(5)	(81)	(9)
Deposit pledged	(275)	-	(724)	(152)
Proceed from issue of share capital	185	-	185	-
<b>Net cash used in financing activities</b>	<b>(558)</b>	<b>(18)</b>	<b>(1,731)</b>	<b>(1,186)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(6,026)	12,163	(3,965)	14,223
Cash and cash equivalents at beginning of financial period	70,576	45,062	69,115	42,545
Effects of exchange rate fluctuations on cash held	104	291	(496)	748
<b>Cash and cash equivalents at end of financial period</b>	<b>64,654</b>	<b>57,516</b>	<b>64,654</b>	<b>57,516</b>

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

Group	As at 30 June	
	2014 S\$'000	2013 S\$'000
Cash at bank and in hand	33,657	43,229
Deposits with banks	35,782	17,438
Cash and cash equivalents in the statements of financial position	69,439	60,667
Deposits pledged	(4,785)	(3,151)
Cash and cash equivalents in the consolidated statement of cash flows	<b>64,654</b>	<b>57,516</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 30 Jun (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 April 2014	119,362	140	9,891	789	(7,367)	1,627	36,437	160,879	19,481	180,360
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	(8)	-	-	(8)	146	138
Profit for the quarter	-	-	-	-	-	-	1,720	1,720	318	2,038
Total comprehensive income for the period	-	-	-	-	(8)	-	1,720	1,712	464	2,176
- Share options exercised	185	-	-	-	-	-	-	185	-	185
<b>At 30 June 2014</b>	<b>119,547</b>	<b>140</b>	<b>9,891</b>	<b>789</b>	<b>(7,375)</b>	<b>1,627</b>	<b>38,157</b>	<b>162,776</b>	<b>19,945</b>	<b>182,721</b>

  

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 April 2013	119,272	140	9,772	789	(6,229)	1,627	32,396	157,767	17,761	175,528
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	512	-	-	512	(144)	368
Profit for the quarter	-	-	-	-	-	-	3,501	3,501	1,632	5,133
Total comprehensive income for the period	-	-	-	-	512	-	3,501	4,013	1,488	5,501
<b>At 30 June 2013</b>	<b>119,272</b>	<b>140</b>	<b>9,772</b>	<b>789</b>	<b>(5,717)</b>	<b>1,627</b>	<b>35,897</b>	<b>161,780</b>	<b>19,249</b>	<b>181,029</b>



For the Period Ended 30 Jun (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	-	-	-	-	(841)	-	-	(841)	181	(660)
Profit for the period	-	-	-	-	-	-	299	299	396	695
Total comprehensive income for the period	-	-	-	-	(841)	-	299	(542)	577	35
- Share options exercised	185	-	-	-	-	-	-	185	-	185
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	-
<b>At 30 June 2014</b>	<b>119,547</b>	<b>140</b>	<b>9,891</b>	<b>789</b>	<b>(7,375)</b>	<b>1,627</b>	<b>38,157</b>	<b>162,776</b>	<b>19,945</b>	<b>182,721</b>

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	(7,087)	1,627	31,337	155,850	17,960	173,810
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	1,370	-	-	1,370	(94)	1,276
Profit for the period	-	-	-	-	-	-	4,560	4,560	1,383	5,943
Total comprehensive income for the period	-	-	-	-	1,370	-	4,560	5,930	1,289	7,219
<b>At 30 June 2013</b>	<b>119,272</b>	<b>140</b>	<b>9,772</b>	<b>789</b>	<b>(5,717)</b>	<b>1,627</b>	<b>35,897</b>	<b>161,780</b>	<b>19,249</b>	<b>181,029</b>

**For the Quarter Ended 30 Jun (Company)**

<b>Company - 2014</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Share option reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
At 1 April 2014	119,362	789	1,153	(15,167)	106,137
Profit for the quarter	-	-	-	435	435
Total comprehensive income for the quarter	-	-	-	435	435
Share options exercised	185	-	-	-	185
<b>At 30 June 2014</b>	<b>119,547</b>	<b>789</b>	<b>1,153</b>	<b>(14,732)</b>	<b>106,757</b>

<b>Company - 2013</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Share option reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
At 1 April 2013	119,272	789	1,153	(15,466)	105,748
Profit for the quarter	-	-	-	945	945
Total comprehensive income for the quarter	-	-	-	945	945
<b>At 30 June 2013</b>	<b>119,272</b>	<b>789</b>	<b>1,153</b>	<b>(14,521)</b>	<b>106,693</b>

**For the Period Ended 30 Jun (Company)**

<b>Company - 2014</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Share option reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
At 1 January 2014	119,362	789	1,153	(15,412)	105,892
Profit for the period	-	-	-	680	680
Total comprehensive income for the period	-	-	-	680	680
Share options exercised	185	-	-	-	185
<b>At 30 June 2014</b>	<b>119,547</b>	<b>789</b>	<b>1,153</b>	<b>(14,732)</b>	<b>106,757</b>

<b>Company - 2013</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Share option reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
At 1 January 2013	119,272	789	1,153	(16,077)	105,137
Profit for the period	-	-	-	1,556	1,556
Total comprehensive income for the period	-	-	-	1,556	1,556
<b>At 30 June 2013</b>	<b>119,272</b>	<b>789</b>	<b>1,153</b>	<b>(14,521)</b>	<b>106,693</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 30 Jun/ 31 Dec 2014 ('000) (unaudited)	31 Dec 2013 ('000) (unaudited)	Period Ended 30 Jun/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 Jun / 31 Dec	21,010	34,060	734,885	732,835

\* It has come to the attention of the Company administrative lapses relating to grant of the Share Options. Subject to approval in principle being obtained from SGX, the Company will be convening an extraordinary general meeting in due course to seek shareholders' ratification of the grant of these Share Options.

**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 June 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 Jun		Half Year As at 30 Jun	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
<i>Earnings per share</i>				
- basic (cents)	0.23	0.48	0.04	0.62
- diluted (cents)	0.23	0.48	0.04	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 732,891,405 (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 30 June 2014 and 30 June 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 June 14 (unaudited)	31 Dec 13 (audited)	30 June 14 (unaudited)	31 Dec 13 (audited)
Net asset value (S\$'000)	162,776	163,133	106,757	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)	22.15	22.26	14.53	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\$6.8 million or 9.7% from S\$69.7 million in Q2 2013 to S\$62.9 million in the current quarter under review.

For 1H 2014, the Group's revenue decreased by S\$14.7 million or 10.7% from S\$137.1 million in 1H 2013 to S\$122.4 million in the current period under review.

The decrease in revenue for the quarter and period ended 30 June 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\$10.9 million or 16.7% from S\$65.3 million in Q2 2013 to S\$54.4 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\$4.1 million or 95.6% from gross profit of S\$4.4 million in Q2 2013 to S\$8.5 million in the current quarter under review.

Gross profit margin was 13.6% and 6.3% for Q2 2014 and Q2 2013 respectively.

For 1H 2014, cost of sales decreased by S\$17.6 million or 13.9% from S\$126.2 million in 1H 2013 to S\$108.6 million in the current period under review. Gross profit increased by S\$2.8 million or 26.1% from S\$11.0 million in 1H 2013 to S\$13.8 million in the current period under review. Gross profit margin was 11.3% for 1H 2014 as compared to 8.0% in 1H 2013.

Gross profit margin improved in current quarter and period ended 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, as well as better cost management. 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 decreased by S\$7.5 million or 80.2% from S\$9.4 million in Q2 2013 to S\$1.9 million in Q2 2014. In Q2 2013, other income mainly consist of gain on disposal of current assets held for sale amounted to S\$7.0 million and foreign exchange gain of S\$1.1 million.

Other income decreased by S\$8.3 million or 71.3% from S\$11.6 million in 1H 2013 to S\$3.3 million in the current period under review. In 1H 2013, other income mainly consist of gain of S\$7.0 million from disposal of current assets held for sale by a Malaysian subsidiary and foreign exchange gain of S\$2.2 million. In 1H2014, the Group recorded a loss on foreign exchange of S\$1.6 million which is classified under other operating expenses.

#### **Other operating expenses**

Other operating expenses increased by S\$0.3 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 Q2 2013 which was recorded under other income. The increase was partially offset by reversal of impairment on property, plant and equipment of S\$0.2 million in current quarter under review as opposed to net impairment on property, plant and equipment of S\$0.5 million in Q2 2013.

The Group's 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 0.2013 in Jun 2014) had resulted in the China companies recording an exchange loss in Q2 2014 and 1H 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 1.2490 in Jun 2014) had resulted in the Singapore companies suffering 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 decreased by S\$3.4 million or 56.9% from S\$5.9 million in Q2 2013 to S\$2.5 million in Q2 2014. The higher profit before income tax in Q2 2013 was mainly due to one-time gain on disposal of current assets held for sale of S\$7.0 million.

The Group's profit before income tax decreased by S\$5.9 million or 80.3% from S\$7.4 million in 1H 2013 to S\$1.5 million in 1H 2014. The higher profit before income tax in 1H 2013, was mainly attributable to the gain of S\$7.0 million on disposal of current assets held for sale by a Malaysian subsidiary and the foreign exchange gain of S\$2.2 million.

#### **Income tax expense**

Income tax expense of S\$0.5 million and S\$0.8 million in the current quarter and period under review 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\$64.7 million as at 30 Jun 2014, a decrease of S\$4.0 million from cash and cash equivalents as at 31 December 2013. The decrease in cash and cash equivalents was mainly due to net cash used in investing activities which arose mainly from the purchase of property, plant and equipment of S\$5.6 million and the net cash outflows of repayment of financial liabilities of S\$1.1 million. The net cash outflows was partly offset by the net cash inflows from operating activities of S\$3.0 million.

The net cash used in operating activities of S\$1.5 million during the current quarter under review was mainly due to payment for rental deposit of S\$3.3 million.

### **Balance Sheet**

#### **Trade and other receivables**

Increase in trade and other receivables despite decrease in Q2 2014 revenue was mainly due to placement of rental deposit amounted to S\$3.3 million with the landlord of a Malaysia subsidiary's rented properties. The rental deposit was subsequently refunded upon provision of a bank guarantee to the landlord.

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

Short-term investments increased by S\$1.9 million or 48.7% from S\$3.9 million as at 31 December 2013 to S\$5.8 million as at 30 June 2014. The short-term investments refer to funds deposited with trust fund, money market funds and placement of funds in dual-currency investment for higher return on deposits and tax-exemption benefit on the investment income.

#### **Financial liabilities**

Financial liabilities decreased by S\$1.1 million or 33.9% from S\$3.3 million as at 31 December 2013 to S\$2.2 million as at 30 June 2014. The decrease in financial liabilities was mainly due to repayment of banking facility.

**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. In the 1H 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. 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 second quarter ended 30 June 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 June 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 Q2 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, 13 August 2014