



**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 2016**

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 Limited wishes to announce the unaudited results of the Group for the second quarter ended 30 June 2016.

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)		2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)	
Revenue	49,956	58,441	(14.5)	101,998	116,541	(12.5)
Cost of sales	(41,760)	(50,167)	(16.8)	(84,998)	(99,690)	(14.7)
Gross profit	8,196	8,274	(0.9)	17,000	16,851	0.9
Other income	2,169	2,356	(7.9)	4,677	4,517	3.5
Selling and administrative expenses	(7,035)	(7,343)	(4.2)	(13,951)	(14,603)	(4.5)
Other operating income/(expenses)	194	(456)	NM	(2,660)	969	NM
Results from operating activities	3,524	2,831	24.5	5,066	7,734	(34.5)
Finance costs	-	-	-	-	(11)	NM
Share of profit of joint venture (net of tax)	46	142	(67.6)	100	397	(74.8)
Profit before income tax	3,570	2,973	20.1	5,166	8,120	(36.4)
Tax expense	(1,141)	(1,072)	6.4	(1,609)	(1,739)	(7.5)
Profit for the period	2,429	1,901	27.8	3,557	6,381	(44.3)
Profit for the period attributable to:						
Owners of the Company	2,126	1,428	48.9	3,115	5,467	(43.0)
Non-controlling interests	303	473	(35.9)	442	914	(51.6)
Profit for the period	2,429	1,901	27.8	3,557	6,381	(44.3)
Earnings per share						
- basic and diluted earnings per share (cents)	0.28	0.19	47.4	0.41	0.73	(43.8)
N.M denotes Not Meaningful						

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)		2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)	
Profit for the period	2,429	1,901	27.8	3,557	6,381	(44.3)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	(3,419)	(4,434)	(22.9)	(3,381)	(2,508)	34.8
Other comprehensive income for the period (net of tax)	(3,419)	(4,434)	(22.9)	(3,381)	(2,508)	34.8
Total comprehensive income for the period	(990)	(2,533)	(60.9)	176	3,873	(95.5)
Total comprehensive income attributable to:						
Owners of the Company	(725)	(2,243)	(67.7)	(649)	4,139	NM
Non-controlling interests	(265)	(290)	(8.6)	825	(266)	NM
Total comprehensive income for the period	(990)	(2,533)	(60.9)	176	3,873	(95.5)

N.M denotes Not Meaningful

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

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)		2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)	
Profit before income tax is arrived at after charging/(crediting) the following:						
Interest and investment income	(475)	(409)	16.1	(954)	(802)	19.0
Gain on disposal of property, plant and equipment	(303)	(274)	10.6	(321)	(287)	11.8
Foreign exchange (gain)/loss, net	(202)	454	NM	2,641	(1,002)	NM
Property, plant and equipment written off	5	2	NM	16	29	(44.8)
Allowance for doubtful trade and other receivables	3	-	NM	3	3	-
Depreciation and amortisation	2,504	3,533	(29.1)	5,268	7,169	(26.5)
(Write-back of)/Allowance for inventory obsolescence and inventories written off	(99)	38	NM	(92)	48	NM
Finance costs	-	-	-	-	11	NM
Adjustments for underprovision of income tax in respects of the prior years	10	-	100.0	10	-	100.0
Adjustments for over-provision of deferred tax assets in respects of the prior years	-	267	(100.0)	-	267	(100.0)

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 16 S\$'000 (unaudited)	As at 31 Dec 15 S\$'000 (audited)	As at 30 Jun 16 S\$'000 (unaudited)	As at 31 Dec 15 S\$'000 (audited)
Non-current assets				
Property, plant and equipment	49,055	52,399	12,230	12,069
Investment property	8,651	8,585	-	-
Subsidiaries	-	-	64,232	65,593
Joint venture	2,256	2,484	-	-
Deferred tax assets	2,150	2,464	-	-
	62,112	65,932	76,462	77,662
Current assets				
Inventories	15,280	15,017	2,085	2,517
Trade and other receivables	58,891	61,291	8,238	10,034
Tax recoverable	73	70	-	-
Amount due from subsidiary companies	-	-	13,149	3,977
Short term investments	2,986	3,637	-	-
Cash and cash equivalents	96,966	102,940	25,191	29,962
	174,196	182,955	48,663	46,490
Total assets	236,308	248,887	125,125	124,152
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	67,312	75,909	13,792	10,817
	169,470	178,067	115,950	112,975
Non-controlling interests	19,856	19,677	-	-
Total equity	189,326	197,744	115,950	112,975
Non-current liabilities				
Trade and other payables	-	112	-	112
Deferred tax liabilities	604	909	383	647
	604	1,021	383	759
Current liabilities				
Trade and other payables	43,611	47,316	6,419	7,770
Amounts due to subsidiary companies	-	-	1,941	2,648
Tax payable	2,767	2,806	432	-
	46,378	50,122	8,792	10,418
Total liabilities	46,982	51,143	9,175	11,177
Total equity and liabilities	236,308	248,887	125,125	124,152

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

The Group has no borrowings and debts securities as at 30 June 2016 and 31 December 2015.

1(b)(iii) Details of any collaterals

Nil.

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		Half Year	
	30-Jun		30-Jun	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities				
Profit before income tax	3,570	2,973	5,166	8,120
Adjustments for:				
Depreciation of property, plant and equipment and investment property	2,504	3,533	5,268	7,169
Gain on disposal of property, plant and equipment	(303)	(274)	(321)	(287)
Property, plant and equipment written off	5	2	16	29
Interest and investment income	(475)	(409)	(954)	(802)
Finance costs	-	-	-	11
Share of profit of joint venture (net of tax)	(46)	(142)	(100)	(397)
Unrealised exchange loss/(gain)	853	143	891	(128)
	<u>2,538</u>	<u>2,853</u>	<u>4,800</u>	<u>5,595</u>
	6,108	5,826	9,966	13,715
Changes in working capital:				
Inventories	(954)	1,732	(878)	1,190
Trade and other receivables	(705)	3,678	(253)	8,869
Trade and other payables	(623)	(2,557)	(1,798)	(6,673)
Cash from operating activities	<u>3,826</u>	<u>8,679</u>	<u>7,037</u>	<u>17,101</u>
Tax paid	(716)	(585)	(1,487)	(1,470)
Net cash from operating activities	<u>3,110</u>	<u>8,094</u>	<u>5,550</u>	<u>15,631</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,914)	(1,234)	(3,581)	(3,903)
Proceeds from disposal of property, plant and equipment	480	292	501	316
Dividend from joint venture	(2)	701	380	701
Withdrawal of short term investments	761	1,668	731	2,519
Interest and investment income received	475	409	954	802
Acquisition of subsidiary with non-controlling interests *	-	-	-	-
Net cash (used in)/from investing activities	<u>(200)</u>	<u>1,836</u>	<u>(1,015)</u>	<u>435</u>
Cash flows from financing activities				
Proceeds from short term borrowings and financial lease liabilities	-	(6)	-	1,095
Repayment of short term borrowings and financial lease liabilities	-	-	-	(2,496)
Finance costs paid	-	-	-	(11)
Deposit (pledged)/discharged	(49)	(107)	(49)	19
Dividends paid to non-controlling interest of a subsidiary	(1,064)	-	(1,064)	-
Dividends paid to owners of the company	(7,530)	-	(7,530)	-
Net cash used in financing activities	<u>(8,643)</u>	<u>(113)</u>	<u>(8,643)</u>	<u>(1,393)</u>
Net (decrease)/income in cash and cash equivalents	(5,733)	9,817	(4,108)	14,673
Cash and cash equivalents at beginning of financial period	101,548	85,620	99,939	79,921
Effects of exchange rate fluctuations on cash held	(1,956)	(1,945)	(1,972)	(1,102)
Cash and cash equivalents at end of financial period	<u>93,859</u>	<u>93,492</u>	<u>93,859</u>	<u>93,492</u>
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of:				
Cash at bank and in hand	37,496	41,206	37,496	41,206
Deposits with banks	59,470	55,489	59,470	55,489
Cash and cash equivalents	<u>96,966</u>	<u>96,695</u>	<u>96,966</u>	<u>96,695</u>
Deposits pledged	(3,107)	(3,203)	(3,107)	(3,203)
Cash and cash equivalents in the consolidated statement of cash flows	<u>93,859</u>	<u>93,492</u>	<u>93,859</u>	<u>93,492</u>

* The consideration for the acquisition was a nominal of S\$1.00. Please refer to Company's announcement on 26 May 2016 for further details.

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 - 2016	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 2016	102,158 *	140	6,561	789	(10,818)	-	79,313	178,143	20,767	198,910
Other comprehensive income for the quarter - Foreign currency translation differences	-	-	-	-	(2,851)	-	-	(2,851)	(568)	(3,419)
Profit for the quarter	-	-	-	-	-	-	2,126	2,126	303	2,429
Total comprehensive income for the quarter	-	-	-	-	(2,851)	-	2,126	(725)	(265)	(990)
Dividends paid to shareholders of the company	-	-	-	-	-	-	(7,530)	(7,530)	-	(7,530)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,064)	(1,064)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	(418)	(418)	418	-
At 30 June 2016	102,158	140	6,561	789	(13,669)	-	73,491	169,470	19,856	189,326

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 April 2015	121,176	140	6,073	789	(4,173)	1,627	55,666	181,298	20,268	201,566
Other comprehensive income for the quarter - Foreign currency translation differences	-	-	-	-	(3,671)	-	-	(3,671)	(763)	(4,434)
Profit for the quarter	-	-	-	-	-	-	1,428	1,428	473	1,901
Total comprehensive income for the quarter	-	-	-	-	(3,671)	-	1,428	(2,243)	(290)	(2,533)
At 30 June 2015	121,176	140	6,073	789	(7,844)	1,627	57,094	179,055	19,978	199,033

* Capital reduction of \$19,018,000 was completed on 17 August 2015.

For the Period Ended 30 Jun (Group)

Group - 2016	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 2016	102,158 *	140	6,561	789	(9,905)	-	78,324	178,067	19,677	197,744
Other comprehensive income for the period										
- Foreign currency translation differences	-	-	-	-	(3,764)	-	-	(3,764)	383	(3,381)
Profit for the period	-	-	-	-	-	-	3,115	3,115	442	3,557
Total comprehensive income for the period	-	-	-	-	(3,764)	-	3,115	(649)	825	176
Dividends paid to shareholders of the company	-	-	-	-	-	-	(7,530)	(7,530)	-	(7,530)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,064)	(1,064)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	(418)	(418)	418	-
At 30 June 2016	102,158	140	6,561	789	(13,669)	-	73,491	169,470	19,856	189,326

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 period										
- Foreign currency translation differences	-	-	-	-	(1,328)	-	-	(1,328)	(1,180)	(2,508)
Profit for the period	-	-	-	-	-	-	5,467	5,467	914	6,381
Total comprehensive income for the period	-	-	-	-	(1,328)	-	5,467	4,139	(266)	3,873
At 30 June 2015	121,176	140	6,073	789	(7,844)	1,627	57,094	179,055	19,978	199,033

* Capital reduction of \$19,018,000 was completed on 17 August 2015.

For the Quarter Ended 30 Jun (Company)

Company - 2016	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 April 2016	102,158 *	789	-	9,070	112,017
Profit for the quarter	-	-	-	11,463	11,463
Total comprehensive income for the quarter	-	-	-	11,463	11,463
Dividends paid to shareholders of the company	-	-	-	(7,530)	(7,530)
At 30 June 2016	102,158	789	-	13,003	115,950

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 April 2015	121,176	789	1,153	(11,924)	111,194
Profit for the quarter	-	-	-	850	850
Total comprehensive income for the quarter	-	-	-	850	850
At 30 June 2015	121,176	789	1,153	(11,074)	112,044

For the Period Ended 30 Jun (Company)

Company - 2016	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 Jan 2016	102,158 *	789	-	10,028	112,975
Profit for the period	-	-	-	10,505	10,505
Total comprehensive income for the period	-	-	-	10,505	10,505
Dividends paid to shareholders of the company	-	-	-	(7,530)	(7,530)
At 30 June 2016	102,158	789	-	13,003	115,950

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 Jan 2015	121,176	789	1,153	(15,253)	107,865
Profit for the period	-	-	-	4,179	4,179
Total comprehensive income for the period	-	-	-	4,179	4,179
At 30 June 2015	121,176	789	1,153	(11,074)	112,044

* Capital reduction of \$19,018,000 was completed on 17 August 2015.

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.

Nil.

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 2016 was 752,994,775 (31 December 2015: 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 2015.

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 2016. 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.

- 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 these two standards 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-Jun		Half Year 30-Jun	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
<i>Earnings per share</i> - basic and diluted (cents)	0.28	0.19	0.41	0.73

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 (2015: 752,994,775).

There is no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 30 June 2016 and 30 June 2015.

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 16 (unaudited)	31 Dec 15 (audited)	30 June 16 (unaudited)	31 Dec 15 (audited)
Net asset value (S\$'000)	169,470	178,067	115,950	112,975
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	22.51	23.65	15.40	15.00

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.

Profitability

Revenue

The Group's revenue decreased by S\$8.4 million or 14.5% from S\$58.4 million in Q2 2015 to S\$50.0 million in the current quarter under review.

For 1H 2016, the Group's revenue decreased by S\$14.5 million or 12.5% from S\$116.5 million in 1H 2015 to S\$102.0 million in the current period under review. The decrease was mainly from our China subsidiaries where we faced decrease in orders and demand from certain customers in the quarter and period ended 30 June 2016.

Cost of sales

Cost of sales decreased by S\$8.4 million or 16.8% from S\$50.2 million in Q2 2015 to S\$41.8 million in the current quarter under review.

For 1H 2016, cost of sales decreased by S\$14.7 million or 14.7% from S\$99.7 million in 1H 2015 to S\$85.0 million in the current period under review. The decrease in cost of sales was due mainly to lower revenue in the quarter and period ended 30 June 2016. Furthermore, the depreciation expenses decreased by S\$1.9 million as certain plant and equipment were fully depreciated during the current period under review. Last but not least, improvement in production efficiency and better cost management have also driven the cost of production down.

Gross profit

Gross profit decreased by S\$0.1 million or 0.9% from gross profit of S\$8.3 million in Q2 2015 to S\$8.2 million in the current quarter under review. Gross profit margins were 16.4% and 14.2% for Q2 2016 and Q2 2015 respectively.

For 1H 2016, gross profit increased by S\$0.1 million or 0.9% from S\$16.9 million in 1H 2015 to S\$17.0 million in the current period under review. Gross profit margins were 16.7% for 1H 2016 as compared to 14.5% in 1H 2015.

The improvement in gross profit margin despite the lower revenue was due mainly to (i) decrease in depreciation charge of \$1.9 million for assets fully depreciated but still in use as a result of good maintenance and upkeep; (ii) higher US Dollars exchange rate against the Singapore Dollars, Malaysia Ringgit and Chinese Renminbi in 1H 2016 as compared to 1H 2015; and (iii) better cost management and utilisation of facilities.

Other operating income/(expense)

Other operating income increased by S\$0.7 million, from other operating expenses of S\$0.5 million in Q2 2015 to other operating income of S\$0.2 million in the current quarter under review due mainly to foreign exchange differences. The Group recorded foreign exchange gain of S\$0.2 million in Q2 2016 as compared to foreign exchange loss S\$0.5 million in Q2 2015.

For 1H 2016, other operating income decreased by S\$3.7 million, from other operating income of S\$1.0 million in 1H 2015 to other operating expenses of S\$2.7 million in the current period under review. The other operating expenses was attributed mainly to the foreign exchange loss recorded in 1H 2016 of S\$2.6 million. The Group recorded a foreign exchange gain of S\$1.0 million in 1H 2015.

The Group's foreign exchange loss in the current 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 weakening of US Dollars against the Singapore Dollar, Malaysia Ringgit and Chinese Renminbi had resulted in a foreign exchange loss in the current period under review as the Group is at net USD assets position.

Finance costs

Finance costs decreased in the current period under review as compared to 1H 2015 as bank borrowings were fully repaid in Q1 2015.

Profit before income tax

The Group's profit before income tax increased by S\$0.6 million, or 20.1% from S\$3.0 million in Q2 2015 to S\$3.6 million in Q2 2016. The increase was due to foreign exchange gain of S\$0.2 million in the current quarter under review as compared to foreign exchange loss of S\$0.5 million in Q2 2015.

For 1H 2016, the Group's profit before income tax decreased by S\$2.9 million, or 36.4% from S\$8.1 million in 1H 2015 to S\$5.2 million in 1H 2016. The decrease was due largely to foreign exchange loss of S\$2.6 million recorded in the current period under review as compared to foreign exchange gain of S\$1.0 million in last corresponding period. The loss in foreign exchange was offset partially by better gross profit achieved of \$0.1 million, increase in other income of \$0.2 million and decrease in selling and administrative expenses of \$0.6 million during the period under review.

Excluding the foreign exchange amounts, the Group's profit before income tax would be S\$7.9 million in 1H 2016 compared to S\$7.1 million in 1H 2015, an improvement of operating results of S\$0.8 million or 11.3%.

Tax expense

Tax expense was S\$1.1 million in Q2 2016 and \$1.6 million in the current period under review. The effective tax rate for Q2 2016 was 32.0% and 31.1% for period ended 30 June 2016.

Excluding the withholding taxes of \$0.6 million for Q2 and 1H 2016 arising from the services rendered to and dividend income from China subsidiaries, the effective tax rate for Q2 2016 is 16.3% and 19.3% for 1H 2016.

The income tax expenses mainly arose from the profit-making subsidiaries in China and Malaysia and offset by utilisation of deferred tax asset not recognised previously. The effective tax rate was higher than the amount obtained by applying the statutory tax rate of 17% on profit before tax due mainly to losses incurred by some entities which cannot be

offset against profits earned by other companies within the Group and the varying statutory tax rates of the different countries in which the Group operates.

Cash Flow

The Group's cash and cash equivalents (excluding cash deposits pledged) stood at S\$93.9 million as at 30 Jun 2016, a decrease of S\$6.1 million (including effects of exchange rate fluctuation on cash held) from cash and cash equivalents as at 31 December 2015.

The decrease in cash and cash equivalents was due mainly to (i) dividend payments to shareholders of the Company and non-controlling interests of a subsidiary of \$7.5 million and \$1.1 million respectively; (ii) purchase of plant and equipment of S\$3.6 million; and (iii) offset by net cash generated from operating activities of S\$5.6 million.

Statement of financial position

Short term investments

Short term investments decreased by S\$0.6 million or 17.9% from S\$3.6 million as at 31 December 2015 to S\$3.0 million as at 30 June 2016. The decrease was mainly due to withdrawal of short-term investments for dividend payment by a Malaysian subsidiary.

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 global economic outlook has remained uncertain while the industry competition has intensified. Coupled with the continued price pressure from our customers and volatility in foreign exchange rates, the Group expects the operating environment to remain challenging. We have strengthened our Business Development Team recently and we will strive to secure as many orders as we can from both existing and new customers. Concurrently, we will also focus on improving our operational efficiency and stay prudent in our costs management to sustain competitiveness in the industry. Barring unforeseen circumstances, the Group remains cautiously optimistic.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim
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? Yes

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

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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 2016.

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 2016 financial statement to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hew Lien Lee
Executive Director
Chief Executive Officer

Ching Heng Yang
Vice Chairman
Executive Director

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company has procured all the required undertakings as required under Rule 720(1).

BY ORDER OF THE BOARD

Teo Meng Keong
Company Secretary
Singapore, 12 August 2016