

SUNRIGHT LIMITED

Half Year Financial Statements Announcement for the financial period ended 31 January 2014

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	S\$'000		%
	31/1/2014	31/1/2013	Change
Turnover (i)	43,940	46,074	-5%
Revenue	18,132	20,383	-11%
Other items of income:			
Interest income	50	72	-31%
Dividend income	6	6	-
Fair value gain on held for trading investment securities	-	47	-100%
Miscellaneous income	1,357	1,410	-4%
	19,545	21,918	-11%
Other items of expenses:			
Raw materials and consumables used	(10,924)	(11,188)	-2%
Changes in inventories of finished goods and work-in-progress	(377)	(1,172)	-68%
Employee benefits expense	(7,033)	(7,812)	-10%
Depreciation of property, plant and equipment	(1,045)	(1,232)	-15%
Reversal of impairment loss/(impairment loss) on property, plant and equipment	394	(1,515)	NM
Fair value loss on held for trading investment securities	(14)	-	NM
Operating lease rentals	(636)	(697)	-9%
Finance costs	(100)	(87)	15%
Other operating expenses	(1,820)	(2,287)	-20%
Share of results of associates (iii)	1,447	788	84%
Loss before taxation	(563)	(3,284)	-83%
Income tax expense	(7)	(105)	-93%
Loss for the period	(570)	(3,389)	-83%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve	(1,323)	120	NM
Other comprehensive income for the period, net of tax	(1,323)	120	NM
Total comprehensive income for the period	(1,893)	(3,269)	-42%
Loss attributable to:			
Owners of the Company	(570)	(3,389)	-83%
Total comprehensive income attributable to:			
Owners of the Company	(1,893)	(3,269)	-42%
Loss per share (cents)			
- Basic	(0.5)	(2.8)	-82%

Notes:

- i. Group turnover includes share of revenue from associates, which amounted to approximately S\$25,808,000 (2013: S\$25,691,000).
- ii. NM - Percentage change not meaningful.
- iii. Share of results of associates is presented net of tax expense (tax expense was S\$362,000, compared with S\$880,000 for 2013).

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediate preceding financial year:

The following items have been included in arriving at loss before taxation:

(Write-down)/reversal of write-down of inventories
 Reversal of impairment loss on trade receivables
 Exchange gain/(loss), net
 Reversal of impairment loss/(impairment loss) on
 plant and equipment
 Gain/(loss) on disposal of property, plant and equipment

Group		
S\$'000		%
31/01/2014	31/01/2013	Change
(101)	109	NM
31	34	-9%
94	(28)	NM
394	(1,515)	NM
230	(1)	NM

1(b)(i) A 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	
	S\$'000		S\$'000	
	31/1/2014	31/7/2013 ⁺	31/1/2014	31/7/2013
		(Restated)		
ASSETS				
Non-current assets				
Property, plant and equipment	5,007	5,824	474	583
Investment in subsidiaries	-	-	9,513	9,513
Investment in associates	56,986	57,034	5,885	5,885
Deferred tax assets	819	823	-	-
Loans to subsidiaries	-	-	96	95
Loans to associates	532	547	532	547
Total non-current assets	63,344	64,228	16,500	16,623
Current assets				
Investment securities	410	424	410	424
Inventories	6,235	6,350	-	-
Prepayments	495	324	80	59
Trade and other receivables	9,325	12,439	4,181	4,192
Fixed deposits	5,246	6,399	3,534	3,525
Cash and bank balances	6,622	7,793	3,021	3,125
Total current assets	28,333	33,729	11,226	11,325
Total assets	91,677	97,957	27,726	27,948
EQUITY AND LIABILITIES				
Equity				
Share capital	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)	33,138	33,708	(21,092)	(21,315)
Other reserves	2,381	3,704	155	155
Total equity attributable to owners of the Company	71,246	73,139	14,790	14,567
Non-current liabilities				
Loans and borrowings	649	1,008	89	193
Loans from subsidiaries	-	-	6,484	6,491
Long term payables	478	480	-	-
Provisions	44	44	-	-
Deferred income	500	617	-	-
Deferred tax liabilities	4,168	4,168	2,129	2,129
Total non-current liabilities	5,839	6,317	8,702	8,813
Current liabilities				
Trade and other payables	10,685	13,788	1,220	1,299
Loans and borrowings	3,534	4,325	2,506	2,769
Provisions	33	38	-	-
Provision for taxation	340	350	508	500
Total current liabilities	14,592	18,501	4,234	4,568
Total equity and liabilities	91,677	97,957	27,726	27,948

⁺ Upon adoption of revised FRS – See Note 5 on significant accounting policies on page 8.

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

Amount repayable in one year or less, or on demand

As at 31.1.2014		As at 31.7.2013	
Secured	Unsecured	Secured	Unsecured
S\$887,000	S\$2,647,000	S\$949,000	S\$3,376,000

Amount repayable after one year

As at 31.1.2014		As at 31.7.2013	
Secured	Unsecured	Secured	Unsecured
S\$649,000	-	S\$1,008,000	-

Details of any collaterals

The Group's loans and borrowings include obligations under finance leases, term loans and bank overdrafts. Obligations under finance leases and term loans are secured on certain assets of the companies within the Group of net book value amounting to S\$2,589,000 (31.7.2013: S\$3,129,000).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	As at 31.1.2014 S\$'000	As at 31.1.2013 S\$'000
Cash flows from operating activities:		
Loss before taxation	(563)	(3,284)
Adjustments:		
Depreciation of property, plant and equipment	1,045	1,232
Interest income	(50)	(72)
(Gain)/loss on disposal of property, plant and equipment	(230)	1
(Reversal of impairment loss)/impairment loss on property, plant and equipment	(394)	1,515
Write-down/(reversal of write-down) of inventories	101	(109)
Reversal of impairment loss on trade receivables	(31)	(34)
Net decrease in deferred income	(117)	(238)
Dividend income	(6)	(6)
Net fair value loss/(gain) on held for trading investment securities	14	(47)
Finance costs	100	87
Share of results of associates	(1,447)	(788)
Currency realignment	(109)	(48)
Operating cash flows before changes in working capital	(1,687)	(1,791)
Decrease in debtors	3,485	5,791
Decrease in inventories	14	350
Decrease in creditors	(3,247)	(6,717)
Increase in current account with associates	(359)	(388)
Cash flows used in operations	(1,794)	(2,755)
Income taxes paid	(20)	(118)
Net cash used in operating activities	(1,814)	(2,873)
Cash flows from investing activities:		
Interest received	50	72
Dividend received from associates	242	250
Dividend received from investment securities	6	6
Purchase of property, plant and equipment	(140)	(437)
Proceeds from disposal of property, plant and equipment	623	2
Net cash generated from/(used in) investing activities	781	(107)
Cash flows from financing activities:		
Interest paid	(100)	(87)
Repayment of term loans	(328)	(448)
Repayment of obligations under finance leases	(400)	(265)
Dividend paid	-	(246)
Net cash used in financing activities	(828)	(1,046)
Net decrease in cash and cash equivalents	(1,861)	(4,026)
Cash and cash equivalents at beginning of period	13,702	15,703
Cash and cash equivalents at end of period	11,841	11,677

Notes:

Included in cash and cash equivalents was an amount of S\$27,000 (2013: S\$584,000) bank overdrafts.

During the financial period ended 31 January 2014, the Group used S\$1,814,000 and S\$828,000 in its operating activities and financing activities respectively, and generated S\$781,000 from its investing activities. These resulted in a net decrease of S\$1,861,000 in the Group's cash and cash equivalents as compared to 31 July 2013.

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of changes in equity for financial period ended 31 January 2014

	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
As at 1 August 2013 (Note b)	73,139	35,727	33,708	-	(7,616)	11,320
Total comprehensive income for the period	(1,893)	-	(570)	-	(1,323)	-
As at 31 January 2014	71,246	35,727	33,138	-	(8,939)	11,320
The Company						
As at 1 August 2013	14,567	35,727	(21,315)	-	-	155
Total comprehensive income for the period	223	-	223	-	-	-
As at 31 January 2014	14,790	35,727	(21,092)	-	-	155

Statement of changes in equity for financial period ended 31 January 2013

	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
As at 1 August 2012	75,228	35,727	34,423	1,696	(7,886)	11,268
Effects of adoption of revised FRS (Note b)	(440)	-	(455)	-	15	-
As at 1 August 2012, as restated	74,788	35,727	33,968	1,696	(7,871)	11,268
Effects of transition to MFRS by associates (Note a)	-	-	1,696	(1,696)	-	-
Total comprehensive income for the period	(3,269)	-	(3,389)	-	120	-
Transfer to capital reserves	-	-	(52)	-	-	52
Dividend paid	(246)	-	(246)	-	-	-
As at 31 January 2013	71,273	35,727	31,977	-	(7,751)	11,320
The Company						
As at 1 August 2012	19,586	35,727	(16,296)	-	-	155
Total comprehensive income for the period	(4,809)	-	(4,809)	-	-	-
Dividend paid	(246)	-	(246)	-	-	-
As at 31 January 2013	14,531	35,727	(21,351)	-	-	155

Note:

(a) The associates elected to measure its leasehold land and buildings using the cost model under *MFRS 116 Property, Plant and Equipment* and to regard the revalued amount as deemed cost. At the date of transition to MFRS, the asset revaluation reserve was transferred to retained earnings. Consequently, the Group transferred its share of associates' asset revaluation reserve to retained earnings. The transition has not had a material impact on the Group's consolidated profit and loss and other comprehensive income and consolidated statement of cash flows.

(b) Upon adoption of revised FRS – See Note 5 on significant accounting policies on page 8.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for 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 issuer, 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

There were no changes in share capital during the financial period.

The Company did not have any outstanding convertibles as at 31 January 2014 and 31 January 2013.

There were neither treasury shares nor share option outstanding as at 31 January 2014 and 31 January 2013.

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 immediately preceding year

Total number of issued shares, excluding treasury shares

Company	
As at 31/1/2014	As at 31/7/2013
122,806,000	122,806,000

The Company did not have any treasury shares.

1(d)(iv) A statement showing all sales, transfers, disposal and 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

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 had applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 July 2013, except for those as disclosed in Note 5 on page 8.

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

In the current financial period, the Group had adopted all the new/revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 August 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company, except for those as disclosed below.

On 1 August 2013, the Group adopted the Revised FRS 19 Employee Benefits.

For defined benefit plans, the Revised FRS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Prior to adoption of the Revised FRS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The Revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the financial statements are as follows:

Increase/(decrease) in:

Consolidated statement of financial position

Prepayments
Retained earnings
Other reserves
Long term payables

Group	
As at 31/7/2013 (Restated)	As at 1/8/2012 (Restated)
S\$'000	S\$'000
(32)	(24)
(414)	(455)
5	15
377	416

Consistent with the Group's accounting policy, defined benefit obligations are assessed only at financial year-end where an actuarial valuation will be obtained.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	31/1/2014	31/1/2013
	Loss per ordinary share *	(0.5) cents

* The basic loss per share was based on the loss for the period attributable to owners of the Company S\$570,000 (2013: S\$3,389,000) and the weighted average number of 122,806,000 (2013: 122,806,000) ordinary shares outstanding during the financial period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	31/1/2014	31/7/2013	31/1/2014	31/7/ 2013
	Net asset value per ordinary share	58.0 cents	59.6 cents	12.0 cents

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; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Review of statement of comprehensive income

The Group incurred a loss after tax of S\$0.6 million, for the first half of the current financial year. This was a significant improvement from the corresponding period of the last financial year, which registered a loss of S\$3.4 million.

Turnover decreased by S\$2.1 million or 5%, from S\$46.1 million in the previous corresponding period, to S\$43.9 million for the current half year. Revenue was also lower by S\$2.3 million or 11%, from S\$20.4 million to S\$18.1 million. These reductions were attributed to weaker demand, across all business segments.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, decreased by S\$1.1 million or 9%, from S\$12.4 million to S\$11.3 million, which was in line with the lower sales.

Employee benefits expense was lower by 0.8 million or 10%, following reduced headcounts for a leaner operating structure.

Depreciation was lower by S\$0.2 million or 15%, from S\$1.2 million to S\$1.0 million, as certain equipment were fully impaired in the previous corresponding period.

During the current half year, certain fully impaired equipment were sold, resulting in a reversal of impairment loss on property, plant and equipment of S\$0.4 million.

Other operating expenses decreased by S\$0.5 million or 20%, primarily due to (i) a gain on disposal of property, plant and equipment of S\$0.2 million; and (ii) an exchange gain of S\$0.1 million arising from appreciation of US Dollars against Singapore Dollars, on US Dollars denominated receivables.

Share of results of associates was higher by S\$0.7 million or 84%, following their better performance.

Consequently, the Group reported a loss of S\$0.6 million.

Review of statement of financial position

Non-current assets decreased by S\$0.9 million, from S\$64.2 million as at 31 July 2013, to S\$63.3 million as at 31 January 2014, mainly due to the depreciation on property, plant and equipment.

Current assets reduced by S\$5.4 million, from S\$33.7 million to S\$28.3 million, because of (i) a decrease in trade and other receivables by S\$3.1 million, due to lower sales, compared with the six months ended 31 July 2013; and (ii) lower cash and cash equivalents (excluding overdrafts), by S\$2.3 million, as funds were employed in operating and financing activities of the Group.

Non-current liabilities were lower by S\$0.5 million, from S\$6.3 million to S\$5.8 million, mainly due to repayment of loans and borrowings.

Current liabilities decreased by S\$3.9 million, from S\$18.5 million to S\$14.6 million, largely attributable to (i) a decrease in trade and other payables by S\$3.1 million, following lower purchases; and (ii) repayment of loans and borrowings of S\$0.8 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No significant variance.

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

World-wide semiconductor revenue is projected to reach US\$333 billion in 2014, representing a growth of 5.6% from US\$315 billion in 2013.

The International Monetary Fund has projected moderate GDP growth in 2014, consistent with the semiconductor industry outlook. However, concerns of a “sharper-than-expected” slowdown in China, deflation risks and a volatile recovery in the Eurozone may weigh on the growth prospects.

The Group will focus on strengthening its innovations and developmental efforts to meet the customers’ needs.

11. Dividend

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? No

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) ***Date payable***

Not applicable

(d) ***Books closure date***

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

The directors do not recommend any interim dividend to be paid.

13. 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

No IPT mandate had been obtained.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirmed to the best of their knowledge that nothing has come to its attention which may render the unaudited interim financial results for the half-year ended 31st January 2014 to be false or misleading in any material respect.

On behalf of the Board,

Samuel Lim Syn Soo
Executive Chairman & CEO

Kenneth Tan Teoh Khoon
Executive Director

BY ORDER OF THE BOARD

Adeline Lim Kim Swan
Company Secretary
Date: 13 March 2014