

SUNRIGHT LIMITED**Half Year Financial Statements Announcement for the financial period ended 31 January 2015****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		%
	31/1/2015	31/1/2014	Change
Revenue	70,735	(Restated) 67,100	5%
Other items of income:			
Interest income	579	694	-17%
Dividend income	48	47	2%
Gain on disposal of held for trading investment securities	271	127	NM
	71,633	67,968	5%
Other items of expenses:			
Raw materials and consumables used	(16,849)	(18,579)	-9%
Changes in inventories of finished goods and work-in-progress	86	(179)	NM
Employee benefits expense	(24,605)	(23,681)	4%
Depreciation of property, plant and equipment	(11,645)	(10,482)	11%
Reversal of impairment loss on property, plant and equipment	-	394	-100%
Fair value loss on held for trading investment securities	(716)	(263)	NM
Operating lease rentals	(1,004)	(1,103)	-9%
Finance costs	(675)	(600)	13%
Other operating expenses	(12,457)	(12,782)	-3%
Profit before taxation	3,768	693	NM
Income tax expense	(1,041)	(696)	50%
Profit/(loss) for the period	2,727	(3)	NM
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve	(2,480)	(2,379)	4%
Other comprehensive income for the period, net of tax	(2,480)	(2,379)	4%
Total comprehensive income for the period	247	(2,382)	NM
Profit attributable to:			
Owners of the Company	1,755	(570)	NM
Non-controlling interests	972	567	71%
	2,727	(3)	NM
Total comprehensive income attributable to:			
Owners of the Company	(193)	(1,893)	90%
Non-controlling interests	440	(489)	NM
	247	(2,382)	NM
Earnings/(loss) per share attributable to owners of the Company (cents)			
- Basic	1.4	(0.5)	NM

Notes:

- The Group has adopted FRS 110 *Consolidated Financial Statements*, with effect from the current financial year commencing 1 August 2014. Please refer to Note 5 on the changes in the accounting policies, methods of computation and financial effects .
- NM - Percentage change not meaningful.

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 of inventories
 Reversal of impairment loss on trade receivables
 Exchange gain, net
 (Loss)/gain on disposal of property, plant and equipment

Group		
S\$'000		%
31/01/2015	31/01/2014 (Restated)	Change
(232)	(101)	NM
45	41	10%
913	165	NM
(42)	127	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	
	31/1/2015	31/7/2014 (Restated)	31/1/2015	31/7/2014 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	73,853	64,457	330	470
Investment in subsidiaries	-	-	13,959	13,959
Deferred tax assets	2,600	2,645	-	-
Loans to subsidiaries	-	-	519	532
Total non-current assets	76,453	67,102	14,808	14,961
Current assets				
Investment securities	2,519	3,505	595	538
Inventories	8,804	9,961	-	-
Prepayments	731	920	85	56
Trade and other receivables	31,309	32,565	5,280	4,610
Tax recoverable	20	129	-	-
Fixed deposits	36,545	51,715	4,553	3,543
Cash and bank balances	26,562	14,314	1,730	3,112
Total current assets	106,490	113,109	12,243	11,859
Total assets	182,943	180,211	27,051	26,820
EQUITY AND LIABILITIES				
Equity				
Share capital	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)	34,626	33,218	(20,318)	(20,514)
Other reserves	1,204	2,805	155	155
Total equity attributable to owners of the Company	71,557	71,750	15,564	15,368
Non-controlling interests	49,227	49,045	-	-
	120,784	120,795	15,564	15,368
Non-current liabilities				
Loans and borrowings	15,488	15,126	78	132
Loans from subsidiaries	-	-	5,636	5,521
Long term payables	347	389	-	-
Deferred tax liabilities	5,074	5,096	2,129	2,129
Total non-current liabilities	20,909	20,611	7,843	7,782
Current liabilities				
Trade and other payables	18,062	20,075	868	922
Loans and borrowings	22,584	18,319	2,374	2,353
Provisions	29	23	-	-
Provision for taxation	575	388	402	395
Total current liabilities	41,250	38,805	3,644	3,670
Total equity and liabilities	182,943	180,211	27,051	26,820

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

Amount repayable in one year or less, or on demand

As at 31.1.2015		As at 31.7.2014 (Restated)	
Secured	Unsecured	Secured	Unsecured
S\$19,855,000	S\$2,729,000	S\$15,352,000	S\$2,967,000

Amount repayable after one year

As at 31.1.2015		As at 31.7.2014 (Restated)	
Secured	Unsecured	Secured	Unsecured
S\$15,488,000	-	S\$15,126,000	-

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\$39,932,000 (31.7.2014: S\$29,520,000).

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 31.1.2015	As at 31.1.2014
	S\$'000	(Restated) S\$'000
Cash flows from operating activities:		
Profit before taxation	3,768	693
Adjustments:		
Depreciation of property, plant and equipment	11,645	10,482
Interest income	(579)	(694)
Loss/(gain) on disposal of property, plant and equipment	42	(127)
Reversal of impairment loss on property, plant and equipment	-	(394)
Property, plant and equipment written off	-	34
Write-down of inventories	232	101
Reversal of impairment loss on trade receivables	(45)	(41)
Dividend income	(48)	(47)
Net fair value loss on held for trading investment securities	716	263
Gain on disposal of held for trading investment securities	(271)	(127)
Finance costs	675	600
Currency realignment	(1,720)	(1,810)
Operating cash flows before changes in working capital	14,415	8,933
Decrease in debtors	1,490	3,692
Decrease in inventories	925	763
Decrease in creditors	(2,775)	(3,945)
Cash flows generated from operations	14,055	9,443
Income taxes paid	(727)	(613)
Net cash flows generated from operating activities	13,328	8,830
Cash flows from investing activities:		
Interest received	579	694
Dividend received from investment securities	48	47
Purchase of property, plant and equipment	(22,233)	(6,776)
Proceeds from disposal of property, plant and equipment	810	521
Proceeds from disposal of trading investment securities	490	334
Net cash flows used in investing activities	(20,306)	(5,180)
Cash flows from financing activities:		
Interest paid	(675)	(600)
Proceeds from term loans	12,353	-
Repayment of term loans	(6,816)	(6,625)
Repayment of obligations under finance leases	(770)	(783)
Net cash flows generated from/(used in) financing activities	4,092	(8,008)
Net decrease in cash and cash equivalents	(2,886)	(4,358)
Cash and cash equivalents at beginning of period	65,681	69,198
Cash and cash equivalents at end of period	62,795	64,840

Notes:

Included in cash and cash equivalents was an amount of S\$312,000 (2014: S\$27,000) bank overdrafts.

During the financial period ended 31 January 2015, the Group generated S\$13,328,000 and S\$4,092,000 from its operating activities and financing activities respectively, and used S\$20,306,000 in its investing activities. These resulted in a net decrease of S\$2,886,000 in the Group's cash and cash equivalents as compared to 31 July 2014.

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 2015

	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
As at 1 August 2014 (as previously reported)	35,727	33,841	(9,138)	11,320	-	71,750	-	71,750
Effects of adoption of new FRS (Note a)	-	(623)	-	-	623	-	49,045	49,045
As at 1 August 2014 (restated)	35,727	33,218	(9,138)	11,320	623	71,750	49,045	120,795
Total comprehensive income for the period	-	1,755	(1,948)	-	-	(193)	440	247
Transfer to statutory reserve fund	-	(87)	-	-	87	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(258)	(258)
As at 31 January 2015	35,727	34,886	(11,086)	11,320	710	71,557	49,227	120,784
The Company								
As at 1 August 2014	35,727	(20,514)	-	155	-	15,368	-	15,368
Total comprehensive income for the period	-	196	-	-	-	196	-	196
As at 31 January 2015	35,727	(20,318)	-	155	-	15,564	-	15,564

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

	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
As at 1 August 2013 (as previously reported)	35,727	33,708	(7,616)	11,320	-	73,139	-	73,139
Effects of adoption of new FRS (Note a)	-	(470)	-	-	470	-	48,413	48,413
As at 1 August 2013 (restated)	35,727	33,238	(7,616)	11,320	470	73,139	48,413	121,552
Total comprehensive income for the period	-	(570)	(1,323)	-	-	(1,893)	(489)	(2,382)
Transfer to statutory reserve fund	-	(153)	-	-	153	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(258)	(258)
As at 31 January 2014	35,727	32,515	(8,939)	11,320	623	71,246	47,666	118,912
The Company								
As at 1 August 2013	35,727	(21,315)	-	155	-	14,567	-	14,567
Total comprehensive income for the period	-	223	-	-	-	223	-	223
As at 31 January 2014	35,727	(21,092)	-	155	-	14,790	-	14,790

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 2015 and 31 January 2014.

There were neither treasury shares nor share option outstanding as at 31 January 2015 and 31 January 2014.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

Total number of issued shares, excluding treasury shares

Company	
As at 31/1/2015	As at 31/7/2014
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 2014, 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 2014. 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 2014, the Group adopted the FRS 110 *Consolidated Financial Statements*.

FRS 110 establishes a single control model that applies to all entities. The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27 *Separate Financial Statements*. Therefore, FRS 110 may change which entities are consolidated within a group.

Upon application of FRS 110, the Group has reassessed its investments in accordance with the new definition of control. The Group's investment in associates met the conditions for "de facto" control under FRS 110 *Consolidated Financial Statements*. Upon adoption of FRS 110, the Group changed its accounting policy to consolidate the financial statements of the associates with the financial statements of the Company and its subsidiary companies on a line by line basis. The consolidation of the associates' financial statements changed the presentation of the Group's investment in associates on the Balance Sheet of the Group and its share of results on the Group's Statement of Profit or Loss and Other Comprehensive Income respectively, but will not have any effect on the consolidated net assets of the Group or the net profit attributable to the equity holders of the Company.

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

	Group
	31/1/2014
	(Restated) S\$'000
Increase/(decrease) in:	
<u>Consolidated statement of comprehensive income</u>	
Revenue	48,968
Interest income	644
Dividend income	41
Gain on disposal of held for trading investment securities	127
Miscellaneous income	(1,357)
Raw materials and consumables used	7,655
Changes in inventories of finished goods and work-in-progress	(198)
Employee benefits expense	16,648
Depreciation of property, plant and equipment	9,437
Fair value loss on held for trading investment securities	249
Operating lease rentals	467
Finance costs	500
Other operating expenses	10,962
Share of results of associates	(1,447)
Income tax expense	689
Foreign currency translation reserve	1,056
Profit attributable to:	
Owners of the Company	-
Non-controlling interests	567
	567
Total comprehensive income attributable to:	
Owners of the Company	-
Non-controlling interests	(489)
	(489)

	Group		Company	
	As at 31/7/2014	As at 1/8/2013	As at 31/7/2014	As at 1/8/2013
Increase/(decrease) in:	(Restated) S\$'000	(Restated) S\$'000	(Restated) S\$'000	(Restated) S\$'000
<u>Consolidated statement of financial position</u>				
Property, plant and equipment	60,066	52,852	-	-
Investment in subsidiaries	-	-	5,885	5,885
Investment in associates	(59,713)	(57,034)	(5,885)	(5,885)
Deferred tax assets	1,839	2,038	-	-
Loans to subsidiaries	-	-	532	547
Loans to associates	(532)	(547)	(532)	(547)
Investment securities	2,967	3,200	-	-
Inventories	4,488	6,392	-	-
Prepayments	495	580	-	-
Trade and other receivables	23,900	23,100	-	-
Tax recoverable	129	246	-	-
Fixed deposits	45,527	46,830	-	-
Cash and bank balances	8,450	8,666	-	-
Loans and borrowings	28,095	26,362	-	-
Deferred income	(256)	(617)	-	-
Deferred taxation	928	1,101	-	-
Trade and other payables	9,684	10,883	-	-
Provision for tax	120	181	-	-
Retained earnings	(623)	(470)	-	-
Other reserves	623	470	-	-
Non-controlling interests	49,045	48,413	-	-

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

Earnings/(loss) per ordinary share *

Group	
31/1/2015	31/1/2014
	(Restated)
1.4 cents	(0.5) cents

* The basic earnings per share was based on the profit for the period attributable to owners of the Company S\$1,755,000 (2014: loss of S\$570,000) and the weighted average number of 122,806,000 (2014: 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

Net asset value per ordinary share attributable to the owners of the Company

Group	
31/1/2015	31/7/2014
	(Restated)
58.3 cents	58.4 cents

Company	
31/1/2015	31/7/2014
12.7 cents	12.5 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's revenue increased by S\$3.6 million or 5%, from S\$67.1 million in the previous corresponding period, to S\$70.7 million for the current half year. This increase was attributed to higher demand from the burn-in, testing and electronic manufacturing services segment.

Interest income was lower by S\$0.1 million or 17%, mainly because of lower deposits.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, decreased by S\$2.0 million or 11%, from S\$18.8 million to S\$16.8 million, mainly due to lower sales from electronic manufacturing services.

Employee benefits expense was higher by S\$0.9 million or 4%, mainly due to higher staff compensation.

Depreciation was higher by S\$1.2 million or 11%, from S\$10.5 million to S\$11.6 million, as additional machinery and test equipment were purchased during the year.

There was a reversal of an impairment loss on property, plant and equipment, of S\$0.4 million, in the previous corresponding period, as a result of the disposal of certain impaired equipment.

Fair value loss on held for trading investment securities, was higher by S\$0.5 million, from S\$0.3 million to S\$0.7 million, following lower market valuation of the investments.

Other operating expenses decreased by S\$0.3 million or 3%, primarily due to an increase in exchange gain of S\$0.7 million, arising mainly from appreciation of US Dollars against Singapore Dollars and Malaysian Ringgit, on US Dollars denominated receivables; offset by higher utility costs of S\$0.4 million.

Consequently, the Group reported higher profit before tax of S\$3.8 million, in the current financial period, from S\$0.7 million in the previous corresponding period.

Review of statement of financial position

Non-current assets increased by S\$9.4 million, from S\$67.1 million as at 31 July 2014, to S\$76.5 million as at 31 January 2015, mainly due to the purchases of machinery and test equipment.

Current assets were lower by S\$6.6 million, from S\$113.1 million to S\$106.5 million, largely because of (i) lower cash and cash equivalents (excluding overdrafts), by S\$2.9 million, as funds were employed in the purchase of property, plant and equipment; (ii) a decrease in trade and other receivables, by S\$1.3 million, due to improved collections; (iii) lower inventories by S\$1.2 million, due to higher sales; and (iv) lower carrying value of the investment securities, by S\$1.0 million, due to fair value loss.

Current liabilities increased by S\$2.4 million, from S\$38.8 million to S\$41.3 million, largely attributable to additional loans and borrowings of S\$4.3 million, to finance the purchases of machinery and test equipment; offset by lower trade and other payables by S\$2.0 million, following repayments to trade payables.

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\$358 billion in 2015, representing a growth of 5.4%, from US\$340 billion in 2014.

The International Monetary Fund has projected moderate GDP growth in 2015. The decline in oil prices is expected to provide additional support, to global growth. The United States has raised its growth projections. All these developments augur well for the outlook.

Nevertheless, the prolonged weakness in demand; low inflation; the possibility of deflation in the Eurozone and Japan; and the uncertainty over monetary policy adjustments in key advanced economies; are areas of key concerns.

The Group will remain vigilant and innovative, to service and deliver value to its customers and to offer total solutions.

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 2015 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 2015