

SUNRIGHT LIMITED

Full Year Financial Statements Announcement for the financial year ended 31 July 2016

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 immediate preceding financial year

	Group		
	S\$'000		%
	31 July 2016	31 July 2015	Change
Revenue	129,422	136,995	-6%
Other items of income:			
Interest income	1,108	1,056	5%
Dividend income	64	82	-22%
Gain on disposal of held for trading investment securities	-	263	-100%
	130,594	138,396	-6%
Items of expenses:			
Fair value loss on held for trading investment securities	(8)	(1,057)	-99%
Raw materials and consumables used	(29,899)	(30,107)	-1%
Changes in inventories of finished goods and work-in-progress	(132)	(1,044)	-87%
Employee benefits expense	(45,771)	(48,571)	-6%
Depreciation of property, plant and equipment	(19,777)	(23,050)	-14%
Operating lease rentals	(1,867)	(1,969)	-5%
Finance costs	(1,152)	(1,488)	-23%
Other operating expenses	(22,943)	(23,483)	-2%
Profit before taxation	9,045	7,627	19%
Income tax expense	(2,249)	(1,034)	NM
Profit for the year	6,796	6,593	3%
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement loss arising from defined benefit plans, net of tax	(106)	(25)	NM
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss	(5,792)	(6,255)	-7%
Other comprehensive income for the year, net of tax	(5,898)	(6,280)	-6%
Total comprehensive income for the year	898	313	NM
Profit attributable to:			
Owners of the Company	1,387	3,145	-56%
Non-controlling interests	5,409	3,448	57%
	6,796	6,593	3%
Total comprehensive income attributable to:			
Owners of the Company	(1,408)	(293)	NM
Non-controlling interests	2,306	606	NM
	898	313	NM
Earnings per share (cents)			
- Basic	1.1	2.6	-56%

Note:

(i) NM - Percentage change not meaningful.

1(a)(ii) The following items (with appropriate breakdown 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 profit before taxation:

	Group		
	S\$'000		%
	31 July 2016	31 July 2015	Change
Write-down of inventories	(1,236)	(992)	25%
Reversal of impairment/(impairment loss) on trade receivables	344	(287)	NM
Exchange (loss)/gain, net	(810)	1,223	NM
Net gain on disposal of property, plant and equipment	286	812	-65%
Property, plant and equipment written off	14	5	NM
Overprovision of income tax in respect of previous years	61	291	-79%
Over/(under) provision of deferred tax in respect of previous years	11	(60)	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 immediate preceding financial year

	31 July 2016		31 July 2015	
	S\$'000		S\$'000	
	Group	Company	Group	Company
ASSETS				
Non-current assets				
Property, plant and equipment	59,145	358	68,285	349
Investment in subsidiaries	-	11,843	-	11,843
Deferred tax assets	432	-	2,285	-
Loans to subsidiaries	-	-	-	-
Total non-current assets	59,577	12,201	70,570	12,192
Current assets				
Investment securities	1,971	573	2,071	623
Inventories	5,021	-	6,784	-
Prepayments	994	63	663	61
Tax recoverable	-	-	103	-
Trade and other receivables	30,238	3,627	31,524	4,219
Cash and short-term deposits	66,690	21,185	64,294	24,183
Total current assets	104,914	25,448	105,439	29,086
Total assets	164,491	37,649	176,009	41,278
EQUITY AND LIABILITIES				
Equity				
Share capital	35,727	35,727	35,727	35,727
Reserves	34,617	(4,517)	36,516	(5,863)
Total equity attributable to owners of the Company	70,344	31,210	72,243	29,864
Non-controlling interests	49,175	-	47,426	-
Total equity	119,519	31,210	119,669	29,864
Non-current liabilities				
Loans and borrowings	4,002	23	12,771	112
Loans from subsidiaries	-	101	-	5,025
Long term payables	190	-	312	-
Deferred tax liabilities	4,170	2,129	4,882	2,129
Total non-current liabilities	8,362	2,253	17,965	7,266
Current liabilities				
Trade and other payables	23,309	1,803	20,070	1,650
Loans and borrowings	13,144	2,316	18,018	2,376
Provisions	24	-	26	-
Provision for taxation	133	67	261	122
Total current liabilities	36,610	4,186	38,375	4,148
Total equity and liabilities	164,491	37,649	176,009	41,278

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

Amount repayable in one year or less, or on demand

As at 31.7.2016		As at 31.7.2015	
Secured	Unsecured	Secured	Unsecured
S\$1,552,000	S\$11,592,000	S\$1,592,000	S\$16,426,000

Amount repayable after one year

As at 31.7.2016		As at 31.7.2015	
Secured	Unsecured	Secured	Unsecured
S\$1,328,000	S\$2,674,000	S\$1,020,000	S\$11,751,000

Details of any collaterals

The Group's loans and borrowings include obligations under finance leases and term loans. 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\$1,880,000 (31.7.2015: S\$2,421,000).

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

	As at 31.7.2016	As at 31.7.2015
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before taxation	9,045	7,627
Adjustments:		
Interest income	(1,108)	(1,056)
Net gain on disposal of property, plant and equipment	(286)	(812)
Depreciation of property, plant and equipment	19,777	23,050
Property, plant and equipment written off	14	5
Write-down of inventories	1,236	992
(Reversal of impairment)/impairment loss on trade receivables	(344)	287
Dividend income	(64)	(82)
Net fair value loss on held for trading investment securities	8	1,057
Net gain on disposal of held for trading investment securities	-	(263)
Finance costs	1,152	1,488
Currency realignment	(3,217)	(5,548)
Operating cash flows before changes in working capital	26,213	26,745
Decrease in debtors	1,299	1,011
Decrease in inventories	527	2,185
Increase/(decrease) in creditors	175	(1,390)
Cash flows generated from operations	28,214	28,551
Income taxes paid	(1,190)	(1,062)
Net cash flows generated from operating activities	27,024	27,489
Cash flows from investing activities:		
Interest received	1,108	1,056
Deposits with maturity of more than three months	(10,479)	(5,000)
Dividends received from held for trading investment securities	64	82
Purchase of property, plant and equipment	(10,249)	(28,778)
Proceeds from disposal of property, plant and equipment	292	1,471
Proceeds from disposal of held for trading investment securities	-	482
Net cash flows used in investing activities	(19,264)	(30,687)
Cash flows from financing activities:		
Interest paid	(1,152)	(1,488)
Proceeds from term loans	1,025	16,588
Repayment of term loans	(13,636)	(16,104)
Repayment of obligations under finance leases	(1,032)	(1,464)
Dividends paid on ordinary shares	(491)	-
Dividends paid to non-controlling interests	(557)	(503)
Premium paid for disposal of non-controlling interests	-	(256)
Net cash flows used in financing activities	(15,843)	(3,227)
Net decrease in cash and cash equivalents	(8,083)	(6,425)
Cash and cash equivalents at beginning of year	58,657	65,082
Cash and cash equivalents at end of year	50,574	58,657

Notes:

During the financial year ended 31 July 2016, the Group generated S\$27,024,000 from its operating activities and used S\$19,264,000 and S\$15,843,000 in its investing and financing activities respectively. These resulted in a net decrease of S\$8,083,000 in the Group's cash and cash equivalents as compared to 31 July 2015.

Cash and cash equivalents as at 31 July 2016 comprised of the following:

	Group	
	S\$'000	
	31 July 2016	31 July 2015
Cash and bank balances	18,719	18,279
Bank deposits	47,971	46,015
	66,690	64,294
Less: Bank deposits with maturity more than three months	(16,116)	(5,637)
	50,574	58,657

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 immediate preceding financial year

Statement of changes in equity for financial year ended 31 July 2016

	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Group</u>								
As at 1 August 2015	119,669	72,243	35,727	36,599	(12,551)	11,730	738	47,426
Profit for the year	6,796	1,387	-	1,387	-	-	-	5,409
Other comprehensive income for the year, net of tax	(5,898)	(2,795)	-	(106)	(2,689)	-	-	(3,103)
Total comprehensive income for the year	898	(1,408)	-	1,281	(2,689)	-	-	2,306
Transfer to statutory reserve fund	-	-	-	(122)	-	-	122	-
Dividends paid on ordinary shares	(491)	(491)	-	(491)	-	-	-	-
Dividends paid on non-controlling interests	(557)	-	-	-	-	-	-	(557)
As at 31 July 2016	119,519	70,344	35,727	37,267	(15,240)	11,730	860	49,175
<u>The Company</u>								
As at 1 August 2015	29,864	29,864	35,727	(6,018)	-	155	-	-
Total comprehensive income for the year	1,837	1,837	-	1,837	-	-	-	-
Dividends paid on ordinary shares	(491)	(491)	-	(491)	-	-	-	-
As at 31 July 2016	31,210	31,210	35,727	(4,672)	-	155	-	-

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 immediate preceding financial year

Statement of changes in equity for financial year ended 31 July 2015

	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Group</u>								
As at 1 August 2014	120,115	71,750	35,727	33,205	(9,138)	11,320	636	48,365
Profit for the year	6,593	3,145	-	3,145	-	-	-	3,448
Other comprehensive income for the year, net of tax	(6,280)	(3,438)	-	(25)	(3,413)	-	-	(2,842)
Total comprehensive income for the year	313	(293)	-	3,120	(3,413)	-	-	606
Transfer to statutory reserve fund	-	-	-	(102)	-	-	102	-
Issuance of bonus shares by subsidiaries	-	-	-	(410)	-	410	-	-
Dividends paid to non-controlling interests	(503)	-	-	-	-	-	-	(503)
Premium paid by subsidiary for acquisition of non-controlling interests	(256)	786	-	786	-	-	-	(1,042)
As at 31 July 2015	119,669	72,243	35,727	36,599	(12,551)	11,730	738	47,426
<u>The Company</u>								
As at 1 August 2014	15,368	15,368	35,727	(20,514)	-	155	-	-
Total comprehensive income for the year	14,496	14,496	-	14,496	-	-	-	-
As at 31 July 2015	29,864	29,864	35,727	(6,018)	-	155	-	-

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 company, 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 year.

The Company did not have any outstanding convertibles as at 31 July 2016 and 31 July 2015.

There were neither treasury shares nor share option outstanding as at 31 July 2016 and 31 July 2015.

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

	Company	
	As at 31 July 2016	As at 31 July 2015
Total number of issued shares, excluding treasury shares	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 company’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 year compared with those of the audited financial statements as at 31 July 2015.

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 year, 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 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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 July 2016	31 July 2015
Earnings per ordinary share*	1.1 cents	2.6 cents

* The basic earnings per share was based on the profit for the year attributable to owners of the Company of S\$1,387,000 (2015: S\$3,145,000) and the weighted average number of 122,806,000 (2015: 122,806,000) ordinary shares outstanding during the financial year.

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 company at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
Net asset value per ordinary share	57.3 cents	58.8 cents	25.4 cents	24.3 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 for the financial year ended 31 July 2016, was S\$129.4 million, representing a decrease of S\$7.6 million or 6%, from the preceding year. This was primarily due to lower sales in the distribution segment and the translation effect of a weaker Malaysian Ringgit ("MYR") against the Singapore Dollars ("SGD"), which impacted revenue from the burn-in, testing and electronic manufacturing services segment.

Fair value loss on held for trading investment securities was S\$8,000, as the market valuation of the investment securities was comparable to the preceding year.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, were lower by S\$1.1 million or 4%, from S\$31.2 million to S\$30.0 million, due to lower sales from the distribution segment.

Employee benefits expense was lower by S\$2.8 million or 6%, mainly due to the translation effect of a weaker MYR against SGD.

Depreciation was lower by S\$3.3 million or 14%, from S\$23.1 million to S\$19.8 million, resulting from the translation effect of a weaker MYR against SGD.

Consequently, the Group reported higher profit before tax of S\$9.0 million, as compared to a profit before tax of S\$7.6 million in the previous year ended 31 July 2015, representing an increase of S\$1.4 million or 19%.

Review of statement of financial position

Non-current assets was lower by S\$11.0 million, from S\$70.6 million as at 31 July 2015 to S\$59.6 million as at 31 July 2016, because of (i) lower net carrying value of property, plant and equipment, as a result of depreciation, as well as the translation effect of a weaker MYR against SGD; and (ii) reversal of deferred tax assets.

Current assets decreased by S\$0.5 million, from S\$105.4 million to S\$104.9 million, because of (i) lower inventories by S\$1.8 million; and (ii) higher cash and short-term deposits by S\$2.4 million, following lower capital expenditure.

Non-current liabilities decreased by S\$9.6 million or 53%, from S\$18.0 million to S\$8.4 million, largely due to repayments of term loans.

Current liabilities was lower by S\$1.8 million or 5%, from S\$38.4 million to S\$36.6 million, as a result of lower loans and borrowings by S\$4.9 million, due to repayments; offset by higher trade and other payables of S\$3.2 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

The world-wide semiconductor revenue in 2016 is forecasted at USD333 billion. This represented a decrease of 0.6% from 2015, and two consecutive years of revenue decline. This was mainly attributable to the weaker demand for key electronic equipment, high inventory levels and the continuing impact of the strong USD in certain markets. However, the world-wide semiconductor revenue is expected to rebound in 2017.

Shorter time-to-market and new product introductions by all customers, and higher wage costs, will remain challenging. Nonetheless, the Group remains focused on strengthening its core competencies, pursuing innovative equipment solutions and driving productivity improvements.

11. Dividend**(a) Current Financial Period Reported On**

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

Name of Dividend	First and final tax exempt (one-tier)
Dividend Type	Cash
Dividend Amount per Ordinary Share	0.2 cent

(b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final Dividend	
	Ordinary tax exempt (one-tier)	Special tax exempt (one-tier)
Dividend Type	Cash	Cash
Dividend Amount per Ordinary Share	0.2 cent	0.2 cent

11. Dividend

(c) ***Date payable***

2 December 2016

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

The Register of Members and the Transfer Books of the Company will be closed from 5.00 p.m. on 25 November 2016 for the preparation of dividend warrants.

Registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 25 November 2016 will be registered before entitlements to the proposed first and final tax exempt (one-tier) dividend are determined. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 25 November 2016 will be entitled for the proposed first and final tax exempt (one-tier) dividend.

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

Not applicable.

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segment (of the group) in the form presented in the company's most recently audited annual financial statement, with comparative information for the immediately preceding year

(a) Business Segment

	Burn-in*, testing and electronic manufacturing services		Distribution		Others		Eliminations		Consolidated	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Segment revenue										
External sales	128,256	132,474	1,166	4,521	-	-	-	-	129,422	136,995
Intra-segment sales	2,540	2,094	28	40	-	-	(2,568)	(2,134)	-	-
Total revenue	130,796	134,568	1,194	4,561	-	-	(2,568)	(2,134)	129,422	136,995
Segment results	9,878	9,027	(1,018)	(876)	131	(138)	98	46	9,089	8,059
Interest income									1,108	1,056
Finance costs									(1,152)	(1,488)
Profit before taxation									9,045	7,627
Income tax expense									(2,249)	(1,034)
Profit for the year									6,796	6,593

* Comprises manufacturing of burn-in equipment and provision of burn-in services.

(b) Geographical Segment

	Singapore		Malaysia		China		Other Asian countries**		United States		Others		Consolidated	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Revenue	2,550	5,820	80,208	78,380	24,391	28,419	6,448	6,438	7,554	10,618	8,271	7,320	129,422	136,995

** Classified under "Other Asian countries" are Taiwan, Hong Kong, Philippines, Thailand and Vietnam.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

16. A breakdown of sales

Group	Financial Year 31 July 2016	Financial Year 31 July 2015	% Change
	S\$'000	S\$'000	
(a) Revenue reported for first half year	64,349	70,735	-9%
(b) Profit for the year reported for first half year	4,437	2,727	63%
(c) Revenue reported for second half year	65,073	66,260	-2%
(d) Profit for the year reported for second half year	2,359	3,866	-39%

17. A breakdown of the total annual dividend (in dollar value) for the company's latest full year and its previous full year

	Financial Year 31 July 2016 S\$'000	Financial Year 31 July 2015 S\$'000
Ordinary	246*	491
Preference	-	-
Total	246	491

* Dividend recommended for the current financial year, subject to shareholders' approval at the AGM.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant of Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There was no person occupying a managerial position in the Company or its principal subsidiaries who was a relative of a Director or Chief Executive Officer or substantial shareholder of the Company for the financial year ended 31 July 2016.

19. Disclosure of confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Adeline Lim Kim Swan
Company Secretary
Date: 23 September 2016